Client Story

Insurance Brokerage

When a multiemployer fund merger created complex fiduciary liability considerations, Segal helped trustees align coverage with ongoing obligations and avoid gaps that could have left them personally exposed to future claims.

The challenge

As one multiemployer health and welfare fund merged into another, trustees faced important fiduciary liability decisions within a limited timeframe.

While plan assets and operations were being transferred, fiduciary risk did not end with the merger itself. Claims related to prior fiduciary decisions could arise years later, making continued protection a critical consideration.

At the same time, key coverage questions remained unresolved. Deadlines to secure extended reporting coverage were approaching, and recommendations regarding runoff timing did not fully reflect the plan's ongoing administrative responsibilities following the merger.

Without careful review, the trustees risked creating coverage gaps that could have left them exposed to future claims.

Our solution

After being appointed broker of record, Segal worked directly with the fund and carrier to evaluate fiduciary liability coverage considerations associated with the merger.

The team reviewed available extended reporting provisions, including multi-year tail coverage options, and assessed how those options aligned with the fund's ongoing obligations.

Segal also identified the need to reconsider the planned runoff strategy. Rather than ending coverage based solely on the existing policy expiration date, coverage was aligned with the plan's remaining administrative responsibilities to help maintain continuous protection throughout the transition.

The results

The outcome was a coverage strategy better aligned with the realities of the merger and the fund's ongoing responsibilities. What was achieved:

- Extended reporting coverage options of up to six years were secured before critical deadlines expired.
- Tail coverage alternatives were identified within 24 hours, allowing trustees to make informed decisions without delaying the merger process.
- Coverage timing was aligned with the fund's continuing obligations, helping to avoid unintended gaps in protection.
- Trustees gained confidence that fiduciary liability considerations associated with the merger had been properly addressed.

By focusing on coverage continuity, reporting requirements and runoff timing, the fund addressed a complex fiduciary liability issue that could have created significant future exposure if left unresolved.

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