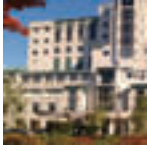


# Private Company Loss Scenarios from Chubb



## Bad Advice

<b>COVERAGE SECTION</b>	<b>Fiduciary Liability</b>
Cause of action	Denial of Benefits, Improper Advice
Type of organization	Media Company
Number of employees	More than 200
Annual revenue	More than \$50 million

### **DESCRIPTION OF EVENT**

The HMO under the media company's health plan denied payment of medical costs for an employee who was hospitalized following an accident. The HMO claimed that the employee never notified the HMO of her hospitalization, as required under the health plan. In fact, the employee had called her employer's plan administrator, who advised her that because she'd called the employer it wasn't necessary that she call the HMO, forgetting that the notification rules had recently changed. The employee sued her employer and the plan administrator over the benefits denial, alleging that she had received improper advice.

### **RESOLUTION**

The case settled for more than \$500,000—the amount of the benefits, plus attorney fees.



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

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

Golsan Scruggs  
7320 SW Hunziker Street, Suite 320, Portland OR 97223  
Phone: (503)244-0297 , Fax: (503)244-0298  
Email: [info@golsanscruggs.com](mailto:info@golsanscruggs.com)