Peace-of-Mind Protection for Business Owners

The Hartford's new ERISA Fidelity Bond helps your clients comply with the law and assists in protecting their employee benefit plan participants against dishonesty and fraud.

SALES TIPS FOR SUCCESS

Although ERISA has been in existence since 1974, some business owners may not be aware that they are required to have this vital coverage. Advising your business clients about ERISA requirements and about our new fidelity bond coverage is another way for you to demonstrate the value you bring to your clients.

Q: How can I best sell this coverage?

A: Remind your clients not to wait until they are in the middle of an audit and have to show proof of ERISA fidelity bond coverage – or after your client has been the victim of an embezzlement involving his company's employee benefit plan.

Introducing The Hartford's New ERISA Fidelity Bond

To meet the need for ERISA fidelity bonds among small to midsize business owners, The Hartford is pleased to introduce our new fidelity bond, which features:

- **Stand-alone fidelity coverage –** Although ERISA coverage is often added to a company's standard crime policy, The Hartford **now** offers a **streamlined** fidelity bond specifically for this purpose. In the event of an embezzlement involving both company assets and employee benefit plan assets, the plan must be repaid first. This can erode coverage limits needed to make company operations whole.
- **Clear language –** Our ERISA Fidelity Bond incorporates the terminology "funds or other property" and "fraud or dishonesty" directly from the statute, and provides automatic coverage for ERISA employee welfare or pension benefit plans of the sponsoring company, without having to name each plan. By using language directly from the law, our bond provides the coverage your business clients need to be in compliance with ERISA.

Why Do Your Clients Need an ERISA Fidelity Bond?

If your business clients provide medical, dental, life or pension benefits to their employees, they are personally liable for the plan assets with which they have been entrusted. Although fiduciary liability insurance policies protect your clients' personal assets, those policies may exclude losses that occur due to fraud or dishonesty by the fiduciary, leaving no coverage for plan participants.

The Hartford

Q: When is the best time to recommend The Hartford's ERISA Fidelity Bond?

A: Recommend this valuable peace-of-mind protection now, at contract renewal, or prior to the start of a new year, which is when most employee benefit plans go into effect.

Q: Is it easy to apply for The Hartford's ERISA Fidelity Bond?

A: Yes. Simply complete an application for your client by visiting ***www.1SourceBondKit.com or call 1-888-656-0817.***

As you may know, the Employee Retirement Income Security Act (ERISA) protects the employee benefit plan and its participants by requiring fiduciaries – and other persons who handle funds or property on behalf of an employee benefit plan – to carry adequate insurance coverage through a fidelity bond.

What Does an ERISA Fidelity Bond Cover?

This bond protects the plan and its participants against fraud or dishonesty by the bonded trustee or fiduciary.

What are the Required Limits?*

ERISA requires that fiduciaries have bond coverage valued at an amount that is at least:

- 10% of the plan assets handled
- $1,000 and not greater than $500,000 (unless the Secretary of Labor prescribes a greater amount)

*Does not take into consideration non-qualified assets as determined by statute.

What are the Risks of Not Having Bond Coverage?

If your clients do not have ERISA fidelity bond coverage and they are the victims of an embezzlement involving their company's employee benefit plan, they could end up paying losses out of company funds, as well as pay fines or penalties for not being in compliance with ERISA. The total cost of the losses and fines could be substantial.

Case in point, below are examples of the types of losses that business owners sponsoring employee benefit plans can incur as a result of fraud or dishonesty by a fiduciary:

- An employee, acting as plan administrator, misappropriated certain contributions from plan participants by posting the funds to his own account. The employee also applied for loans on behalf of plan participants and, upon receiving the loan check, forged participant signatures and kept the money for his own benefit. **Total loss to the plan: $62,000**.
- A bookkeeper issued checks from the benefit plan to various fictitious companies that allegedly provided service to the plans. **Total loss to the plan: $240,000**.

To Learn More

Call The Hartford's Bond Center at **1-888-656-0817** with any questions. For applications, rates and more bond information, visit our password-free Web site at ***www.1SourceBondKit.com.***

1Source
COMMERCIAL SURETY & FIDELITY BONDKIT

The scenarios summarized above are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual bond. Please refer to the bond to determine all terms, conditions, exclusions, and limitations of coverage. Coverage is provided by The Hartford companies and may not be available in all states.

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