

What is Fiduciary Liability Insurance?

Fiduciary liability insurance pays, on behalf of the insured, the legal liability arising from claims relating to negligence in the oversight or management of others' money or assets. These assets could include 401k plans, pension plans, self-funded health plans or other member benefit plans. The "insured" can be any trustee, officer, director, employee or individual that participates or manages an employee benefit plan.



Who is considered a Fiduciary?

A Fiduciary is an individual owner or officer who makes decisions about your company's 401(k) plan or other qualified employee benefit plan(s), or anyone else with discretionary authority over the administration of those plans or their assets. The term fiduciary is loosely defined as a person within the company who is accountable for plan asset decisions. Fiduciary is a functional title, i.e., if you are performing fiduciary functions, then you are a fiduciary regardless of your title.

Why do I need a Fiduciary Liability Insurance policy?

Fiduciaries may be held personally liable for breach of their responsibilities in the administration or handling of employee benefit plans. Fiduciaries act as advisors to employees often relying on third parties to provide guidance. These third parties may or may not have the employees' best interests in mind and can ultimately impact the fiduciary's ability to offer sound advice. In addition, fiduciaries are not the only ones liable - the employer and the benefit plan provider itself could face liability as well.

What does a Fiduciary Liability Insurance policy cover?

Examples of claims that are typically covered by Fiduciary liability policies are:

- Conflicts of interest
- Irresponsible investments
- Failure to file required reports
- Negligent investment practices
- Failure to diversify investments
- Errors in determining benefit plan eligibility
- Unsuitable election of advisors or service providers

Why choose Axis Insurance Services?

Unlike most brokers, our professionals specialize in professional liability and are nationally recognized. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize insurance solutions to meet the needs of our clients. Call us for a quick review of your current policy to ensure you and your business are properly protected.