

Professional Indemnity

Directors and Officers Liability

Product overviews



Ando is an insurance business with a bold vision: **to challenge the New Zealand insurance industry and lead the way to an exciting new future.**

Back in 2015, we noticed that insurance providers in New Zealand were lagging behind other industries in two key areas: they were largely ignoring the vast potential of smart technologies and weren't living the customer-centric culture that was reinvigorating other business sectors. We saw this as our opportunity to build an insurance business in a better way.

From the outset, Ando focused on how we could use new technology to do things more efficiently, and most importantly, how this could provide a massively improved experience for our customers.



There's so much more we want to achieve, but it feels great to know we are well on the way to achieving our goal of transforming the insurance industry for the good of New Zealanders.

John Lyon
CEO

Professional Indemnity

Professional Indemnity insurance is essential for anyone in the business of offering professional advice or opinions, or anyone who designs services or solutions for clients.

Many professionals mistakenly believe they are covered against claims from unhappy clients under a general liability policy, but this is often not the case. General liability tends to cover physical claims like damage and injuries, leaving professionals exposed to legal claims such as negligent advice, misrepresentation, misleading and deceptive conduct or complaints to a professional body (which is a key exposure).

Ando's Professional Indemnity insurance gives professionals peace of mind to advise their clients confidently, knowing they have some protection against complaints and claims – including the cost of defending court proceedings.

Professional indemnity key exposures

- Breach of copyright
- Complaints to professional regulatory bodies
- Fidelity
- Inadequate/incorrect advice, design, specification, inspection
- Injury/damage arising directly from professional advice given

Automatic coverage features

- > Acquisitions and creations
- > Automatic reinstatement
- > Consultants and sub-contractors
- > Contractual liability
- > Continuous cover
- > Costs of representation at disciplinary proceedings
- > Court attendance costs (sub-limit \$50,000)
- > Defamation
- > Dishonesty of employees
- > Extended reporting period
- > Fair Trading Act 1986
- > Fidelity (sub-limit \$100,000)
- > Intellectual property
- > Joint venture liability
- > Loss mitigation and fee recovery
- > Loss of documents
- > Outgoing principals, partners, directors and employees
- > Previous subsidiaries
- > Public relations expenses (sub-limit \$50,000)
- > Run-off cover
- > Severability and non-imputation

Key exclusions

- > Any event occurring before the retroactive date
- > Associated entities
- > Directors liability
- > Dishonesty
- > Fines and penalties
- > Insolvency
- > Known claims and circumstances
- > Pollution
- > Refund of fees

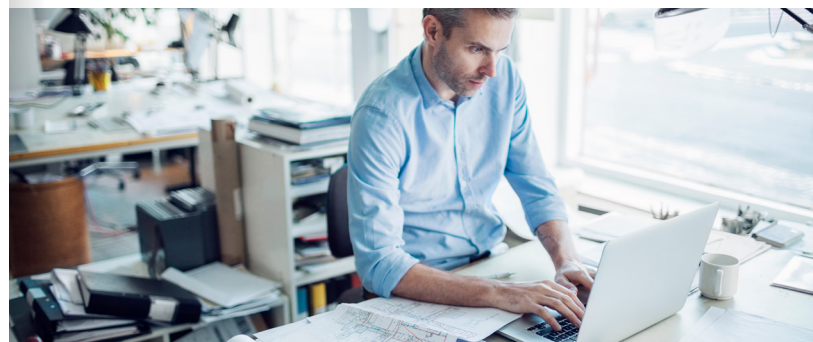
Claims scenarios where this policy covered legal defence and reparation costs

Engineer scenario

An engineer was contracted to provide designs and supervision for hydrological works and retaining walls for a subdivision. The following allegations were made against the engineer:

- > Failure to advise the client of their need to obtain resource consent.
- > Defective design and construction of the retaining walls.

The engineer received a letter of claim, demanding compensation for the alleged failings. As the engineer had Professional Indemnity insurance (with no applicable exclusions or conditions) they received legal assistance to defend the claim. A settlement was reached at mediation and was paid by the engineer's insurer.



Accountant scenario

An accountant was assisting a company with share transfers. The following allegations were made against the accountant:

- > The share transfers breached shareholder continuity rules.
- > The accountant failed to ensure their client paid a dividend to utilise any available imputation credits before the shares were transferred.

