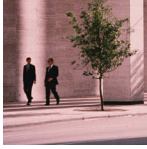


Private Company Loss Scenarios from Chubb



Life Insurance Benefit Dispute

COVERAGE SECTION	Fiduciary Liability
Cause of action	Administrative Error
Type of organization	Hotel
Number of employees	More than 150
Annual revenue	More than \$25 million

DESCRIPTION OF EVENT

A management-level employee of the ABC Hotel, earning a \$50,000 annual salary, died in an automobile accident. The employee's widow, who was the primary beneficiary of the employee's group life insurance, wrote a letter to hotel management claiming that the life insurance benefit paid to her under the benefit plan should have been five times her deceased husband's salary, not two times his salary. The hotel denied the widow's benefit claim. She sued, alleging that, although the benefit amount had been twice his salary at one time, her husband had requested that the amount be changed to five times just weeks prior to his death. The hotel denied that any change had been requested.

RESOLUTION

After the hotel investigated the widow's claim, they learned that indeed her spouse had requested an increase in the amount of his group life insurance coverage, but that the hotel's human resource representative had not properly processed the request. As a result of this revelation, the hotel settled the widow's case for more than \$250,000. The hotel's defense costs exceeded \$25,000.



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Could this happen to your organization? Contact your trusted Chubb agent or broker.

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