



# Claims Scenarios

Victor O. Schinnerer & Company

## **FIDUCIARY CLAIMS SCENARIOS**

### **ERISA Violations**

An employee filed suit against a pension plan and its trustees, alleging violation of ERISA guidelines in conjunction with the adoption of plan amendments. The employee sought and won benefits due and reimbursement for defense fees.

### **Breach of Duty**

Beneficiaries of a corporate pension plan sued for breach of duty. They alleged that the plan trustees paid a disproportionate amount of money for their liability insurance. After a year of court proceedings, the case was settled in their favor for \$90,000.

### **Benefits Error**

Employees (former and current) of a large design firm filed a class action suit, alleging that the plan administrator and the sponsoring organization incorrectly calculated pension benefits. Upon examination, it was discovered that the sponsor organization used incorrect social security estimates to generate its figures. The investigation and court case dragged on for almost 2 years.

## **D&O CLAIMS SCENARIOS**

### **Breach of Fiduciary Duty**

A minority shareholder in a family-owned electrical engineering business sued the two major shareholders. He claimed they breached their fiduciary duties by drawing excessively large salaries and bonuses, causing the company to lose money. The court ruled for the majority shareholders, but defense costs totaled \$150,000.

### **Defamation and Interference with Prospective Business Advantage**

A trucking company hired a contractor to pave its parking lot. The contractor hired subcontractors to assist, but failed to pay them. They then sought payment from the trucking company's president; he sent a letter suggesting they request payment from the contractor. Eventually, the contractor sued the trucking president, alleging defamation and interference with prospective business advantage, claiming the letter suggested financial instability. The trucking company paid \$90,000 to settle the case, plus \$40,000 in defense costs.

### **Wrongful Termination**

An employee took an "early retirement" package after being told by management that a downsizing was imminent. He believed taking an early retirement package would be more lucrative than being terminated. However, a year later, no downsizing had occurred and the former employee's position had been filled. The former employee filed a suit, claiming management misled him into making a career decision with significant economic loss. While the employee eventually was rehired, legal fees totaled \$35,000.