

“IF THINGS GO WRONG”

An Insurance “Catch-all” Update

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Agenda

- ① Health Reform**
 - No annual or lifetime maximums
- ② HIPAA**
 - Interim Final “Breach Notification”
- ③ Plan Performance**
 - Will my fiduciary coverage be renewed?
- ④ Claims—Severity and Emerging**
 - Scope of coverage makes a difference
- ⑤ Fidelity Bonds**
 - Is your bond compliant?
- ⑥ Q&A**

Stop Loss Insurance—A New Look

- Proposed H&W reform
 - Eliminate all annual and lifetime “caps”
- Plan impact
 - Potentially immense financial impact
- Benefits of stop loss insurance
 - Catastrophic protection
 - Better forecasting ability
 - Reduces funding requirements

Brian

maybe add Dutch boy analogy copy here.

HIPAA Breach Notifications

- DOL Interim Final “Breach Notification for Unsecured Protected Health Information”
 - Lengthy and complex
- Administered by U.S. Dept of Health & Human Services (HHS)
- Plan risks
 - Notification costs = First party exposure
 - Liability lawsuits = Third party exposure



Risk transfer alternatives

➤ **Fiduciary liability**

- No first party
- Questionable third party

➤ **Cyber liability**

- Covers 1st and 3rd party exposures
- Different limits of liability
- An emerging insurance product



Plan Performance

Will my fiduciary coverage be renewed?

What risk issues due insurers look at?

- Financial Health
 - Funding, reserves, cash-flow
 - Zone status
- Investment strategy and allocation
 - Types of investments
 - Diversification
 - Decision making process
- Plan vendors
- Trustee communication

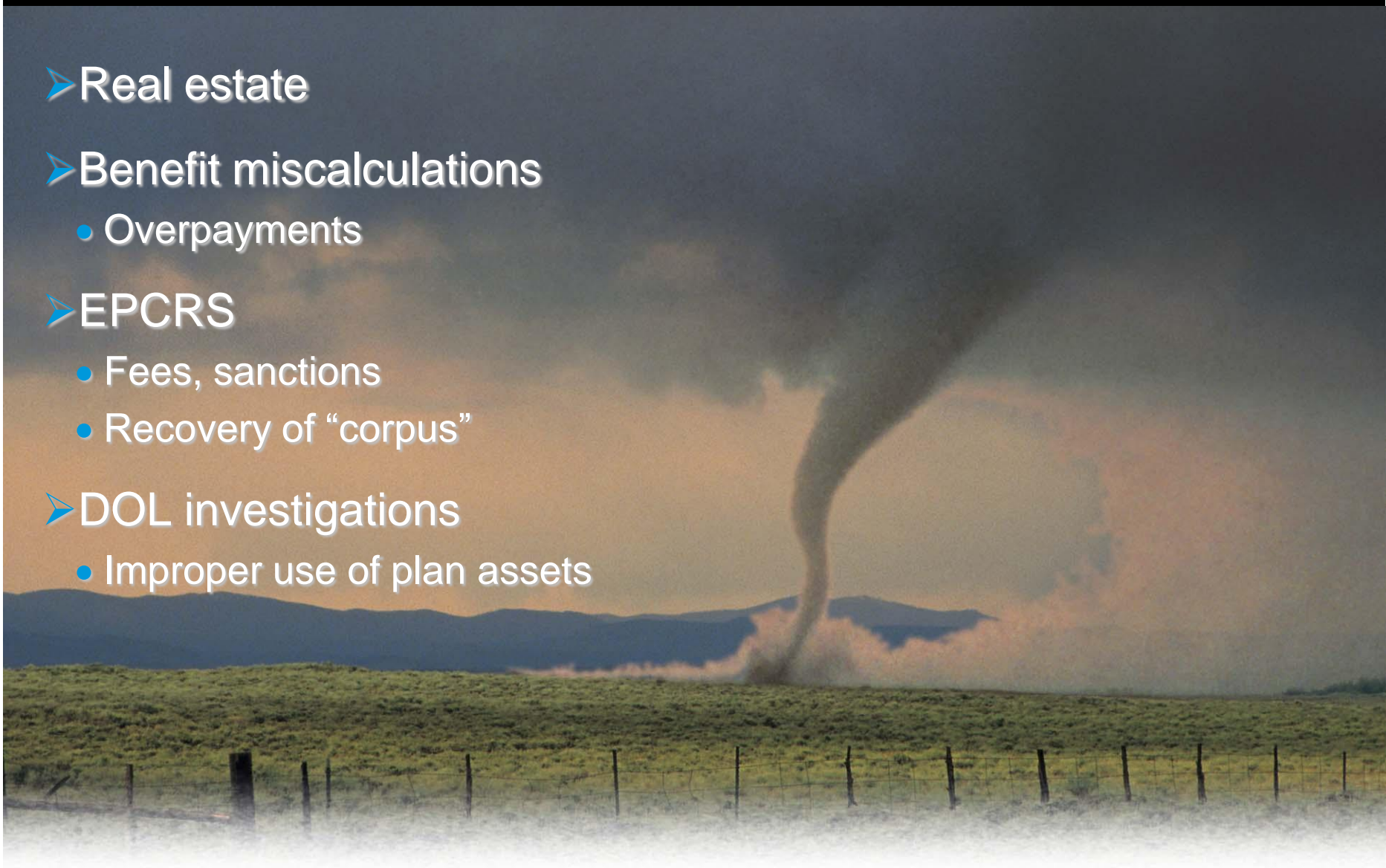
A man in a dark suit and white shirt is walking away from the camera on a wide, flat, sandy landscape under a clear blue sky. He is carrying a black briefcase in his right hand. The scene is bright and open, suggesting a path forward or a journey.

