

Liability insurance for the security industry

Ensuring the security and the safety of other people's property is your business; protecting your security company is ours.

With more than a decade of experience working in the security industry, the team at Liberty Specialty Markets (Liberty) has in-depth knowledge of the particular risks faced by security businesses. This allows us to respond dynamically to changes in the security industry, anticipate industry-specific insurance needs and craft robust solutions to reduce our clients' exposures.

Liberty is able to offer tailored Civil Liability Professional Indemnity (PI) cover and enhance Combined and General Liability (CGL) cover to help protect our clients in the security industry from risk exposure. Our policies use clear, easy-to-read language and are worded to suit individual clients' needs.

Civil Liability PI for security consultants

Liberty has designed a Civil Liability PI policy to meet the specific insurance needs of security consultants. This offering is Liberty's response to the market: we have been approached to provide PI insurance in a number of cases, usually where a separate fee is charged or is required by contract.

Clients in the security industry may need PI protection when, in the course of their work:

- ▶ Provide advice or reports on security requirements, for a fee
- ▶ Provide professional training
- ▶ Design security systems, including specifying the location and type of equipment
- ▶ Their principal demands or requires PI insurance

What kind of claims could arise?

Clients in the industry may potentially be exposed to claims such as:

- ▶ Providing insufficient or incorrect reports, leading to financial loss of a third party
- ▶ Providing inadequate or incorrect training, leading to decisions resulting in financial loss of a third party
- ▶ System failure or fault (such that it fails to work correctly or has black spots), leading to financial loss of a third party



Liberty's specially tailored Civil Liability PI policy provides broad, comprehensive protection for security professionals against a wide range of third party claims for financial loss, as well as against costs incurred in attending a professional inquiry and in protecting the insured's reputation.

Enhanced CGL cover

Standard CGL insurance policies are designed to provide broad cover for a business, but if they exclude cover for Statutory Fines & Penalties, Financial Loss, Care Custody & Control or Loss of Keys – as many do – they may prove to be not broad enough for the security industry.

Financial Loss

If a security business manufactures, installs or services products; provides instruction and training in relation to the installation, application, storage or use of those products; produces sales and marketing documents or employs a sales and marketing team, it could be exposed to liability for the pure financial loss suffered by a customer resulting from a mistake, negligent act, error or omission.

Statutory Fines & Penalties

Despite the fact that over 5,000 legislative provisions in Australia cater for civil penalties for non-compliance in many areas of regulation, from Environmental Law and Work Health & Safety to Australian Consumer Law and Employment Law, most standard CGL policies exclude cover for Statutory Fines & Penalties. This leaves businesses vulnerable to a potentially significant financial risk.

The fine itself is not the only potential problem for a business, however: the costs of a legal defence – in terms of financial outlay as well as distraction from core business – are also notoriously high. These combined financial losses could cripple your clients' business.

What kind of claims could arise?

Clients in the industry may be exposed to claims such as:

- ▶ Taking adverse action against an employee or unfair termination of employment, in breach of the Fair Work Act 2009 (Statutory Fines & Penalties)
- ▶ Negligence in providing an adequate security installation, leading to financial loss of a third party (Financial Loss)
- ▶ Providing false representations, in breach of the Trade Practices Act 1974 – Section 53 (Financial Loss)
- ▶ Sending of unsolicited promotional email messages, in breach of the Spam Act 2003 (Statutory Fines & Penalties)

Liberty's CGL policy tailored especially for the security industry has an overall capacity of \$50m and *automatically* includes enhanced cover for:

- ▶ Financial Loss (\$2m limit of liability) – covers the gap between a standard CGL policy and a standard Professional Indemnity policy
- ▶ Statutory Fines & Penalties (\$2m limit of liability) – helps to protect your clients' business from more than the fine itself: it also covers the costs of expert legal assistance if and when they are required to defend civil fine actions
- ▶ Care Custody & Control (\$250,000 sub-limit)
- ▶ Loss of Keys (\$250,000 sub-limit of \$500,000 for ASIAL members); and provides *optional* cover for:
- ▶ Cash in Transit/Cash in Safe

Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as their insurance needs.

To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 20,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard & Poor's 'A' (strong) rating.

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