



Management Liability in your industry.

As current and emerging risks can leave business leaders and their companies vulnerable to lawsuits, there's a growing need to protect against them.

In the last four years alone, regulatory bodies have given UK SMEs fines totalling over £100m.¹ But if you understand the threats to the industry in which your business operates, you can be better prepared to protect yourself against them.

To help you with this, we've worked with Aviva to create a list of some of the potential threats and exposures for individual industries, including yours.

If you would like more information on the right management liability cover for you, get in touch on 01926 674875 or enquiries@riskhubgroup.co.uk.

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Industry	Specific Threat	Exposures
Retail & Wholesale	<p>With the pandemic there's even more challenges for directors such as:</p> <ul style="list-style-type: none"> • the risk of disruption to your supply chains • the health and wellbeing of your employees and customers • operational disruption. <p>Stakeholders and investors will be scrutinising what you say, your business contingency plans and the financial impact of your actions. They may blame you for any shortfall in performance saying it was due to your inadequate business continuity arrangements and poor crisis management.</p>	<p>Unfair dismissal – as a director you could be named personally in the unfair dismissal of an employee</p> <ul style="list-style-type: none"> • Redundancy – your company could have to defend itself at employment tribunals • Customer data breaches could mean the regulators get involved • Disrupted supply chains that damage sales • Demand for financial damages following an alleged website copyright infringement.
Manufacturing & Industry	<p>With the pandemic there's even more challenges for directors like you, such as:</p> <ul style="list-style-type: none"> • the risk of disruption to your supply chains • the health and wellbeing of your employees and customers • operational disruption. <p>Stakeholders and investors will be scrutinising what you say, your business contingency plans and the financial impact of your actions. They may blame you for any shortfall in performance saying it was due to your inadequate business continuity arrangements and poor crisis management.</p>	<ul style="list-style-type: none"> • Pollution – the environment agency could bring criminal proceedings against you or your business • Employee accidents at work – the health and safety executive could prosecute you or your business. • You or your business could be sued for defamation if you've made an inaccurate statement about a supplier or competitor • Your business could be sued for breach of contract if the goods you've sold to a customer are not up to the standard they expected and so not fit for purpose.
Professional Services	<p>In a rapidly changing and complex regulatory environment, it's important your company keeps pace. By law you need quality controls on projects, segregation of activities and data protection. As a professional services firm, you'll handle large volumes of confidential client information, so data breaches could have a devastating impact – both to your finances and your reputation. If you don't protect your highly-sensitive client information, your business may be at risk.</p>	<ul style="list-style-type: none"> • Breaches • Insolvency act (wrongful trading) • Racial and sexual discrimination • More investigations by regulators
Construction	<p>The construction sector has had the highest number of workplace fatalities over the last 12 months². Falling from a height is the most common cause of work-related death. If you or your company breach section 37 of the Health and Safety at Work Act 1974, you could both be prosecuted. As a director, you can't avoid a charge of neglect. And if you're found guilty, you could have to pay a fine and may go to prison. Legal costs for this kind of action could be extremely high, especially if there's a number of directors involved.</p>	<ul style="list-style-type: none"> • Corporate manslaughter • Regulatory – environmental prosecutions or pollution charges • Cladding exposures • Fraud

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Property Owners	If you're a buildings' owner, you could face unlimited fines thanks to the upcoming Building Safety bill. You'll have to pay these fines if you're found guilty of breaching fire regulations or if you obstruct or impersonate a fire inspector.	<ul style="list-style-type: none"> • Cladding exposures • Data breaches could lead to regulator involvement • Fraudulent activity relating to large sums of money being transferred • Health and safety – fire safety, electrical and mechanical equipment checks
Technology	As a pioneer in the tech industry, you're always under pressure to stay ahead of the game and develop new solutions to outdo the competition. But this can lead to mistakes. In your haste to innovate you might miss crucial security and safety issues or fail to deliver a product or service on time.	<ul style="list-style-type: none"> • Breach of contract for delayed or cancelled projects because of disruption to the supply chain • Data security and privacy – cyber attacks threaten to disrupt supply chains • Loss of intellectual property – patents, trademarks and designs are valuable assets • Problems getting research and development (R&D) funding and grants
Motor Industry	If you're involved in the motor trade businesses there's a wide range of health and safety risks you have to worry about. You want to make sure your employees are safe whether they're handling hazardous substances or moving heavy objects. You also need to make sure it's safe for your customers to come into your workshop if necessary. As an officer of the company, you could be held personally liable for failing to identify and assess risks and put in place protective measures, safe systems of work and employee safety training. If you're found guilty of health and safety errors in the most serious cases you could go to prison and be disqualified from being a company director. ³	<ul style="list-style-type: none"> • Cyber threats – customer, manufacturer and supplier details could be stolen in phishing scams, malware attacks and website spoofing • Environmental legislation – disposal of waste such as scrap parts, tyres, oil and batteries; reputational damage • Emissions testing – possible liability for environmental or climate change
Charities & Not for Profit	If you work for a not-for-profit organisation, you'll know that they operate on scarce resources. This means that you tend to focus more on the day-to-day business than risk management. But if you or your organisation are found guilty of mismanagement of funds or conflicts of interest this could be expensive for the charity and could affect the support you get from trustees and beneficiaries.	<ul style="list-style-type: none"> • Loss of beneficiary confidence and mismanagement of funds • Sexual-misconduct-related claims • Conflict of interests • Insolvency Act (wrongful trading)

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¹ BLM D&O Tracker app, 2021

² Workplace fatal injuries in Great Britain, 2020, HSE See Footnote 1

³ Leading health and safety at work, hse.gov.uk, 2013 Refer to Footnote 1

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