YES

Claims

Catastrophic (Severity)

- Real estate
- Benefit miscalculations
 - Overpayments
- EPCRS
 - Fees, sanctions
 - Recovery of “corpus”
- DOL investigations
 - Improper use of plan assets



“Emerging” Claims

Investments

Performance, Monitoring

- Madoff

Alternative Risk

- Hedge funds
- Fund of funds
- Private “investment” portfolios

The “Ultimate” Claim Question

Will I be covered?

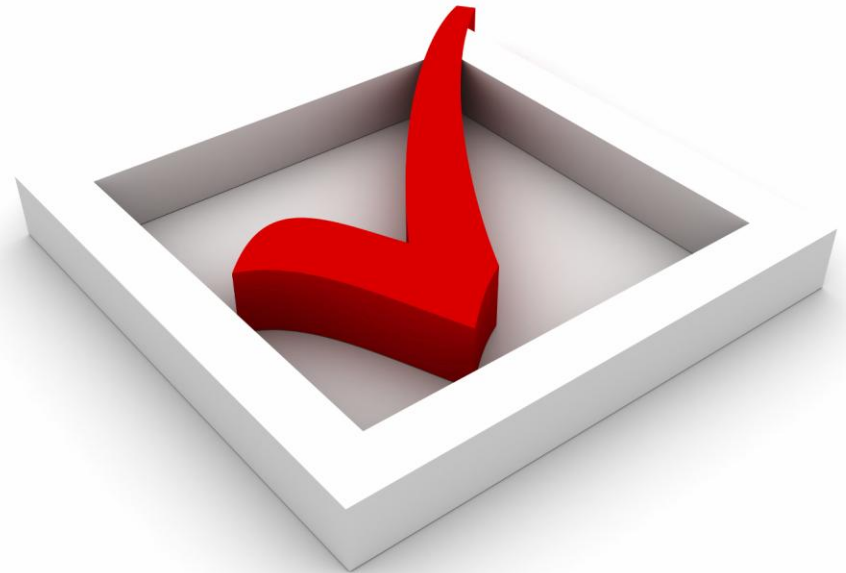
- Scope of coverage is important
- Adequate limits are important
- They must be negotiated at the front end

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Is Your Bond Compliant?

- Fidelity bonds are ERISA mandated
- DOL 2008-04 FAB
 - First real clarification in 50 years
 - Q&A format
 - Trustee are responsible for compliance
 - Bond flexibility is provided
- One versus Many bonds



Q&A



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