

## Not-for-Profit Loss Scenario

### Coverage Denial Results in Demand Letter

#### **Coverage: Fiduciary Liability**

**Cause of Action:** Administrative Error

**Type of Organization:** Wildlife Protection Agency

**Number of Employees:** Fewer than 100

**Annual Revenue:** Less than \$10 million

#### **Description of Event**

An employee at a wildlife protection agency submitted her medical insurance plan enrollment forms to the agency's health plan administrator. The agency's health plan administrator erroneously failed to forward the enrollment forms to the insurance company where receipt of the forms was a prerequisite to coverage. A few months later, the employee required surgery, but coverage was denied because she was never enrolled in the medical plan. The employee's attorney sent a letter to the agency complaining about the denial of benefits and demanding payment of medical fees of \$250,000, the cost of the surgery and post-operative care, plus reimbursement of attorney fees.

#### **Resolution**

The case settled for more than \$350,000 including attorney fees.

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

#### **The Andersen Insurance Group**

5870 Trinity Parkway, Suite #130, Centreville, VA 20120

Phone: (703) 988-0101

Email: [info@theandersengrp.com](mailto:info@theandersengrp.com)



Chubb Group of Insurance Companies  
Warren, NJ 07059  
[www.chubb.com](http://www.chubb.com)

Loss scenarios are hypothetical in nature and for illustrative purposes only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.