

Here are some real examples* that show that dealing with disputes – no matter the nature – can be crippling for both businesses and individuals.

Employment Practices

She was retrenched as part of a company wide reduction and commenced proceedings against the company and two managers alleging sexual harassment, wrongful termination and sex discrimination.

She made allegations against the Managing Director that he had inappropriately touched her and made abusive and sexually explicit comments.

And further alleged she suffered depression and now was unable to re enter the workforce due to her mental distress.

Her employer defended the claims but the company was ordered to pay the former employee \$60,000 plus her legal fees. As well as paying \$30,000 in defence costs.

Think about it.

Statutory Cover

The Director and Manufacturing company were charged with six offences under the Environment Protection Act. It was alleged that the carbon emissions from the factory were incredibly high over a period of three days.

This was a direct result of a mechanical breakdown in the factory which took three days to repair.

Following a one day hearing, the Director and Company were found liable and were fined \$30,000.

Plus overall defence costs of \$15,000 were incurred over the duration of the investigation and prosecution.

Think about it.

Crime Cover

He was a trusted friend and employee but over a five year period this loyal, efficient accountant misappropriated \$850,000 by altering cheques received from debtors.

Due to this trusting relationship the theft remained undetected for a long period of time by facilitating the fraud by continuing a cycle of paying debtors accounts from other debtors.

This continued until the scheme was uncovered by the company's newly appointed auditors.

Total loss to the company amounted to \$850,000.

There was no chance of recovery from the fraudster as he had no assets and had gambled away the stolen funds.

Plus the investigation and legal costs totaled \$150,000.

Think about it.

Corporation Entity Cover

A team of 25 factory hands were contracted by a manufacturing company to work on the production line in the build up leading to the Christmas period. The contractors received a speedy two hour course in safety and procedure. Unfortunately, on the first day of employment, two of the workers were seriously injured. One of the contractors suffered a deep laceration on his hand while the other contractor lost partial hearing in his left ear for failing to wear the safety equipment correctly. A full Occupational Health & Safety investigation began which eventually lead to the company being prosecuted.

Following a two day hearing, the company was found liable and was fined \$120,000. Overall defence costs incurred were \$130,000.

Think about it.

Directors and Officers

The CEO of a company with 30 employees left to become the CEO of a rival company. Three years later the Managing Director of the former company sued the CEO and his rival company for stealing trade secrets and confidential business information.

The claim was vigorously defended. Although it was eventually settled on the basis that each party walks away and bears own costs.

The legal costs by the rival company in defending the claim were \$110,000.

Think about it.

Superannuation Trustees Cover

It was an accounting company with four Directors and 45 employees.

One director fraudulently misappropriates money earmarked for employee's superannuation contributions.

Upon the discovery, the employees claim against the Director (including the innocent directors) and also the company.

The claims involve not only the loss of the super contributions but loss of opportunity and profits the employees would otherwise have made with the benefit of those monies.

The Director was found liable for \$230,000. In addition the company paid \$90,000 in defence costs.

Think about it.

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