



FIDUCIARY LIABILITY CLAIMS EXAMPLES (LAWSUITS INVOLVING 401(K) PLANS)

- A group of employees alleged that the newly selected outside plan administrator *improperly delayed transferring fund balances* in the plan from one investment option to another, as directed by the participants. Subsequently, the employees sued the plan trustees to recover more than \$1,000,000 in lost investment income. **\$1,250,000 settlement and \$250,000 in defense costs**
- Legal action brought by employees alleged the wrongful elimination of a profitable investment option and improper selection of another and *failure to monitor* the actions of the outside investment manager. **\$858,000 settlement, \$358,000 in defense costs, and jury award of \$500,000 in damages**
- Two employees approaching retirement age discovered they had never enrolled in the company's 401(k) plan. The employees sued the company and plan trustees alleging the plan administrators *failed to properly advise* them of how to enroll and the enrollment was not automatic. The value of the alleged lost benefits exceeded \$150,000. **\$378,000 settlement and \$200,000+ in defense costs**
- Plan participants alleged that the fiduciaries of a 401(k) plan had failed to divest the plan of an investment option that was not keeping pace with the performance of the comparable index and resulted in poor returns. **\$1,250,000 settlement after \$2,000,000 in defense costs**
- Employees sued the plan fiduciaries alleging that they breached their fiduciary duties by providing an option to invest in a guaranteed investment option backed by a poorly performing insurance company. The further alleged that plan fiduciaries *breached their duty of disclosure* by providing misleading or incomplete communications to participants. **\$3,250,000 settlement**
- The Department of Labor (DOL) has alleged a wholesale electrical company violated ERISA by *charging excessive management fees* to the plan. After 4 years, the case was **settled for \$2,450,000**

NOTE: THESE SCENARIOS ARE NOT INTENDED TO BE INTERPRETED AS COVERAGE POSITIONS. COVERAGE FOR ANY GIVEN CLAIM IS BASED UPON ITS FACTS AND THE SPECIFIC TERMS AND CONDITIONS OF THE POLICY.