DOWNLOAD PDF LOAN LOSS COVERAGE UNDER INSURING AGREEMENT (E THE LOAN LOSS EXCLUSION

Chapter 1 : Jeffrey S. Price | Manier & Herod

Insurer denied coverage claiming the Unauthorized Signature Rider quoted above precluded coverage; and the loan loss exclusion applied. Insured sued and Bank prevailed on summary judgment. Issue #1: Did the plain language of Insuring Agreement D cover the loss?

Compare car insurance quotes now. What is loan protection insurance? Credit life insurance pays off all or some of your loan if you die. Credit property insurance offers protection if personal property that is used to secure a loan is destroyed in an accident, theft or natural disaster. While these are typically lumped together, there are differences. Credit insurance products, such as mortgage protection insurance, are regulated by the state, while debt protection products, such as those for credit cards, fall under the jurisdiction of the Consumer Financial Protection Bureau. What does mortgage protection insurance cover? The offers may come from your lender or from independent insurance companies. With mortgage protection insurance, if you die, the insurance is paid directly to the lender to pay off the loan. That differs from traditional life insurance, which makes payment to your beneficiary, and they can allocate the money as they see fit. Mortgage protection insurance is different from private mortgage insurance PMI , which you may be required to buy as a condition of your loan if you put less than 20 percent down on a house. Some mortgage protection insurance benefits gradually decrease over time. You also may see your premiums change over time. So you run the risk of premiums increasing and the payout decreasing. You also may be offered mortgage disability insurance or mortgage unemployment insurance to cover your payments because of disability or job loss. The money will be paid directly to your lender. You may be offered similar types of life, disability and unemployment coverage if you take out an auto loan, open credit cards, or take out a personal loan. You may be offered the insurance by the dealership where you buy your car, by the bank or credit union where you finance your car, or through some auto insurance companies. Be sure to shop around for the best price, as it can vary widely. Insurers typically offer the lowest price. Even the FTC cautions it may be cheaper to purchase life insurance than credit insurance. A report by the U. Consider a term life insurance policy instead, which covers you for a certain length of time, such as 20 or 30 years. If you die after 10 years, your beneficiaries would receive the face value of your policy when you die and not pay taxes on it. How much is the premium? Will the premium be financed as part of the loan? Can you pay monthly instead of financing the entire premium as part of your loan? How much lower would your monthly loan payment be without credit insurance? Will the insurance cover the full length of your loan and the full loan amount? What are the limits and exclusions on payment of benefits, or what exactly is covered and not covered? Is there a waiting period before coverage becomes effective? If you have a co-borrower, what coverage does he or she have and at what cost? Can you cancel the insurance? If so, what kind of refund is available? Related Articles on Insurance.

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Chapter 2 : Justin D. Wear | Manier & Herod

ABC carries a Commerical Package Policy that includes Insurance Services Office's Commercial Crime Coverage Form (Loss Sustained) with the following insuring agreements: Employee Theft; Forgery or Alteration; Inside the Premises - Theft of Money and Securities; and Inside the Premises - Robbery of Safe Burglary of Other Property.

Print We call it gap insurance. Questions received by CarInsurance. That is not the case. Continue Reading Below Gap insurance does not cover: What does gap insurance do? When you need gap insurance, and why According to Edmunds. With a gap insurance policy that includes coverage for your deductible, this whole amount would be covered. Where to buy gap insurance, and should you? Gap insurance can be purchased from the dealership, your financing institution, some car insurance companies or a stand-alone gap insurance provider. If you have a lease, gap insurance may have been added automatically into the leasing contract. Gap insurance is usually offered when you sign your loan documents and can be incorporated right into the purchase paperwork. Liz Weston , a credit expert and personal finance columnist at MSN Money, says buying from the dealer is not necessarily a good idea. Check with your own auto insurer first for cost and availability. By checking also with stand-alone gap insurance providers, you can compare the cost of coverage. Before purchasing through a stand-alone gap provider, Weston recommends checking with A. Best or another rating service to make sure that the gap insurance company is stable and reputable. Is gap insurance for you? To find a reasonably accurate value for your car, pick a point in the middle of the trade-in and private sales amounts. The original article can be found at CarInsurance. What gap insurance does -- and does not -- cover What do you think?

