

# Management and Professional Liability ERISA Bonds

- Commercial Crime Coverage
- Directors & Officers Liability
- Employment Practices Liability
- **ERISA Bonds**
- Fiduciary Liability
- Miscellaneous Professional Liability

## The Employee Retirement Income Security Act of 1974 (ERISA) provides protection of pension rights

- Sets minimum standards for pension plans, guaranteeing that pension rights can not be unfairly denied or taken from the worker.
- Provides protection for workers in the event certain types of pension plans cannot pay the benefits to which workers are entitled.
- Requires that employers provide full and clear information about employees' pension rights, including the way pension benefits accumulate, how that company invests pension funds and when and how pension benefits can be collected.

## These bonds are required by ERISA and protect organizations from the effects of dishonest acts by

- Plan trustees, and officers
- Plan employees, administrators or managers (other than independent contractors)
- Directors, trustees or employees who handle assets of pension plans insured by our policy.

## CNA policy coverage provides many advantages

- Three year terms, either prepaid or annual installments.
- No deductible applied to coverage.
- More than one plan can be included in the policy (eliminates the need for multiple ERISA Bonds).
- For limits of \$100,000 or less the bond automatically includes an endorsement which eliminates the need for notification of an increase in the limit during any policy term unless the increase is 20% of the limit.
- All bonds are quoted, issued, bound, as well as automatically renewed online via the internet at [www.cnacentral.com](http://www.cnacentral.com). This allows agents and brokers to rate and issue an ERISA bond virtually anytime and anywhere.

### CNA

Management and  
Professional Liability

(800) 852-0393

[www.cnapro.com](http://www.cnapro.com)



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## Bond Limits

- Bond limits are typically 10% of each plan's assets and should not exceed \$500K/plan.
- If an employer has more than one plan, the amount of the bond is typically 10% of the total assets for all plans.
- If an employer wishes to purchase a bond for an amount significantly greater than 10% of the total plan, a CNA underwriter will need to be contacted.

## ERISA Bond Claims Scenarios

A Plan Administrator of an insured 401K Profit Sharing Plan embezzled \$26,000 from the Plan's account by transferring funds into a general operating account for which she had check writing authority. The Plan Administrator issued checks from the operating account to pay her personal expenses.

Two trustees of an insured 401K plan misappropriated \$475,000 of participant contributions and loan repayments which were withheld from the participants' wages but never deposited into the plan's accounts.

**To learn more about CNA's Management and Professional Liability offerings, contact your agent or broker.**

CNA  
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Professional Liability  
  
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