Fidelity Bond and Fiduciary Liability Insurance, what is the difference and do I need it?

ERISA *fidelity bond* is a form of insurance that protects the plan against fraud, theft, and other deliberately fraudulent acts. ERISA mandates qualified plans be covered by a fidelity bond. The minimum bond amounts required must be for a least 10% of plan assets as of the beginning of the plan year plus the anticipated contribution for the plan year or $1,000, whichever is greater. The maximum bond required is generally $500,000.

Every administrator, officer, and employee of any plan who handles funds or other property of such plan must be bonded. The bond protects the plan against loss "by reason of acts of fraud or dishonesty" on the part of an administrator, officer, or employee.

Fiduciary liability insurance protects companies against errors, omissions and “breach of fiduciary duty” claims in managing and administering employee benefit plans. It specifically covers unintentional failings or lapses by a company and employees who are responsible for management or oversight of these company plans. It is optional.

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