Chapter 3 : Is Loan Protection Insurance Right For You?

Coverage provided under property insurance policies is subject to a deductible, which applies to each occurrence of loss. Deductibles can be in the form of a flat dollar amount.

We will pay for "loss" to a covered "auto" or its equipment under: The insuring agreement for physical damage limits coverage to "loss" to "covered autos", as these terms are defined. Covered autos for physical damage coverage, like the liability section, are determined with proper symbol selection see Covered Autos Defined. Symbol 27 would require each vehicle to be scheduled in the Declarations, which is generally not practical for auto dealers. Symbol 27 is normally used only for trailer dealers. Symbols 22, 23 or 24 could also be used for trailer dealers. For auto dealers, symbol 31 would be the only acceptable symbol, providing "blanket" coverage on all vehicles as described in the Item Six of the Declarations. Coverage on autos under this insuring agreement extends to equipment pertaining to the covered auto, subject to some specific exclusions see below. This would include items which are attached to the auto such as camper tops or which are necessary for its use or maintenance such as tire jacks and tools or used exclusively in the auto such as radios and telephones. Indirect loss, such as reimbursement for rental expenses for a substitute auto following a direct loss, is not covered. There are three coverage options in the physical damage section: Collision, and Either comprehensive or specified causes of loss. An auto covered with comprehensive and collision has the broadest possible coverage, subject to the specified exclusions. If the loss is not excluded, the only other concerns are valuation of the loss and any applicable deductible. When comprehensive is purchased, the burden of proof is on the insurance company to apply one of the exclusions in order to deny coverage. With specified causes of loss coverage, the insured must present evidence to prove one of the named causes of loss actually occurred. Glass Breakage - Hitting a Bird or Animal - Falling Objects or Missiles This paragraph is a clarification for certain types of losses, detailing which coverage will apply. There have been numerous court cases which allowed these types of losses to be covered by collision. The insured has a right to the broadest possible interpretation in these situations. Coverage Extension â€” Loss Of Use Expenses For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver, under a written rental contract or agreement. We will pay for loss of use expenses if caused by: Other than collision only if the Declarations indicates that Comprehensive Coverage is provided for any covered "auto"; b. Collision only if the Declarations indicates that Collision Coverage is provided for any covered "auto". This is the only coverage extension in the physical damage section. This is generally not sufficient â€” in coverage or amount â€” to cover this exposure. See the Business Auto technical report Rental Cars. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss". These exclusions are subject to anti-concurrent causation wording. We will not pay for "loss" to any of the following: Exclusions â€” Certain Vehicles, Devices and Equipment 1 Any covered "auto" leased or rented to others unless rented to one of your customers while their "auto" is left with you for service or repair. Dealers who are in the business of renting or leasing autos, other than to customers while their autos are in the shop, must obtain other insurance for those operations. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such contest or activity. Dealers need a special policy for racing exposures. There is no endorsement available to provide coverage on equipment that is not subject to the exceptions stated below. The equipment is permanently installed. See Paragraph 2 of Limit of Insurance. The equipment is removable from a housing unit which is permanently installed. The equipment is necessary for the normal functioning of the auto or its monitoring system. False Pretense We will not pay for "loss" to a covered "auto" caused by or resulting from: We will not pay for: Business Risk Exclusions 1 Your expected profit, including loss of market value or resale value. If the dealer repairs a damaged vehicle, the loss will be settled without allowance for a profit on the work performed. Within the day period, the amount of insurance available at a newly-acquired location is subject to the "other location" limit shown in Item Six of the Declarations. Liability protection would still be provided for these vehicles since this exclusion is not found in the liability section. We will not pay for "loss" to a covered "auto" due to "diminution in value". Diminished Value The Texas Supreme has already ruled that diminution in value is not covered even without this exclusion â€" see Business Auto technical report Valuation of Auto Losses. Other Exclusions We will not pay for "loss" due and confined to: This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto". Examples would include a tire blowout which results in a collision, a deteriorated wire which shorts and causes a fire, and a tire blowout caused by a collision. The exception to the exclusion allows coverage for any of these otherwise excluded perils if the damage occurs after the vehicle has been stolen. Limits Of Insurance a. The most we will pay for: An appraisal process is described in Section IV - Conditions, similar to the appraisal process found in property policies. It is used only when the insurer and insured cannot agree on the value of the claim, and not to determine whether or not coverage applies. The deductible applies to the amount of loss, not to this limit. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss". If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment. The following provisions also apply: Regardless of the number of covered "autos" involved in the "loss", the most we will pay for all "loss" in transit is the amount shown in the Declarations for "loss" in transit. A separate limit must be shown in the declarations for each location and for autos in transit. We will determine this percentage by dividing your total reported value for the involved location by the total actual value at the "loss" location on the date of your last report. If the first report due is delinquent on the date of "loss", the most we will pay will not exceed 75 percent of the Limit Of Insurance shown in the Declarations for the applicable location. Physical damage coverage can be written subject to monthly or quarterly reporting of values. The amount to be reported is the actual value of covered autos as of the last day of the month or quarter. This paragraph establishes a penalty for understating the actual values in the report. The amount of loss payable will be reduced directly in proportion to the extent of underreporting. Reports are due on the 15th day of the month following the month or quarter for which values are to be reported. We will determine this percentage by dividing the Limit of Insurance by the total actual value at the "loss" location at the time the "loss" occurred. If the physical damage coverage is not subject to monthly or quarterly reporting provisions, the limit of liability shown in the declarations cannot be less than the actual value at each location at the time of the loss. The loss will be reduced by the same proportion in which the limit is inadequate. Deductible For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations prior to the application of the Limit Of Insurance shown in the Declarations, provided that: Regardless of the number of covered "autos" damaged or stolen, the per "loss" deductible for Comprehensive or Specified Causes of Loss Coverage shown in the Declarations is the maximum deductible applicable for all "loss" in any one event caused by: Deductible The insured chooses in Item Six whether the deductible applies just to theft, mischief and vandalism, or to all perils.

