

# Private Company Loss Scenarios from Chubb



## Mismanagement of Retirement Funds

<b>COVERAGE SECTION</b>	<b>Fiduciary Liability</b>
Cause of action	Administrative Error
Type of organization	Biotech Firm
Number of employees	More than 20
Annual revenue	More than \$5 million

### DESCRIPTION OF EVENT

The executive of a biotech firm asked the human resources department to roll over the funds in his retirement plan into specific mutual funds. Almost a year later, noticing the poor performance of the retirement fund, he discovered the firm had mistakenly rolled his retirement funds into money market funds rather than the better performing mutual funds that he selected. Alleging negligence in administration of the plan, the executive demanded that his employer deposit \$80,000 into his retirement plan—the amount that the investments would have earned had they been invested as the executive directed.

### RESOLUTION

After investigation, it was determined that the investments were not made as directed by the executive. As a result, \$80,000 was deposited into the executive's retirement plan. Additionally, \$5,000 was incurred in defense expenses.



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

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