



In These Litigious Times, Having the Right Fiduciary Liability Protection Matters

While this insurance is more important than ever, obtaining reasonable coverage for a fair premium can be increasingly difficult.

As a public sector plan sponsor, you know fiduciary liability insurance is a prudent way to protect the plan, its fiduciaries and employees against risk associated with lawsuits alleging a breach of fiduciary duty. It's also useful when there are administrative errors or omissions when indemnification or sovereign immunity isn't available or there are gaps in those protections under state laws. While a governmental side-A policy generally provides excess coverage above other insurance policies, fiduciary liability insurance provides a greater level of protection.

Various operational issues can expose plan trustees to litigation. Examples include actuarial/investment assumptions, asset-allocation decisions, fees, benefit formulas, funding levels, plan governance, failure to meet statutory requirements, strategic partnerships and scandals. Although public sector plan trustees are exempt from ERISA, they may face increased liability risk if they're subject to statutes that "mirror" ERISA as well as to trusts and/or common law. And, depending upon the state, public sector plan fiduciaries may be subject to a "faithful performance" standard that's higher than ERISA's "prudent-man" standard.

Over the past several years, there's been an uptick in lawsuits alleging excessive fees. Consequently, fiduciary liability claims continue to rise.

At the same time, as underwriters evaluate the frequency and severity of their losses, many insurers have instituted stricter underwriting requirements. Those changes are making it harder to obtain or renew a policy or apply for an increase in limits.

When did you last review your coverage?

Litigation tends to be costly, risking organizational assets, fiduciaries' and employees' personal assets or both. That's why ensuring you have a broad scope of coverage with reasonable limits and a competitive premium is critical.

Understanding what coverage terms apply for your benefit plan fund matters because policy terms can vary by the type of benefit plan.

When reviewing your current coverage, be sure to consider these aspects:



Scope

Does your policy provide a broad range of coverages pertinent to the types of loss you could experience as a plan sponsor?



Limits

When was the last time you reviewed your coverage limit? A regular review will ensure your limit is aligned with current risk factors.



Services

Does your carrier offer services and resources to help reduce the risk of a loss? If you experience a loss, are you confident your claim will be handled efficiently?

Get experienced advice on the fiduciary liability insurance policy that's right for your organization.

You're interested in coverage that your plan needs and we'll work with you to identify which insurers can meet those needs.

In addition, we'll guide you through the application and underwriting process. It's an opportunity to identify risk as well as design and negotiate the most favorable policy terms and conditions at the most reasonable price.

To learn more about our insurance brokerage services and/or to request a complimentary assessment of your current insurance coverage, please get in touch with us.

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