Consequently, the company's imputation credits were forfeited and the accountant received a letter of claim, alleging fault and demanding compensation. As the accountant had Professional Indemnity insurance, they received legal assistance from solicitors who raised a number of defences resulting in a favourable settlement for the accountant before matters escalated to formal court proceedings. The policy also provided defence costs cover meaning that aside from the accountant's excess, all defence costs and the settlement sum were met by the accountant's insurer.

Directors and Officers Liability

Ando's Directors and Officers Liability policy offers comprehensive protection for claims of wrongful acts against directors or senior executives of public and private companies. Our policy can indemnify the directors directly or reimburse the company if it has indemnified its directors.

With increasingly stringent compliance regulations in the Companies Act, Commerce Act and Financial Markets legislation, many New Zealand companies have felt increased exposure for their directors and officers. When claims are made, even if unsuccessfully, the reputational and financial consequences can be severe.



The Directors and Officers Liability insurance policy provides protection for wrongful acts such as:

- Breach of duty
- Negligence
- Errors and omissions
- Misstatement
- Misleading statements

The policy also includes:

- Protection for costs in defending and investigating claims or allegations made against individuals.
- Damages or settlements that result from claims or allegations.

Automatic coverage features

- > Advancement of defence costs
- > Compensation for court attendance (sub-limit \$500 per day/\$50,000 in the aggregate)
- > Crisis containment (sub-limit \$250,000)
- > Discovery period for retired insured persons – 84 months
- > Employment practices liability (sub-limit \$250,000)
- > Estates and legal representatives/spousal liability
- > Extradition costs (sub-limit \$500,000)
- > Family/personal expenses (sub-limit \$200,000)
- > Occupational health and safety (maximum sub-limit \$500,000)
- > Official investigations and inquiries
- > Outside positions liability
- > Pollution legal defence costs (maximum sub-limit \$250,000)
- > Pollution loss (maximum sub-limit \$250,000)
- > Preservation of indemnity
- > Public relations expenses (sub-limit \$250,000)
- > Reinstatement of limit upon a recovery
- > Run-off cover for subsidiaries
- > Superannuation trustees

Key exclusions

- > Asbestos
- > Bodily injury/property damage
- > Consensual claims
- > Fraud/personal profit
- > Lockouts and industrial action
- > Professional services
- > Publication of false material
- > Sanctions
- > War/nuclear/terrorism

Claims scenarios where this policy covered legal defence and damages

Anti-competitive behaviour scenario

The director of a manufacturing company was being investigated by the Commerce Commission for anti-competitive behaviour in contravention of the Commerce Act. Potential proceedings are laid against both the company and the director personally. The Commission issued notices requiring the director and company to provide documents in relation to the investigation, and to attend interviews and provide written responses to various queries.

During an investigation, prior to formal charges being laid, an extension of the Directors and Officers (D&O) policy provides cover for legal defence costs. Should charges be laid against the director, the D&O policy provides defence costs cover for the resulting prosecution proceeding, subject to exclusions in relation to deliberate conduct. No cover is available for fines under the Commerce Act.



Reckless trading scenario

A company fails due to loss of a major customer and is put into liquidation. The company's liquidators commence proceedings against the former directors for reckless trading or trading whilst insolvent. The D&O policy provides cover for defence costs and these were advanced pending determination of the claim, which assisted the directors to successfully defend the claim. As the allegations against the directors involved deliberate conduct, if proven, cover would be excluded under exclusions in relation to deliberate conduct.

While the insolvency allegations also raised questions about the adequacy of disclosure at the time of policy renewal, cover was available as it transpired that the company's insolvency had arisen from a sudden decline in the company's fortunes. Therefore, there was nothing for the directors to disclose at the time of inception or renewal and the claim was covered.

Risk appetite

Traditional professions

Target segments:

- > Predominately professional indemnity led professions, but include all liability, property, motor, personal accident and cyber classes.
- > Professionals aligned to the building and construction industry and construction projects.

We also provide propositions for construction risks including CAR.

See list of occupations on following pages.

Miscellaneous professional indemnity led schemes and facilities

Target segment:

- > Miscellaneous professions.

See list of occupations on following pages.

We utilise our technology and understanding of schemes and facilities management to provide all lines solutions for professional indemnity customers, focusing on miscellaneous professions.

