

**Management Liability Insurance:**

Could this happen to your private company?

Suits against owners for unfair competition. Claims of discrimination by an employee. Damaging errors found in the execution of your company’s benefits plan. Each of these claims can bring on a lawsuit that must, at the very least, be defended at great cost. Can your private company withstand potentially damaging claims such as these?

# Misappropriation of Trade Secrets and Unfair Competition – Directors & Officers

The owners of a privately held specialty parts manufacturer had a suit brought against them and the company alleging misappropriation of trade secrets that resulted in unfair competition. The manufacturer had hired two key employees from a competitor and was later found to have used proprietary information from the competitor in its products. The competitor alleged the manufacturer’s activity misappropriated its trade secrets and caused irreparable injury.

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| Damages awarded competitor | **$300,000** |
| Defense costs | **$225,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$525,000** |

# Misrepresentations – Directors & Officers

An investor brought a suit against the owner of a warehouse/distribution facility, alleging misrepresentations. While pursuing a large investment to build a new warehouse, the owner misstated to the investor that it had contracts underway with large retail chains to provide merchandise to stock the warehouse/distribution facility. After developing the facility, the owner failed to finalize the contracts with the large retailers, causing the investor’s return to diminish substantially.

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| Judgment to the investor | **$1,000,000** |
| Defense costs | **$ 800,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$1,800,000** |

# Bankruptcy – Directors & Officers

Creditors/lenders funding a private organization brought suit against the directors and officers of the organization alleging mismanagement and breaches of fiduciary duty. The creditors/lenders alleged that the owners and board members failed to pursue other viable options before filing bankruptcy, while paying exorbitant dividends and bonuses prior to declaring bankruptcy.

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| Defense costs | **$450,000** |
| Settlement | **$225,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$675,000** |

# Minority Shareholder – Directors & Officers

A manufacturing company was sued by a shareholder alleging oppression of a minority shareholder. The complaint alleged that the majority shareholders awarded themselves unreasonable salaries, used corporate property for their personal benefit, and breached their fiduciary duty to act in good faith and loyalty to shareholders. Eventually, an agreement was reached to buy the shares of the minority shareholder.

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| Defense costs | **$135,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$135,000** |

# Sexual Discrimination/Retaliation – Employment Practices Liability

The manager of a home improvement store frequently provided preferential treatment to male employees. A female employee spoke up about the mistreatment to the owner, who subsequently had a meeting with the manager about his actions. Afterward, the manager reassigned the female employee to new hours and duties for which she was not accustomed or trained. She was then terminated from her position after the manager claimed she was not performing. The female employee filed a claim with the EEOC against the store alleging sexual discrimination, being forced to work in a hostile work environment, and retaliation.

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| Damages | **$150,000** |
| Defense costs | **$125,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$275,000** |

# Invasion of Privacy/Emotional Distress and Humiliation – Employment Practices Liability

A paper products manufacturer hired part-time help to assist them with paper work and logistics. During work hours, using a company issued computer, one of the new part-time workers gained access to the company’s social networking site and began posting pictures of another part-time worker to the company’s page as a joke. Though the pictures were quickly taken down, the worker received unwanted comments and unwarranted mistreatment in the following weeks. The worker filed a claim against the company and the individual, claiming emotional distress and humiliation.

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| Damages | **$** | **25,000** |
| Defense costs | **$** | **25,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$** | **50,000** |

# Breach of Duty – Fiduciary Liability

Participants of an employer’s sponsored 401(k) plan brought a suit against the fiduciaries of the plan alleging breach of fiduciary duty. The participants alleged that when the fiduciaries breached their fiduciary duty when preparing their due diligence in electing a new plan provider in that the new plan provider did not afford adequate/comparable investment options.

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| Settlements for plaintiffs | **$325,000** |
| Defense costs | **$250,000** |
| **Without Selective’s Management Liability Insurance, the costs incurred by the customer?** | **$575,000** |

**Selective’s Management Liability Insurance** product provides three coverages designed to help protect your private company: Directors and Officers Liability, Employment Practices Liability, and Fiduciary Liability.

Can your private company afford to be without the protection of Selective’s Management Liability Insurance?

***For additional information, contact me today.***



The foregoing scenarios are examples only, and Selective makes no representation or guarantee that each and every claim falling within one or more of such categories will be covered under Selective’s forms. The existence and scope of coverage ultimately depends upon the specific facts of a claim and all of the policy’s terms, conditions, limitations and exclusions. Selective expressly reserves its right to examine, adjust and/or settle claims based upon all facts, applicable policy terms, conditions, limitations and exclusions, and applicable law. Nothing herein shall operate as a waiver by or estoppel against Selective.



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SI-14-184 (11/14)