



## BANKERS' ERRORS AND OMISSIONS COVERAGE

As you are well aware, banking is a very complex business and becoming more so every day. The complexities of the business can and do lead to occasional errors or omissions by bank officers or employees. Also they can result in misunderstandings by customers even when there has been no error or omission. Additionally, third parties that are not even bank customers can and do sue banks over alleged errors and omissions. Basic directors' and officers' liability policies, including BancInsure's, provide protection for certain claims made against directors and officers. Generally they do not provide coverage for the bank itself unless endorsements are attached which expand coverage. BancInsure offers a comprehensive basic policy for directors' and officers' liability with endorsements that provide entity coverage for the bank itself for certain claims involving lender liability, employment practices, trust department errors and omissions, and mutual fund, annuity and insurance sales. BancInsure also offers a Bankers' Errors and Omissions Endorsement to the basic Directors' and Officers' Liability Insurance Policy. This endorsement, subject to its terms, provides coverage to the bank itself for defense costs and legal liability for a wide variety of claims not covered by the other endorsements.

While it is difficult to say with certainty that particular types of claims definitely would be covered, here are some examples of the types of claims that most probably would be covered by the Bankers' Errors and Omissions Endorsement that would not otherwise be covered:

1. Claims by "non-borrowers" (third parties) in lending situations, such as a contractor that a borrower is using to construct a building.
2. Claims alleging negligent handling of deposit accounts, such as wrongfully allowing an additional authorized signer to be added to an account or paying stale dated checks.
3. Claims alleging wire transfer errors or omissions, such as failing to wire transfer the funds, transferring the wrong amount or transferring the funds to the wrong account.
4. Claims alleging failure to follow escrow instructions when handled outside a trust department.
5. Claims alleging the bank failed to properly administer a lock box (not safe deposit) arrangement.

These are only a few examples of the many types of claims that could probably be covered that would not otherwise be covered.

BancInsure has become a leading writer of Directors' and Officers' Liability Insurance Policies in the United States by providing a sound stable market, excellent service and fair claims treatment. If you would like to learn more about BancInsure's Directors' and Officers' Liability Insurance coverages including Bankers' Errors and Omissions and other entity coverages, please contact your state marketing representative.