Case traded professional liability business

Target segment:

- > Case traded miscellaneous professions.

See list of occupations on following pages.

There is an opportunity to take advantage of the current market state and develop market share in the traditionally case traded miscellaneous professions and D&O markets.

Occupations we cover

Traditional professions

Accountants
Architects
Engineers
Lawyers – barristers/solicitors (Excess Layer only)

Design and construction

Architects/draftsmen
Builders and construction companies
Civil engineers
General contractors
Interior decorators
Landscape architects
Project managers
Quantity surveyors
Town planners

Miscellaneous (including but not limited to):

A

Accountants
Administrative professionals
Adoption agencies
Advertising agencies
Advertising consultants
Agricultural consultants
Agronomists
Archival firms

B

Beauty therapists
Botanist consultants
Brand consultants
Business and management consultants
Business analysts
Business mentors/coaches
Business process re-engineering consultants
Business procurement consultants
Buyers agents (retail)

C

Careers advisory services
Cartography consultants
Certificate of Fitness (COF)/Warrant of Fitness (WOF) issuance
Change management consultants
Charity fundraisers
Chemists (consulting or analytical)
Childcare co-ordinators

Commercial project managers
Communication consultants
Company development and planners
Compliance co-ordinators
Compliance inspectors/auditors
Copywriters
Corporate and event photographers
Corporate identity consultants
Customs agents

D

Data analyst
Development consultants
Driving training instructors

E

Economists
Editors
Education consultants
Employment consultants
Energy conservation consultants
Energy efficiency/rating consultants
Entomology consultants
Ergonomic consultants
Estates/facilities directors
Event planner/event managers
Export consultants

F

Fashion photographers
Fire safety consultants
Fitness instructors
Flora/fauna consultants
Flying instructors
Food safety and hygiene consultants
Forestry consultants
Franchisors
Freelance investigative photographers
Freight forwarders
Fundraisers (professional)
Funeral directors

G

Graphic designers

H

Hairdressers
Health and safety consultants
Higher education consultants
Homeopaths
Horticultural consultants
Hotel and catering consultants
Human resource consultants

I

Image consultants
Immigration advisors
Immigration consultants
Import and export agents
Interior designers
Irrigation consultants
IT consultants

L

Lapidary (gemstone) consultants
Librarians
Life coaches
Lighting consultants
Logistics consultants

M

Management consultants
Management trainers
Market research consultants
Marketing and advertising consultants
Marriage celebrants/civil celebrants
Media buyers
Meteorology advisors
Migration agents
Music teachers
Music therapists

N

Noise and vibration consultants
(excluding design)
Numismatics (coins) advisors

O

Occupational health and safety consultants
Operations consultants

P

Parks and recreation consultants
Personnel consultants
Pest inspectors
Philatelic (stamps) advisors
Portrait photographers
Private investigators
Private tutors
Procurement consultants
Production consultants
Production managers
Public relations consultants
Public services administrators

Q

Quality control advisors

R

Recruitment consultants
Relocation agencies

S

Sales/marketers
Secretarial services
Security advisors
Sociologists
Statisticians
Stock and station agents
Strategic business planning consultants
Swimming pool safety inspectors

T

Technical writers
Testing authorities
Textile designers
Tourist bureau and guides
Trade or professional associations
Training – health and safety
Training – other
Training consultants
Translation and interpreters
Transport consultants
Travel agents

U

Universities

V

Vehicle inspectors
Viticulture consultants

W

Website designers
Website marketers
Wedding photographers
Wedding planners

Y

Yoga instructors

Occupations we're cautious about

Meth testing	Land surveyors
Building surveyors	Lawyers/solicitors (Excess Layer only)
Geotechnical engineers	Real estate agents/developers
Insurance advisors/brokers	Structural engineers
Property managers	

We can write these but selectively and on a case-by-case basis.

Occupations we don't cover

Building certifiers	Financial institutions
Cladding contractors	Marine related professional indemnity
Directors and officers – no side C	Mergers and acquisitions advisors
Finance advisors	Valuers

In addition to the above, we are not currently writing technology liability or medical malpractice liability, but we will be offering these products in the future.

At Ando, we're working to make insurance less complex, less stressful and more transparent for all New Zealanders.

For more information,
contact your broker
or visit us online

ando.co.nz



ando.co.nz

