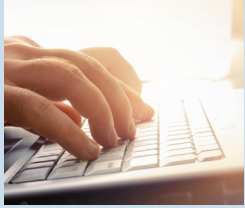


Forefront Claims Examples

Directors and Officers Liability

Defamatory eMail Contents



| Coverage Section | Directors and Officers Liability |
|---------------------|----------------------------------|
| Claim | Defamation |
| Number of Employees | Approximately 103 |
| Annual Revenue | More than \$10 million |

A senior employee of a civil construction company sent an email to a number of staff members which contained statements about two of their suppliers which could be perceived as defamatory. The suppliers found out about the email and commenced proceedings against the author of the email.

The matter resolved at mediation with a payment of \$60,000. In addition, Defence Costs of \$57,390 were incurred.

Workplace Health & Safety Claim



| Coverage Section | Directors and Officers Liability |
|---------------------|----------------------------------|
| Claim | Work Health & Safety Claim |
| Number of Employees | Approximately 64 |
| Annual Revenue | More than \$4 million |

An employee of an excavation company was fatally injured after accidentally digging into electrical cabling. WorkCover investigated the circumstances surrounding the fatality and the Office of Public Prosecution served a Charge Sheet and Summons on the excavation company, alleging the company had breached various sections of the Work Health and Safety Act.

The organisation vigorously defended the action for three years and the Office of Public Prosecution subsequently discontinued the matter; however Defence Costs of \$343,000 were incurred.

Tax Audit



| Coverage Section | Directors and Officers Liability |
|---------------------|----------------------------------|
| Claim | Tax Audit |
| Number of Employees | Approximately 57 |
| Annual Revenue | More than \$6 million |

A used car dealership received a notice from the Australian Taxation Office (the ATO) notifying them that it was to undertake an audit of its records to determine whether or not the Dealership had met its superannuation obligations for a specific period of time. The ATO requested that the Dealership provide completed statements to the ATO.

In the event that the Dealership was to be found not to have contributed sufficient superannuation, it would have been liable to pay a superannuation guarantee charge. Consequently, the Dealership appointed a firm of accountants to conduct the audit.

Cover was granted to the Dealership in respect of the audit on the basis that the organisation had Tax Audit Expenses available to it. Accordingly, an amount of \$11,000 was paid being the cost of the audit.





Forefront Claims Examples

Directors and Officers Liability

Minority Shareholder



| | |
|---------------------|----------------------------------|
| Coverage Section | Directors and Officers Liability |
| Claim | Negligence |
| Number of Employees | Approximately 98 |
| Annual Revenue | More than \$6 million |

Proceedings were commenced by the minority shareholders against a clothing store chain and its majority shareholder. The minority shareholders alleged that their interests had been unfairly prejudiced by a recent share option, which was uncommercial and diluted their interests. An order was sought that the majority shareholder or the business acquires their respective interests at a specific price per share.

The matter settled on the first day of hearing on the basis that the majority shareholder agreed to buy the minority shareholders' interests at an agreed price on a without prejudice basis. The clothing store chain was advanced Defence Costs and incurred a total of \$725,000.



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Forefront Claims Examples

Statutory Liability

Breach of Liquor Licensing Legislation



| Coverage Section | Statutory Liability |
|---------------------|------------------------------|
| Claim | Liquor Licensing Legislation |
| Number of Employees | Approximately 41 |
| Annual Revenue | More than \$3 million |

A licensee of a bar received a complaint from the police alleging it had failed to properly manage the premises in accordance with the legislation and properly preserve the safety, health and welfare of patrons, resulting in the licensee being liable to pay a penalty.

The matter was resolved by the licensee agreeing to conditions being placed on its license in lieu of a penalty and \$28,000 of Defence Costs were incurred.

Breach of Customs Legislation



| Coverage Section | Statutory Liability |
|---------------------|-----------------------|
| Claim | Customs Legislation |
| Number of Employees | Approximately 62 |
| Annual Revenue | More than \$5 million |

A warehouse and storage company received infringement notices from Australian Customs and Border Protection alleging breaches of customs legislation for allowing the movement and release of goods subject to customs control without authority to do so.

The company received a fine of \$14,800.

