

Small and Medium Businesses Need Management Liability Cover. **Here's Why.**

Increased litigation and regulation have made UK SMEs more vulnerable than ever to corporate liability and have placed directors and officers at greater risk of potentially devastating personal liability. Management liability insurance provides critical protection for both businesses and individual executives – paying both defense and indemnity costs in covered claims. Here are five reasons SMEs should consider this coverage now:

1. Directors' personal liability is unlimited.

Many directors believe that operating as a "Private Limited" company protects their personal assets. In reality, that protection extends only to their investment in the business. Directors can face claims arising from shareholder disputes, health and safety allegations – including gross negligence manslaughter – and insolvency, among many other legal and regulatory exposures. If found guilty of a wrongful act, they may face unlimited personal liability. Management liability insurance can step in to protect innocent directors and officers against wrongful allegations.

***Directors' and Officers' Liability Insurance** protects the personal assets of directors and officers in claims and the company when it steps in to indemnify individuals.*

2. Employment-related claims are common – and costly.

Any company with employees is at risk of claims such as discrimination, harassment and wrongful termination. The risk is amplified for smaller businesses, which often lack the in-house resources and HR infrastructure to help prevent incidents and manage these risks.

***Employment Practices Liability (EPL) Insurance** covers legal defense costs, settlements and damages arising from employment-related claims. With coverage, BHSI policyholders have access to a Helpline with a top-three UK law firm to help navigate employment issues and avoid claims.*

3. Businesses themselves can face significant liability.

SMEs are exposed to a broad spectrum of risks, from contract disputes and pollution incidents to regulatory investigations and health and safety violations.

***Corporate Legal Liability Insurance** provides essential protection for the company when it faces allegations of wrongful acts.*

4. Pension trustees face personal liability risks.

All UK employers, including SMEs, must provide workplace pensions. Trustees overseeing these schemes can face personal liability arising from breaches of duty and oversight errors or omissions.

***Pension Trustees' Liability Insurance** protects trustees from personal financial exposure resulting from wrongful act allegations or regulatory actions.*

5. Theft, fraud and dishonesty are major threats.

Employee theft, fraud and dishonesty are estimated to have cost the UK economy more than £200 billion in 2023. Threats outside the company, such as social engineering and computer fraud, are growing threats as well.

***Commercial Crime Insurance** offers broad coverage for employee theft of money and property as well as losses perpetrated by outside parties.*

BHSI Executive First Private Company Portfolio

Fast & Flexible Protection for SMEs

BHSI Executive First Private Company Portfolio provides SMEs with quick, streamlined access to flexible executive liability protection, backed by the stellar financial strength and customer-first service of BHSI. SMEs can choose D&O liability insurance alone, or in combination with all or any of the other four coverage modules:

- **Corporate Legal Liability Insurance**
- **Employment Practices Liability Insurance**
- **Pension Trust Liability Insurance**
- **Crime Insurance**

Minimum premiums start as low as £500.

BHSI

To learn more or
request a quote, contact
richard.whyte@bhspecialty.com.

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For more information, contact info@bhspecialty.com.

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