



AXIS INSURANCE GROUP

Fiduciary Liability Insurance

Protecting pensions and employee benefit trust funds

Pensions these days are never far from the headlines – western governments are struggling to fund aging populations, and public sector final salary schemes are being phased out. But along with the major political news there are also stories of mismanagement and errors in pension funds or employee benefit trust funds. When these kinds of events occur and a lawsuit arises it pays for fiduciaries or trustees to be properly protected.

Fiduciaries can include many groups of people, including pension committees, human resources departments, boards of trustees, administrators, directors, officers and actuaries. The primary duty of a fiduciary is to always act prudently on behalf of any plan's beneficiaries. Failure to do so may invoke personal liability and claims occur when fiduciary duties are breached. Despite good intentions, mistakes can happen, or mismanagement and negligence occur, resulting in an allegation of a wrongful act.

Good governance includes understanding the potential for claims and how they can be reduced or eliminated with adequate insurance protection. That's why it makes sense to have a Fiduciary Liability Insurance policy from Axis Insurance in place – to give both beneficiaries and trustees peace of mind.

Axis Insurance Group

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The financial turmoil of the last few years has meant that many pension plans and employee benefit trust funds have suffered sizable losses. These losses have sometimes been worsened because fiduciaries have had to justify their investments, or corporations inject large amounts of cash into the funds to meet any shortfall. The aging workforce, the declining workforce-to-retirees ratio, fluctuating interest rates, and class action litigations are reducing the benefits offered by many corporations or organizations. These challenges are heightening the risks associated with administering pension and benefits plans – underlining the need for a robust fiduciary liability insurance policy.

There are many circumstances or triggers for a fiduciary liability policy including administrative errors, conflicts of interest or an improper investment strategy. Other triggers can include the failure to comply with plan documents or diversify investments. The good news is that risks can be avoided by the fiduciaries ensuring that they do not violate terms and complete all their regulatory duties as well as understanding plan provisions and informing, educating and communicating the correct information to plan participants.

Being a fiduciary can be an onerous responsibility. However, with the right policy in place, you and the plan's beneficiaries can be protected. The Axis Insurance Group has extensive experience in these matters, and can help you choose the policy that is right for you and your fellow trustees.



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As with every insurance policy, there are different options, policy wordings, enhancements or amendments available. Your Axis Insurance manager will be able to help create a tailor-made policy to suit your exact requirements.



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Benefits of Fiduciary Liability Insurance coverage from Axis include:

- A policy can defend the plan sponsor, the plan, and any trustees (fiduciaries) employed by the sponsor.
- We will work with your trustees to explain the importance of fiduciary liability insurance.
- Axis Insurance will assess your current fiduciary liability coverage policy and fidelity bonds to ensure you're adequately covered and getting good value for money.
- Thanks to our knowledge and experience, coupled with a large portfolio of business, we have built very strong market relationships and are able to effectively negotiate renewals.
- By constantly educating ourselves and staying ahead of market trends and developments, we can provide you with the latest analysis.
- We only work with financially secure insurers with the strongest credit ratings.
- We always work to make sure international boards are properly protected and locally admitted coverage is in place that conforms to jurisdictional requirements, where applicable. We achieve this by working closely with both our insurers and where necessary our UNiBA partners.
- We will provide in-depth comparisons of insurers' policy wordings, make recommendations and negotiate special changes and policy features.

To find out more about Fiduciary Liability insurance, or to discuss your existing insurance policies, please give one of Axis Insurance Group's professional and experienced team a call. We would also be pleased to outline the benefits of Fiduciary Liability Insurance with your management team, fellow trustees or board members.