FIDUCIARY LIABILITY COVERAGE

The Wrap[sm]

CONSIDER THE FOLLOWING POSSIBLE LOSS SCENARIOS:

$230,000
A health plan trustee allegedly did not monitor the performance of its third party administrator (TPA) and retained the company despite its inadequate performance.

$439,560
Trustees of a profit sharing plan were accused of improperly concentrating plan investments in a single industry and investing a high proportion of the plan's assets in a limited number of stocks.

$800,000
Trustees allegedly invested the assets of the pension fund in income funds and limited partnerships. They were accused of paying excessive brokerage commissions on the investments and concentrating a substantial portion of the investments in just two funds.

$99,702
The administrator of a savings and profit sharing plan allegedly failed to notify participants who reached age 60 that they had an option to transfer any or all of their regular balances to a participant contribution account.

$120,000
Due to a miscalculation by plan fiduciaries, the plan was underfunded and benefit payments were incorrect. The Department of Labor determined this to be a breach of their fiduciary duties and made a 502(1) assessment against the plan fiduciaries in the amount of 20% of the recoverable funds.

These are only examples of losses sustained by various companies. Coverage ultimately depends on the facts of each case and the terms, conditions, exclusions and limitations of each policy.

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