



A VL real life claim example

Associations Liability

Competitor Suspension

The Insured suspended a competitor after he had been disqualified from a race by three stewards for careless actions, ignoring a steward's instruction to retire from a race and for other breaches of the rules.

The suspension was contested vigorously through the NZ Sports Tribunal process. The substance of the original disqualification was conceded by the aggrieved competitor but mitigating circumstances were cited. The Insured was equally adamant that it had acted correctly.

The Tribunal found that the initial suspension was dealt with in a manner inconsistent with the requirements of natural justice.

The Insured's claim was dealt with as a Professional Indemnity claim. During the proceedings, which involved four appearances at the Tribunal, over two years, there were significant legal costs incurred by both parties.

CEG 001-102019/000



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Associations Liability

Inappropriate Advice

The Insured was an industry association. One of its member firms was involved in a personal grievance arising from the redundancy of an employee.

The firm lodged a claim against the Insured association alleging that an association employee had provided information and guidance to the redundant employee contrary to the interests of the member firm.

The allegations were substantiated and the claim was settled under the Professional Indemnity section of the policy. (The association employee was subsequently dismissed).

CEG 002-102019/000



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Associations Liability

Improper Advice

The Insured was investigated by the Commerce Commission for giving advice to its members, that allegedly as advocated price-fixing in breach of the Commerce Act 1986.

The association made a claim for representation costs in respect of the Commerce Commission's investigation. The policy responded to provide legal assistance under the "Official Investigations" extension.

No enforcement steps were instigated by the Commerce Commission following its investigation. The association was, however directed to modify its advice to its members. The costs were significant.

CEG 003-102019/000



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Associations Liability

Official Investigation

The Insured, an industry training organisation, was investigated by the Tertiary Education Commission. The TEC received an anonymous complaint alleging that the Insured had misreported the findings of a staff survey which sought views that might allow it to enhance its services and organisational strategies. The complaint specifically suggested that in the published survey findings the Insured had omitted reports of serious misconduct, breach of policy and fraudulent reporting of trainee achievement outcomes.

The “Official Investigations” extension of the Association’s Liability policy responded to the claim. The lawyer appointed to represent the Insured found that the allegations were entirely without foundation and guided the Insured accordingly in its response to the TEC investigation. The TEC ultimately accepted the Insured’s submission. The policy responded to pay legal costs incurred.

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