

Labor Management Trust Fiduciary Liability Enhancement

CHUBB®



The level of regulatory oversight governing Taft-Hartley plans continues to climb for today's trustees. Chubb is taking broad coverage to the next level with our new Fiduciary Liability Enhancement Endorsement.

Endorsement Highlights

Chubb's Fiduciary Liability Enhancement Endorsement for Labor Management Trusts offers many features to respond to the evolving needs of Taft-Hartley Trust funds and their trustees, including amendments to provide greater flexibility in managing the claim reporting process. For qualifying customers, Chubb can provide policy limits up to \$25 million on a primary or excess basis.

- **Wrongful Acts:** Definition expanded to include:
 - Acts, errors or omissions solely in an Insured's settlor capacity with respect to establishing, amending, terminating, or funding a trust or plan
 - Sublimited defense costs coverage for negligent acts, errors or omissions by an Insured solely in such Insured's capacity as a trustee of the trust or plan
- **Pre-claim Investigation Reporting:** Insureds now have the option to report a fact-finding investigation commenced by the Department of Labor (DOL), Pension Benefit Guaranty Corporation (PBGC) or similar governmental authority located outside of the U.S. prior to any allegation of a wrongful act in writing.
- **Benefit Claim Denial Reporting:** Insureds may also report, at their option, an appeal of an adverse benefit determination prior to a wrongful act alleged.
- **Interview Coverage:** We cover defense costs incurred by an insured person when contacted by an enforcement unit (newly defined term) during the policy period with respect to an interview by such enforcement unit. These enforcement unit interviews are not claims.
- **Civil Penalties:** Where insurable by law, including:
 - ERISA Sections 502(i) and 502(l)
 - Sublimits for:
 - Health Insurance Portability and Accountability Act (HIPAA)
 - Patient Protection and Affordable Care Act (PPACA)
 - Internal Revenue Code 4975 tax penalty
 - Pension Protection Act (PPA)

- **Voluntary Compliance Program Coverage:** Sublimit coverage for settlement fees and defense costs related to a settlement program notice first made within the policy period.
- **Definition of Insured:** Amended to include:
 - Natural person trustee or employee of a trust or plan performing functions as a trustee or employee of another trust or plan
 - Natural person employees who are engaged and directed by the labor union in their administration of the trust or plan
 - Board of trustees of the trust or plan
 - Committee which consists of natural person trustees or employees of the trust or plan
- **Loss:** Broader definition includes:
 - Compensatory damages
 - Punitive, exemplary and multiplied damages where insurable by law
 - Claimant attorney fees awarded by a court pursuant to Section 502(g) of ERISA
 - Pre-judgement and post-judgement interest
 - Reasonable fees and expenses of an independent fiduciary retained to review a proposed settlement of a covered claim
- **Defense Costs:** Defense costs are defined as reasonable charges incurred in defending or investigating claims. Deductible is waived for the first

\$25,000 in defense costs incurred for E-Discovery Specialist Services on account of a claim.

- **Claim:** Expanded to include:
 - Arbitration or mediation
 - Extradition with respect to criminal proceedings
 - Regulatory proceeding against an Insured person fiduciary by an enforcement unit including a Wells notice, target letter or search warrant
 - Written requests upon Insured persons for witness testimony commenced by the service of a subpoena or other similar documents in connections with a wrongful act
 - Settlement program notices
- **Claim Reporting:** Removed “as soon as practicable” reporting in favor of reporting any time during the policy period, but in no event later than 180 days after expiration of the policy period if the policy is renewed with Chubb. If the policy is not renewed with Chubb, notice is required within 60 days of expiration of the policy period.
- **Loss Allocation:** 100% of defense costs coverage is available in most circumstances for covered claims.
- **Other Enhancements:** Policy includes non-rescindable language and no settlement provision (subject to the applicable aggregate limit of liability, no cap on Chubb’s liability should the Insured refuse to consent to a recommended settlement).

Why Chubb?

For more than 35 years, Chubb has strived to help protect trustees and employees of Taft-Hartley Trust Funds from personal liability exposures they face as fiduciaries of ERISA plans. We have earned our leadership position in the labor management trust marketplace by our unflinching commitment in providing:

- Broad fiduciary liability coverage.
- Superior service.
- Outstanding underwriting expertise.
- Unmatched claims handling.
- Continued financial stability as one of A.M. Best Company’s elite highest-ranking insurers.

Contact Us

Contact your agent or broker today to learn more about how Chubb’s Fiduciary Liability Enhancement Endorsement is suited to help protect your labor management trust. Visit us at www.chubb.com/us/fiduciaryliability.

Chubb. Insured.SM