

What is Fiduciary Liability Coverage?

Fiduciary Liability is written to:

- Protect the plan fiduciary in the event that they breach their duties under ERISA.

What are the Duties of Fiduciaries Under ERISA?

- **Duty of Loyalty:** The ERISA Fiduciary Duty of Loyalty is specifically enumerated at ERISA 404(a)(1), and requires that an ERISA fiduciary shall discharge his/her duties with respect to a Plan:
 1. Solely in the interest of the Plan's participants and beneficiaries; and
 2. For the exclusive purpose of (a.) providing benefits to participants and beneficiaries; or (b.) defraying reasonable expenses of administering the plan.
- **Duty of Diversification:** The ERISA Fiduciary Duty of Diversification is specifically enumerated at ERISA 404(a)(1)(C), and requires that a fiduciary with investment responsibility must diversify investments of a Plan so as to minimize losses. ERISA recognizes that there may be situations where it is prudent not to diversify.
- **Duty of Non-Deviation:** The ERISA Fiduciary Duty of Non-Deviation is specifically enumerated at ERISA 404(a)(1)(D), and requires that an ERISA fiduciary shall discharge his/her duties with respect to a Plan in accordance with the plan documents – insofar as they are in compliance with ERISA.

What are the Sources of Fiduciary Liability Claims?

- ERISA violations.
- Conflict of interest in investment of plan assets.
- Imprudent investment decisions.
- Inappropriate loans using plan assets.
- Improperly advising plan participants.
- Mishandling of funds.
- Inaccurate year-end reporting.
- Delinquent employer contributions.