

# Fiduciary Liability Coverage



AmTrust offers a single-policy solution with a cost-competitive Fiduciary Liability Coverage that is specifically tailored to meet the needs of community based financial institutions.

## Fiduciary Liability

Covers the Insured for Loss resulting from Claims for:

- Errors, omissions or negligent acts with respect to the Administration of an Employee Benefit Plan
- Any actual or alleged breach of fiduciary duty or responsibilities imposed by ERISA, COBRA, HIPAA or similar federal, state or local laws

## Voluntary Settlement Program

Covers Defense Expenses and Voluntary Settlement Fees (i.e. fees, fines, penalties or sanctions) associated with the Insured's entrance into a compliance resolution program administered by a governmental authority. For example: the Employee Plans Compliance Resolution System administered by the IRS which helps a business remedy errors made in their employee retirement plans.

## HIPPA Civil Money Penalties

Covers civil money penalties levied against the Insured for violation of the privacy provisions of the Health Insurance Portability and Accountability Act of 1996 – a measure enacted to improve continuation of health insurance coverage, combat waste/fraud, promote HSAs, improve long-term care services, simplify administration, protect privacy, and other purposes.

## Other Provisions

- The term Employee Benefit Plan includes Welfare Plans, Pension Plans, Employee Stock Ownership Plans and any other group plans such as Health Savings Plans.
- Expanded Claim definition includes regulatory proceedings and any fact-finding investigations by the Department of Labor, the Pension Benefit Guaranty Corporation or similar authority.
- The term Executive extends coverage to in-house general counsel and risk managers.

## Available Enhancements

### Standard policy enhancements:

- Choice of defense counsel
- Choice of separate or shared limit
- No Consent to Settlement Provision
- Pollution Exclusion carve-out for the diminution in value of company stock owned by an Employee Benefit Plan
- 90 days automatic coverage for acquired / created Employee Benefit Plans

### Available to qualified applicants:

- 12 month non-cancellation clause
- Multi-year term at discounted rate
- Full past acts coverage (no retro date)

## AmTrust Financial Institution Advantage

- Currently insuring over 700 banks
- Coverage available in all states except NY
- Financial Institution industry expertise
- Underwriting strength
- Innovative product solutions

## Claims Examples

### Fiduciary Liability

A financial institution's employees claim a profitable investment option was taken away and improperly replaced with another less profitable option. They sue their employer claiming failure to monitor the actions of their outside investment manager.

### Voluntary Settlement Program

A financial institution's loan officers are independent contractors. The IRS audits the institution's payroll and determines they were misclassified and should have been paid as employees. Though the IRS allows them to enter a Voluntary Classification Settlement Program to correct the error and provide relief from having to pay retroactive costs, they still incur fines and penalties.

### HIPPA Civil Money Penalties

A financial institution mistakenly discloses medical information pertaining to their 25 employees when they don't properly dispose of their personnel files while converting to a paperless system. The minimum penalties in this situation can range from \$100/violation up to a maximum of \$50,000/violation (with an annual maximum of \$1.5 million).



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