

# Fiduciary Liability Coverage from Beazley

BEAZLEY

Fiduciary Liability Coverage has never been more important. Litigation involving pension plans has become more prevalent than ever before. Volatile financial markets have caused large losses in pension funds and sparked suits by plan participants and scrutiny by the Department of Labor. These suits have in turn sparked much debate concerning pension reform which would change the rules for fiduciaries. Those that oversee and administer employee benefit plans know that the Employee Retirement Income Security Act (ERISA) is an extremely complex set of rules; but not everyone is aware that those rules impose personal liability on plan fiduciaries; nor do they realize that their personal exposure is not covered by other insurance products. The statutorily required ERISA bond does not respond to allegations of breach of fiduciary duty; nor does an employee benefits liability extension to a general liability policy.



Employee benefits programs, such as health insurance, pension plans and 401(k)s are set up by employers to help employees protect their financial futures and well being. These programs have become an essential factor in attracting and retaining talented employees, but they are not without risk to the employer as well as the individuals who manage them. When employee benefit plans don't respond the way that they were intended or when a problem arises in the administration of

these programs, the company and plan fiduciaries can find their own financial futures in jeopardy.

Beazley offers Fiduciary Liability coverage that is specifically designed to cover fiduciaries of employee benefit plans for breaches of fiduciary duty, and errors or omissions, in the administration of employee benefit plans.

## The Beazley Fiduciary Difference

### Covered Plans

- Omnibus pension and welfare plan language
- Automatic administrative coverage for ESOPs
- Full ESOP coverage available by endorsement
- Government mandated programs for unemployment, social security, workers compensation or disability benefits
- Non-ERISA plans (fringe benefit and foreign plans)
- Automatic coverage for employees serving as fiduciaries of multi-employer plans at employer's request

### Liberal Defense Provisions

- Additional defense costs limit available
- Fully severable exclusions
- Consideration given to insured's choice of counsel
- 70/30 settlement clause

### Covered Claims

- Criminal proceedings
- Written demands for monetary or non-monetary relief
- Administrative errors
- Breach of fiduciary duty
- Defense cost coverage for fraud and personal profit claims
- Carve-back to pollution exclusion for claims alleging diminution in value of securities

### Covered Loss

- Fees in connection with voluntary compliance programs offered by the IRS and the DOL
- \$100,000 sublimit at no additional cost
- Fines under 502(i) and (l)
- Punitive and multiplied damages (where insurable)

### Retention

- \$0 retention for non-indemnifiable loss
- Insured may settle claims within the retention

### Definitions

- Insured includes foreign equivalents and spouse/domestic partner extension
- Administration includes interpreting plan benefits and counselling and advising participants

### Worldwide coverage

Non-cancellable (except for non-payment of premium)

## About Beazley in the USA

Beazley offers to licensed brokers the following specialty lines coverages either on an admitted basis through Beazley Insurance Company, Inc. or on a surplus lines basis through the Beazley syndicates at Lloyd's.

- Beazley One, A Private Company Liability Policy
- Errors & Omissions
- Directors and Officers Liability
- Employment Practices Liability
- Fiduciary Liability
- Crime
- ERISA Bond

## The Beazley Difference

### Flexible Terms and Coverage

The Beazley Fiduciary Liability policy was developed specifically to provide the coverage features that matter to US employers. Recognizing that every employer is unique, the policy offers many flexible features such as an additional limit for defense costs, no retention for non-indemnifiable loss, and allowing insureds to settle claims within the retention amount. We have researched the Fiduciary Liability market and developed a policy that truly gives employers meaningful coverage and liberal terms that address the exposures facing plan fiduciaries today.

### Access to Decision Makers

Our underwriters are empowered and decisive, and bring a wealth of experience and expertise. We underwrite each risk individually and strive to work with brokers and insureds to develop a Fiduciary Liability solution that addresses the specific needs of each insured.

### Claims Handling

Fiduciary Liability claims put a lot of stress on an organization. Fiduciary Liability claims often involve the intricacies of plan language, arcane regulations and actuarial issues, which equates to high defense costs, lengthy trials and complex negotiations. Beazley's number one goal is to provide the best claims handling service possible. When a Fiduciary Liability claim is made, we work with some of the top ERISA counsel in the country to minimize the impact on your organization.

### Consistent Performance and Commitment

Beazley's Fiduciary Liability coverage is underwritten by highly skilled and experienced underwriters and managed by recognized experts in the field. Our quality underwriting and 'state of the art' coverage demonstrates our commitment to being an industry leader.

### Product Manager

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For further information about our products, sample wordings and applications or information about our underwriting and management teams please visit our website at [www.beazley.com](http://www.beazley.com)