

## Professional Services

### Superannuation Trustees' Liability Insurance



#### Trustee responsibilities and risks

Trustees of superannuation funds have a responsibility to act in the best interests of their members and adhere to the duties and responsibilities outlined in the Trust deed and other certain legislation.

The continuous introduction of legislation and the personal and financial burden of litigation have highlighted a growing need for Trustees' Liability insurance.

Trustees Liability insurance is designed to protect the trustees whilst they execute their duties and/or the functions of the trust.

Though all care may be taken, mistakes can occur that could lead to trustees being personally liable. A Superannuation Trustees Liability policy will reimburse the Trust Fund or employer where they have been called upon to pay legal costs on behalf of the trustees and will also be able to protect a trustee's personal assets in the event that they cannot receive indemnification. Any actual or alleged breach of duty could result in adverse legal action, putting at risk the personal assets of the individual trustees.

#### What is Trustees' Liability?

Trustees' Liability is fundamentally a blend of three separate policies:

- Professional Indemnity
- Directors' & Officers' Liability
- Crime Insurance

Each component is amended to recognise the trustee/fund structure. The Professional Indemnity and Directors' & Officers' Liability policies are essentially designed to respond to legal liabilities owed to 3rd parties who have suffered financial losses due to errors or omissions from the trustees and/or professional advisers.

Crime insurance policies are designed to protect the Unit Trust or Fund for losses caused by fraudulent and dishonest behaviour of employees of the Corporate Trust and/or by 3rd parties.

#### Examples of claims

##### Claim 1.

##### Trustee Error - Mishandling Member Instructions (Professional Indemnity Claim)

A member instructs the fund to transfer their investments. The instruction is not actioned and a loss occurs to the member. Damages are claimed against the fund for its failure to transfer benefits when instructed. Awards and defence costs are paid for the error.

##### Claim 2.

##### Breach of Superannuation Industry (Supervision) Act (Directors' & Officers' Claim)

APRA investigates a breach of the SIS Act relating to in-house asset rules. The Trustees can be covered for their costs of the investigation, but any director found guilty to criminal charges is not afforded cover.

##### Claim 3.

##### Identity Theft (Crime Claim)

Fund assets are misappropriated after the identity of a member is stolen and used for theft. The fund could claim losses of this type that may arise from forgery or fraudulent instructions.

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## About IFS Insurance Broking

IFS Insurance Broking is a licensed insurance broking and consulting firm and the leading provider of insurance services to the industry superannuation fund network.

We are a specialist practice firm committed to delivering true value for money benefits to Industry Superannuation Funds and their members, associated entities and other quality organisations.

Our approach is simple. We listen to clients and work with them to understand their needs and requirements before providing appropriate insurance solutions.

Other services include:

- Product / contract review:
  - Insurance programme and policy wording analysis and review
  - Analysis of fund claims experience
  - Alignment of programme offering to fund risk management objectives
- Insurable & non-insurable risk profiling, matching the appropriate insurance solutions to what is required
- A comprehensive range of tender management services

## An analytical approach to policy adequacy

We assist in establishing an adequate protection level for management of all analysed risks.

Typically, decisions on adequacy are made from regulatory and industry bodies' recommendations, availability of cover and premium cost.

However, a more analytical approach can be useful, including; Analysis of Risks, Determination of Consequence, Loss Scenarios and Insurance Policy Gap Analysis.

Our insurance professionals are dedicated to distinct segments of the insurance market ensuring specialist product knowledge, expertise and relationships that benefit our clients.

We have a complete client advocacy focus in negotiating insurance cover on behalf of clients and representing their interests in the insurance market.

Such a focus, coupled with the capability of its staff, means that IFS Insurance Broking is well positioned to achieve outstanding results for clients.



For more information please call: **03 9923 7171**  
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