



SPORTS INDUSTRY MANAGEMENT LIABILITY CLAIMS EXAMPLES

1. Directors and Officers Claims Examples

Claims example 1- misstatement

Background

The director of an insured sporting club was sued by a group of members on the basis that he provided a misstatement in relation to which players were recruited to the club. Memberships increased in the expectation that a particular player was being recruited. The members were not allowed a refund of their membership, so they issued a claim against the director for the amount of \$200,000 claiming loss and suffering.

Outcome

The club reached an out of court settlement with its members which resulted in compensation being paid in the amount of \$50,000 with \$24,000 defence costs being incurred, both were covered by the policy.

Claims example 2- misleading and deceptive conduct

Background

The CEO of an insured rural football club was sued by a former player for indicating to him that he had a job as a coach as soon as he recovered from his injury. The former player sued the club and the CEO for misleading and deceptive conduct when it transpired that he did not have a position with the Club.

Outcome

After a protracted hearing, the former player was awarded \$280,000 in compensation and the club was also made to pay his costs of \$50,000, both of which were covered under the policy.

2. Fidelity/Crime Claims Examples

Claims example 1- theft of stock by employee and third party

Background

Over a period of five years, a group of employees were caught stealing sports equipment whilst attempting to sell the items on eBay. It was initially thought that the Insured had lost no more than \$10,000 of stock. It was soon discovered with the assistance of a loss assessor that the Insured lost close to \$100,000 of stock and memorabilia.

Outcome

The Insured made a fidelity claim on their policy. The Insured was able to prove a loss of \$100,000 using an appointed loss assessor, which was covered by the policy.

Claims example 2 - theft of money

Background

An employee accountant of an insured stole approximately \$300,000 from payroll over a six year period. When confronted, the employee confessed and repaid an amount of \$80,000. The employee was prosecuted and sentenced to six months prison.

Outcome

The Insured made a fidelity claim on their policy. The Insured was able to claim the amount of \$220,000 on their policy. The insurer then issued separate recovery proceedings against the ex-employee to recoup the amount of the loss.

3. Employment Practices Claims Examples

Claims example 1- sexual discrimination

Background

A female softball player issued a claim for sexual discrimination against an insured club when they failed to employ her as a coach for the all male team. She lodged a claim for \$300,000.

Outcome

The case proceeded to court and was ultimately settled on day two of the hearing for \$150,000 plus defence costs of \$40,000, both were covered by the policy.

Claims example 2- age discrimination

Background

An experienced tennis instructor was terminated from her employment with the Insured where she had been employed for over 35 years. The employee issued proceedings alleging age discrimination.

Outcome

The employee was able to prove her case and it was determined her employment had been wrongfully terminated. The Insured was ordered to reinstate the employee, and pay her \$65,000 in damages, which was covered by the policy.

4. Statutory Liability Claims Examples

Claims example 1- Statutory Liability

Background

An insured shooting club was fined \$20,000 for burying boxes of spent cartridges into land fill on an adjacent property.

Outcome

The Insured was made to pay a fine of \$20,000 which was covered by the policy.

Claims example 2- Occupational Health and Safety

Background

A group of teenage footballers were seriously injured during a game when three players collided and were knocked unconscious. The players were hospitalised. Two of the players were released with minor injuries whilst the third player suffered severe head trauma and a spinal injury.

Outcome

A full occupational health and safety investigation commenced against the Insured. Following a four day hearing, the Insured was found liable for inadequately supervising the players. The Insured's fine of \$240,000 and defence costs of \$45,000 were both covered by the policy.

5. Taxation Investigation Claims Examples

Claims example 1- Taxation Investigation

Background

An insured golf club received notification from the ATO advising that it intended to audit the Insured's income tax and fringe benefits tax records, for the period ending 30 June 2007 to 30 June 2009. The Insured's accountant had left the club in a bad way by not keeping adequate files. The insurer assisted by appointing a specialist forensic accountant and tax auditing firm to complete the audit. Due to the complexity of the audit, the whole process took over three months and costs incurred in the process totalled \$14,000.

Outcome

The costs incurred were deemed to be necessary and reasonable and the Insured was reimbursed the amount of \$14,000.

6. Public Relations Claims Examples

Claims example 1- Public Relations

Background

Allegations of sexual assault were made against various players of the insured football club, by three female employees. A media frenzy ensued as claims were issued against certain players.

Outcome

The insurer appointed a public relations firm to work with the club to counter any adverse affect in relation to these claims. Two weeks later, the complainants dropped their claims against the players. The public relations costs were covered by the policy.

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