Construction Company Fails to Meet Standards



| Coverage Section | Statutory Liability |
|---------------------|-----------------------|
| Claim | Work Health & Safety |
| Number of Employees | Approximately 95 |
| Annual Revenue | More than \$8 million |

A construction company faced allegations that it had failed to ensure that employees of sub-contractors were not placed at risk of injury from the use of a mobile crane, in breach of the Work Health and Safety Act. The construction company was investigated by the relevant authorities and a claim was filed.

The construction company incurred a fine of \$100,000 and defence costs of \$150,000.





Forefront Claims Examples

Statutory Liability

Death of Construction Employee



| Coverage Section | Statutory Liability |
|---------------------|------------------------|
| Claim | Negligence |
| Number of Employees | Approximately 40 |
| Annual Revenue | More than \$14 million |

A commercial construction company was investigated following the death of an employee, who had fallen from the eighth floor due to not wearing a safety harness. The investigation established that the employee's death would have been prevented if he had been wearing a safety harness as required by law.

The construction company was fined \$110,000 for failing to keep a safe work environment and incurred legal costs of \$34,000.



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Forefront Claims Examples

Employment Practices Liability

Harassed Office Employee



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Harassment |
| Number of Employees | Approximately 17 |
| Annual Revenue | More than \$7 million |

An employee had been employed by a glassware company for the past four years. Over the past twelve months, the employee had been harassed by another employee, who had been constantly calling her names, taking her printing and keeping a log of her work schedule. The employee complained to the manager on a weekly basis; however the other employee's behaviour was not addressed. Proceedings for harassment were brought against both the employee and manager for failing to address allegations raised on numerous occasions.

The case settled for \$57,000 and defence costs of \$23,000 were incurred.

Employee's Negative Social Media Comments



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Unfair Dismissal |
| Number of Employees | Approximately 56 |
| Annual Revenue | More than \$8 million |

An employee of a transport company wrote numerous negative comments about the company and his fellow employees on a social media site. The employee was dismissed without notice when the company was notified of the comments made. In response, the employee commenced Unfair Dismissal proceedings with the Fair Work Commission.

The case settled for \$26,000 and incurred defence costs of \$17,000.

Inappropriate Interview



| Coverage Section | Employment Practices Liability |
|---------------------|--|
| Claim | Harassment Claim by potential employee |
| Number of Employees | Approximately 12 |
| Annual Revenue | More than \$2 million |

A recruitment consultant was interviewing a potential employee when he made unwelcomed sexual advances towards the interviewee and suggested the exchange of sexual favours to secure the job. The interviewee issued a written demand for \$20,000 damages and requested the recruitment consultant be sacked.

The case settled for \$15,000 and defence costs of \$9,500 were incurred.



Forefront Claims Examples

Employment Practices Liability

Unfair Dismissal



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Unfair Dismissal |
| Number of Employees | Approximately 80 |
| Annual Revenue | More than \$7 million |

A bus driver's employment was terminated by the bus company due to a serious road accident and a number of complaints from the members of public relating to his driving and conduct. The bus driver lodged an application with the Fair Work Commission alleging that his dismissal was unfair and he was not afforded procedural fairness by his employer.

The matter was resolved at conciliation on favourable terms to the bus company on the basis that the bus driver would be allowed to resign from employment. No money or other benefit was provided to the bus driver. The bus company's Defence Costs were \$33,000.

General Protections



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Redundancy |
| Number of Employees | Approximately 107 |
| Annual Revenue | More than \$14 million |

An Accounts Manager had been employed by an IT company for 9 years when he was advised that his position was being made redundant. The Accounts Manager believed that his redundancy by the IT company was unfair, and filed a claim with the Fair Work Commission alleging adverse action by the IT company. The Accounts Manager believed that he was made redundant because he had exercised his workplace right to make a complaint and his workplace right to take personal leave.

The matter settled at conciliation on a commercial basis. The IT company's defence and settlement costs exceeded \$50,000.

Disability Discrimination



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Discrimination |
| Number of Employees | Approximately 76 |
| Annual Revenue | More than \$4 million |

The claimant was an employee of a food packaging company. She alleged she was victimised and discriminated against by the food packaging company on the basis of her having a physical disability. The claimant lodged a complaint with the Australian Human Rights Commission.

The matter was settled on a commercial basis. The employer's defence and settlement costs came to more than \$80,000.





