

Solving the puzzle: Insuring employee benefit plan risks*

As a business owner, executive, and plan fiduciary, managing employee benefit plans can be complicated and leave you puzzled.

- Plan fiduciaries are responsible for making plan decisions such as hiring administrators, agreeing to plan fees, and selecting plan investment options.
- Business owners, executives, or board members may be plan fiduciaries without realizing it.
- Breach of fiduciary duty suits can be costly to defend and resolve and can result in personal liability.

Fiduciary liability insurance is the only insurance that provides protection against breach of fiduciary duty suits.

* Employee benefit plans can include a variety of plans, including retirement plans, medical plans, dental plans, vision plans, and disability plans. Employee benefit plans will be referred to simply as "plans" herein.

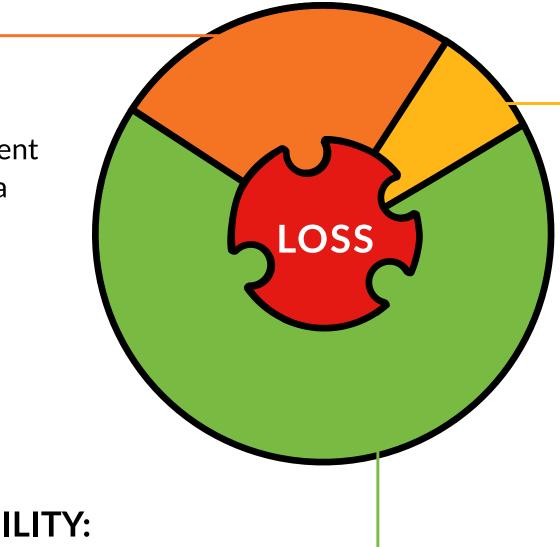
Three different coverages complement each other to complete the puzzle of insurance protection.

ERISA BOND:

Provides plans with insurance for crime losses due to fraudulent or dishonest acts by a plan official. *Can be included in Chubb's crime policies.*

FIDUCIARY LIABILITY:

In addition to insuring companies, executives, and employees against allegations that they made mistakes in administering a plan, also insures them against allegations of breach of fiduciary duty (e.g., they were careless in making plan decisions or handling plan assets). Also insures against suits brought by the Department of Labor. *Can be purchased monoline or as a part of Chubb's management liability solutions.*

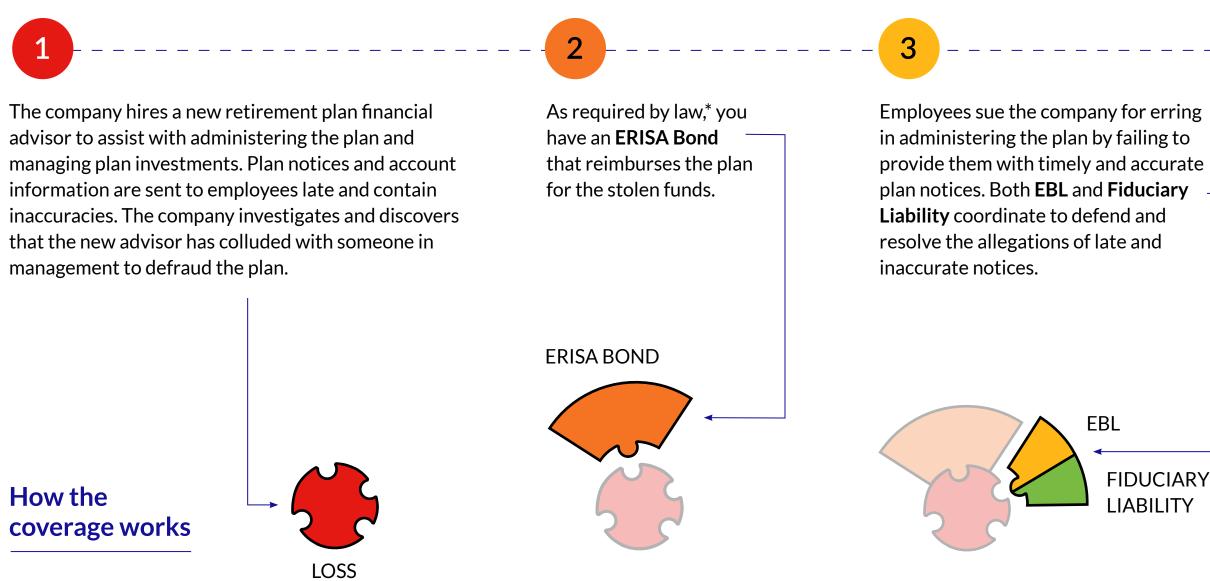


EMPLOYEE BENEFIT LIABILITY (EBL):

Insures companies, executives, and authorized employees against allegations that they made mistakes in administering a plan, but not against breach of fiduciary duty allegations. Also usually only insures against suits brought by employees and not against suits brought by the Department of Labor. *Can be included in Chubb's package policy.*



Here's an example of how **ERISA bonds**, **Employee Benefit Liability**, and **Fiduciary Liability** come together to complete the risk management puzzle for companies that sponsor employee benefit plans.



* See 29 U.S. Code § 1112 - Bonding

This document is advisory in nature and is offered as a resource to be used together with your professional insurance advisors in maintaining a loss prevention program. It is an overview only and is not intended as a substitute for consultation with your insurance broker, or for legal, engineering or other professional advice. Operators and insureds are responsible for safety and risk control. Chubb is not responsible for ensuring the safety or risk control of any operations, although we may exercise our right to do so from time to time under the terms and conditions of our insurance policies. We hereby disclaim any obligation to oversee or monitor any facility's or insured's adherence to any guidance or practices set out in this document, or to any other required or otherwise reasonable safety and risk control practices.

Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit www.chubb.com. Insurance is provided by Federal Insurance Company and its U.S. based Chubb underwriting company affiliates. Surplus lines insurance is sold only through licensed surplus lines producers. Chubb is the world's largest publicly traded property and casualty insurance, financial lines, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. ©2024 Chubb (Ed. 08/24)

FIDUCIARY LIABILITY

FIDUCIARY

LIABILITY

Employees sue the company and its

duties by failing to prevent the fraud.

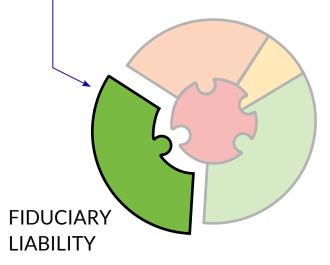
Fiduciary Liability pays to defend and

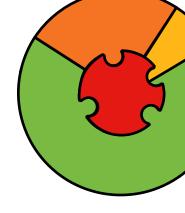
resolve this fiduciary breach case.

executives for breaching their fiduciary

The Department of Labor investigates the missing plan funds and other plan issues. Fiduciary Liability pays defense costs as well as some fines and penalties resulting from the investigation.

Now the puzzle is complete.











Get a <u>quote</u>

