

Partnership Protection Plan

Product Profile

The fact is, professional indemnity insurance only goes so far and does not cover all of the exposures faced by today's professional.

AIG's Partnership Protection Plan (P3) is specifically designed for professional partnerships to cover the management liability exposures of the firm's partners and employees. These exposures are not normally covered under a firm's professional indemnity insurance.

For partners in a professional partnership there are a number of risk exposures which are not covered by professional indemnity insurance which can cause significant loss to the partner personally and the firm, both in terms of damages and costs and in terms of lost time and therefore lost revenue.

In response to this situation, American Home Assurance Company ("AIG") has formulated a Partnership Protection Plan ("P3") to provide cover for the following exposures.

Attendance at Inquiries

The policy liability for the defence costs of any partner or employee of the firm in attending a statutory inquiry, judicial inquiry, royal commission, coronial inquest or similar legal proceeding dealing with allegations of professional misconduct.

It also provides cover for loss of revenue to the firm caused by the attendance of any partner, senior associate or senior management at such inquiry.

Outside Directorship Liability

Often a firm may request a partner or senior associate to sit on the board of a company unrelated to the firm, either to service the interests of an existing client or to develop new business opportunities.

Such Outside Directorships carry an exposure to personal liabilities and unless the company has in place effective directors' & officers' liability insurance, the individual and ultimately the firm may be exposed to liabilities incurred by the director. These liabilities are unlikely to be covered under the firm's professional indemnity insurance.

P3 provides cover for liability incurred by a partner or employee of the firm for claims made against them arising from wrongful acts committed by them in their capacity as a director or officer of an Outside Entity.

Employment Practice Liability

In recent years there has been a significant increase in employment-related claims from which partnerships have not been immune.

P3 provides cover for liability arising from employment-related claims made against the firm and the partners including wrongful dismissal, sexual harassment, discrimination and wrongful failure to hire or promote staff.

Your Insurance broker can provide you with a cost indication for P3. If you would like an obligation free quotation we require you to complete and submit a P3 proposal form which is available upon request along with a copy of the policy wording.

Extensions

- Estates, Heirs & Legal Representatives
- Spousal Property

Features

- Advance Payment of Defence Costs

Exclusions

- Pollution
- Bodily Injury & Property damage
- Illegal Profits
- Intentional Acts
- Prior Known Facts
- Superannuation Trustees Liability
- Professional Services
- Investment Advice
- Insured Versus Insured
- Assault and Battery
- Existing Legal Obligations
- Government Benefits
- Redundancy
- Contractual Liability
- Industrial Disputes
- Prospectus Liability
- Insolvency of Outside Entities
- USA/Canada

Underwriting Requirements

In order to provide a binding quotation, AIG requires as a minimum:

- A completed AIG Partnership Protection Plan Proposal form
- Marketing materials which describe the business activities of the company

www.aig.com.au

Insuring Clauses

1.1 *Attendance at Enquiries*

Defence Costs incurred by partners and employees if they are legally compelled to attend an official investigation or inquiry which involves the conduct of the firm's practice by the partners and employees.

1.2 *Employment Practice Liability*

Loss the Insureds are legally liable to pay for Claims made against them for an Employment Practice Breach. It also covers the Defence Costs incurred by the Insureds in defending such Claims.

1.3 *Outside Directorship Liability*

Loss the Insureds are legally liable to pay for Claims made against them for a Wrongful Act in their capacity as an Outside Director. It also covers the Defence Costs incurred by the Insureds in defending such Claims. It excludes claims by the Outside Entity or by shareholders who control 15% or more of the shares in the Outside Entity. Cover applies on a "Double Excess" which means that the cover applies in excess of indemnity from the Outside Entity and in excess of insurance cover provided by the Outside Entity. Finally, the Insuring Clause only applies to those Outside Entities for which cover has been requested in the proposal form and are specified in Endorsement 2.

Definitions

- *Insured* means the past, present and future partners, directors, officers and employees of the firm and its service companies.

- *Loss* means covered damages and legal costs awarded or settled against the Insured and Defence Costs.

- *Inquiry* means any official investigation, examination or inquiry which the Insured Persons are legally compelled to attend and which involves their conduct of the Practice.

- *Claim* means any written demand for legal relief, any civil proceedings and any regulatory proceedings or investigations.

- *Employment Practice Breach* includes unfair dismissal, misleading representations, sexual harassment, workplace harassment, unlawful interference with privacy, defamation and discrimination.

- *Wrongful Acts* means any wrongful act or omission (including an Employment Practice Breach) committed or allegedly committed by an Insured, or by any other person for which an insured is liable, in their capacity as an Outside Director.

- *Outside Director* means an Insured Person who is validly appointed to the position of director or officer of an Outside Entity as requested or approved by the Insured Firm for the purpose of representing the interested of the Insured Firm.

- *Outside Entity* means an entity listed by endorsement.

Target Market

Sole practitioners to large professional partnerships

Self Insured Retention

Separate retentions can be selected for each Insuring Clause. The minimum retention available is A\$10,000 per Loss

Sum Insured

Separate limits can be selected for each Insuring Clause. Aggregate limits up to A\$10,000,000 are available per Policy Period