Forefront Claims Examples

Employment Practices Liability

Racial Discrimination



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Discrimination |
| Number of Employees | Approximately 21 |
| Annual Revenue | More than \$5 million |

An employee is of Aboriginal descent, and had been employed as a receptionist in a consulting firm for over a year. Before their resignation the employee had a meeting with their manager who asked the employee to restrain from using the word “you’s’e” during her dealings with clients and stake holders. The employee believed they were vilified and discriminated on the ground of their race, and filed an application with the Australian Human Rights Commission. The matter proceeded to conciliation. The employee sought \$40,000 as compensation.

The company rejected the offer and eventually the matter was then settled for \$15,000. Defence Costs of \$25,000 were incurred.

Third Party Discrimination



| Coverage Section | Employment Practices Liability |
|---------------------|--------------------------------|
| Claim | Third Party Discrimination |
| Number of Employees | Approximately 43 |
| Annual Revenue | More than \$4 million |

A customer alleges they were discriminated against when refused service by a bar tender due to their appearance, despite informing the bar tender they suffer from nerve damage (facial palsy). The customer managed to film the incident on a mobile telephone and went on to file a complaint with the Australian Human Rights Commission. The customer initially sought \$8,000 as compensation for hurt and humiliation and a written apology.

The matter went to conciliation and was settled on commercial basis for \$3,000.

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Forefront Claims Examples

Miscellaneous Professional Liability

Negligent Consulting Advice



| | |
|------------------|--------------------------------------|
| Coverage Section | Miscellaneous Professional Liability |
| Cause of Action | Negligent Advice |
| Business | Management Consultant |
| Annual Revenue | More than \$6 million |

A management consultant was hired by the board of a department store to help the company improve the overall running and budgeting of the company. The consultant highly recommended the company implement a new Point-of-Sale (POS) system in all of its stores, despite the particular recommended POS having never been implemented in a busy retail environment. Six weeks after implementation, and with \$2 million spent, the department store realised the POS did not meet their requirements. The company went back to its old POS and sued the management consultant for negligence in rendering a flawed POS to the company, seeking compensatory damages.

The case settled for \$97,000 and defence costs exceeded \$42,000.

Negligence Claim



| | |
|---------------------|--------------------------------------|
| Coverage Section | Miscellaneous Professional Liability |
| Claim | Negligence |
| Number of Employees | Approximately 5 |
| Annual Revenue | More than \$3 million |

An Interior Designer was contracted by a Property Developer to recommend and source fixtures and fittings for a new development. The Property Developer brought a claim against the Interior Designer alleging that they had negligently recommended a number of fittings that were inappropriate for their purpose. The Property Developer claimed \$50,000 in damages.

Lawyers were appointed to defend the claim on the Interior Decorator's behalf. The claim was eventually withdrawn, however \$10,000 in Defence Costs were incurred.

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Forefront Claims Examples

Crime Loss

Sales on the Side



| Coverage Section | Crime |
|---------------------|-----------------------|
| Cause of Action | Employee Theft |
| Number of Employees | Approximately 70 |
| Annual Revenue | More than \$5 million |

A delivery driver for a flour mill entered into arrangements with customers of the mill to sell them flour at a discounted rate of half the price the mill was offering. The delivery driver edited his logbook so the additional pallets of flour he delivered were not noticed. The driver continued his scheme until a dissatisfied customer advised the company of the arrangements in place.

The company implemented an investigation, which determined the delivery driver had taken approximately \$450,000 worth of flour. The driver was charged and the investigation process cost the company \$60,000.

Excess Wage Payments



| Coverage Section | Crime |
|---------------------|-----------------------|
| Claim | Employee Theft |
| Number of Employees | Approximately 34 |
| Annual Revenue | More than \$9 million |

A company's bookkeeper was responsible for the payment of wages and superannuation to employees. During their employment, the book keeper made additional, duplicate payments to their personal bank account while underpaying other employees. The loss was not discovered until after the book keeper had passed away, and a new employee commenced work in that position.

The company implemented a financial audit, which determined the loss to be nearly \$75,000. The audit costs amounted to \$28,000.

Trust Account Fraud



| Coverage Section | Crime |
|---------------------|------------------------|
| Claim | Employee Theft |
| Number of Employees | Approximately 42 |
| Annual Revenue | More than \$11 million |

An Insurance Brokerage was contacted by several insurance companies by whom one of its Brokers had sold policies to. The insurance companies had not received their premiums for the policies sold by the Brokerage. The Brokerage discovered that premiums totalling nearly \$2,000,000 had been stolen from its trust account by an employee accountant, who had redirected the funds into accounts utilised by an organised crime ring by changing account numbers.

