

Pension Trustee Liability

Elite discontinuance fact sheet

Even if a scheme or company has totally discharged its future liabilities in relation to the pension scheme, a past trustee remains personally liable, potentially for their lifetime, for any acts they undertook whilst in the role.

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What is covered?

Elite Discontinuance will pay the loss a past trustee or employee is legally obliged to pay as a result of a wrongful act in relation to the named pension scheme(s).

It provides cover for wrongful acts committed prior to the inception of the policy, from the date the scheme was first established.

It will also pay all reasonable legal costs incurred in relation to an official or fact-finding investigation by the Pensions Ombudsman, Pensions Regulator or other equivalent body.

What is covered?

- Past trustees
- Employees
- A corporate trustee company
- Lawful spouses, estates, heirs or legal representatives of past trustees or employees in the event of death, incapacity, insolvency or bankruptcy
- Any other natural person or entity who acted as trustee as attached by specific written endorsement

Who is included in the definition of trustee?

Any natural person, including a director or officer of a corporate trustee company, who was appointed as a trustee.

Who is included in the definition of employee?

Any natural person who provided services in relation to the pension scheme whilst in the employment of the sponsoring employer company, corporate trustee company, trustee or pension scheme, including:

- Directors and officers
- Committee and/or board members
- Administrators
- Pension scheme managers

What is included in the definition of corporate trustee company?

Any company appointed to act as a trustee, regardless of whether that company was a subsidiary or not of the sponsoring employer company

What constitutes a claim?

- A written demand alleging legal liability
- A civil or arbitral proceeding
- A criminal suit
- An administrative or regulatory proceeding
- An official investigation

What wrongful acts are covered?

Elite Discontinuance offers protection against a comprehensive range of allegations, including:

- Breaches of trust, duty and statutory provision
- Negligence
- Administrative errors
- Wrongful omissions
- Misstatements
- Misleading statements
- Maladministration
- Financial loss resulting from damage, loss or destruction of pension scheme documents

What is included in the definition of loss?

- Damages
- Judgments
- Settlements
- Awards (including distress awards or compensation as determined by the Pensions Ombudsman)
- Defence costs
- Costs for legal representation in relation to an official or fact-finding investigation instigated during the policy period

The information above is descriptive only. The precise coverage afforded is subject to the terms and conditions of the policy as issued. For further information please see www.trusteeprotect.com.

(i.e. where there is no requirement for an allegation of a wrongful act) by the Pensions Ombudsman, Pensions Regulator or other equivalent body

What is included in defence costs?

All reasonable third-party fees, costs and expenses that are incurred to defend or appeal a claim.

Provision for full advancement of defence costs, where required.

Additional features of Elite Discontinuance

- Limit of liability to GBP 10,000,000 available.
- Policy periods ranging from 1 year to 15 years are available.
- Optional extensions are available to provide cover for:
 - Civil fines and penalties (where insurable and the premium is not being paid for out of the scheme assets)
 - Member-nominated trustees in the event of innocent non-disclosure or misrepresentation

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