



Management Company Protection – MC-Pro

The security for a management company

The number of management companies established in Belgium is increasing every year. When starting a management company, it is important that the company and its director(s) are fully covered for the emerging risks they could be held liable for.

Example

With twenty years of experience in HR Management, Ms Smith decides to work as an independent HR Manager through her own management company. Her income is no longer subject to personal tax, but to corporation tax. This turns out to be more advantageous for her. For the Principal, it is beneficial that Ms Smith is no longer considered an employee. The costs associated with this, such as employer contributions and Workmen's Compensation, are no longer applicable. But the protection that Ms Smith had as an employee also falls away if she works through her management company. In this case, she is seen as a third party. This means that, unlike an employee, she can be held liable for any wrongdoing in the exercise of her activity.

MC-Pro

AIG has developed an insurance package that combines Professional Liability (PI), Directors and Officers Liability (D&O), Public Liability and Employment Practices Liability (EPL). In addition, within this MC-Pro insurance, the client has the option to obtain additional coverage for a World Business Card travel insurance and/or a 24/24 accident insurance.

Insurance package



Professional Indemnity (PI) and Public Liability

An MC-Pro policy protects the assets of the management company with Professional Indemnity coverage. It covers the defense costs and indemnities that the management company would owe for mistakes made in providing services to the Principal. An extension Public Liability completes the liability package.



Directors and Officers Liability (D&O)

The policy provides cover for management errors within the management company, covering both defence costs and loss. *Please note: this policy does not cover management errors within different Boards of Directors. A D&O insurance should always be underwritten for such management errors at the level of the company in which the director is active.*



Employment Liability (EPL)

The person establishing a management company also often works with employees of the Principal. Laws and guidelines related to employment provide ever greater protection for employees. Think of harassment, discrimination as well as sexual harassment that are increasingly being reported and can lead to expensive compensation claims. MC-Pro insurance protects the management company and its managers/directors against violations of employment regulations.



(Optional) Travel Insurance (WBC)

The MC-Pro insurance offers the customer the possibility of joining the World Business Card cover that provides full travel insurance for both business and private travel.



(Optional) Personal Accident Coverage 24/24

This cover offers the following guarantees in the event of an accident if a conventional annual salary of € 15,000 is chosen:

- Death and Permanent Invalidity: 4 times the conventional salary which results in a capital of € 60,000.
- Temporary Invalidity: 90% of 1/365th of the conventional salary per day, resulting in a payment of € 37/day, waiting period 14 days, payment during a period of maximum one year.

The maximum conventional salary that can be insured is € 125,000.



Easy questionnaire with pricing table

MC-Pro insurance is easy to underwrite. It only requires a fully completed and signed short questionnaire. In most cases there is no need to refer the risk to AIG as the questionnaire contains a predetermined pricing which, once agreed by the client, constitutes acceptance of the risk.

Main exclusions

- Known facts, Circumstances and Prior claims
- Intentional wrongful act
- Managerial misconduct in the capacity of director of an entity other than the management company
- The Principal's liability

For more information, please contact

AIG Dynamics

(+32) 02 739 96 96

aigdynamics@aig.com

www.aig.be

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