The Insurance Brokerage commissioned an audit by an independent specialist, which cost \$45,000. The Brokerage was able to recover all costs lost due to its Crime policy coverage.





Forefront Claims Examples

Crime Loss

Stock Theft



| Coverage Section | Crime |
|---------------------|-----------------------|
| Claim | Employee Theft |
| Number of Employees | Approximately 86 |
| Annual Revenue | More than \$7 million |

A large air-conditioning manufacturer discovered it could not account for stock transferred from its manufacturing plant to its sales warehouse. The company asked its branch manager to investigate the stock leakage. The manager failed to identify the issues while the losses appeared to increase. The manager abruptly resigned. The company discovered that the manager had stolen stock worth \$500,000.

The air-conditioning manufacturer engaged an external investigator who confirmed the \$500,000 figure. The manufacturer sought to recover its losses; however the employee had already disposed of the goods and the funds arising from their sale.

Payroll Fraud



| Coverage Section | Crime |
|---------------------|-----------------------|
| Claim | Employee Theft |
| Number of Employees | Approximately 51 |
| Annual Revenue | More than \$2 million |

A company employed migrant workers on student visas to run sporting camps for schools. The workers were limited to how many hours they could work per week under the visa terms. The company was contacted by a school which had been issued an invoice for services which had not been performed. The manager responsible for booking camps for schools confessed he had been paying himself and certain staff cash bonuses by altering company payroll and over-billing the client schools. Over a five year period the loss totalled \$230,000.

The company was not able to recover any of the funds from the employee, who had sent all of the funds offshore to another bank account. An audit of accounts was undertaken which confirmed the loss equalled \$230,000.

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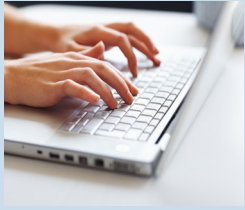




Forefront Claims Examples

Internet Liability

Misleading Website Statement



| | |
|---------------------|------------------------|
| Coverage Section | Internet Liability |
| Claim | Defamation |
| Number of Employees | Approximately 60 |
| Annual Revenue | More than \$30 million |

A vitamin manufacturer's website provided information on all of its products. On the website the company stated that its 'Super VitaminB' products contained 10 times the amount of Vitamin B than 'VB+', a competitor's product. The competitor sued the vitamin manufacturer for defamation, claiming damages in excess of \$500,000. The competitor also alerted the ACCC to the claims, who in turn commenced an investigation into the company.

The vitamin manufacturer managed to settle the matter with the competitor for \$350,000. The ACCC agreed to the company undertaking to place a retraction and apology on their website and in several national newspapers. Lawyer's costs of \$48,000 were incurred.



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Forefront Claims Examples

Kidnap/Ransom and Extortion

CEO's Son Kidnapped



| | |
|---------------------|-----------------------------|
| Coverage Section | Kidnap/Ransom and Extortion |
| Claim | Kidnapping |
| Number of Employees | Approximately 130 |
| Annual Revenue | More than \$28 million |

Whilst in Europe, the son of a company's CEO was specifically targeted for abduction. The CEO was contacted by the abductor demanding payment of money if he wanted his 'son returned unharmed'. The CEO employed the services of an independent strategic negotiator to advise him how to respond to the demand.

After more than a week of negotiating, a ransom of more than \$200,000 was paid and the CEO's son was released unharmed. The company also paid more than \$70,000 in negotiator fees and other expenses related to the incident.

Extortion Threat Against Employees



| | |
|---------------------|-----------------------------|
| Coverage Section | Kidnap/Ransom and Extortion |
| Claim | Extortion Threat |
| Number of Employees | Approximately 96 |
| Annual Revenue | More than \$25 million |

A medical research facility received a series of threats, including hacking into the facility's computer network and emailing senior management threats of personal violence and destruction to the facility, in addition to packages received by the facility which contained a powder substance. Demands for \$275,000 had been made to remove the threats.

The facility brought in a private security consultant to analyse the threats, and protect the employees and the facility.

An amount of \$180,000 was eventually paid; the costs of the private security consultant were \$41,000.

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