Chapter 4 : Loan Loss Provision

Insurance Services Liability Insuring Agreement Specimen (07 09) Page 2 of 2 Bonding/Insurance Company Exclusion - The Insurer shall not be liable to make any payment for Loss in connection with any Claim that is brought directly or indirectly by or for the benefit of.

The loan protection policy has different terms depending on where it is offered. These all provide very similar coverage. Loan protection insurance can help policyholders meet their monthly debts up to a predetermined amount. The benefits of the policy can be used to pay off personal loans, car loans or credit cards. There are two different types of loan protection insurance policies. This policy disregards the age, gender, occupation and smoking habits of the policyholder. The policyholder can decide what amount of coverage he or she wants. This type of policy is widely available through loan providers. It does not pay until after the initial day exclusion period. Maximum coverage is 24 months. For related reading, see: Good Deal or Gimmick? This type of policy is only offered in Britain. Maximum coverage is for 12 months. Quotes might be less expensive if you are younger because, according to insurance providers, younger policyholders tend to make fewer claims. Depending on the company you choose to provide your insurance, loan protection policies sometimes includes a death benefit. For either type of policy, the policyholder pays a monthly premium in return for the security of knowing that the policy will pay when the policyholder is unable to meet loan payments. Generally, an insured policyholder can submit a claim 30 to 90 days after continuous unemployment or incapacity from the date the policy began. The amount the coverage pays will depend on the insurance policy. What Are the Costs? The cost of payment protection insurance depends on where you live, the type of policy you select, whether it is standard or age-related, and how much coverage you would like to have. Loan protection insurance can be very expensive. If you have poor credit history , you might end up paying an even higher premium for coverage. If you think this type of insurance is something you need, consider looking for a discount insurance group that offers this service. Premiums through large banks and lenders are generally higher than independent brokers , and the vast majority of policies are sold when a loan is taken out. You have the option to buy the insurance separately at a later date, which can save you hundreds of dollars. Pros and Cons of Having Loan Protection Depending on how well you research the different policies, having a loan protection policy can pay off when you select a policy that is inexpensive and will provide coverage suitable for you. In terms of credit score , having a loan protection insurance policy helps maintain your current credit score because the policy enables you to keep up-to-date with loan payments. By allowing you to continue paying your loans in times of financial crisis, your credit score is not affected. Having this type of insurance does not necessarily help lower loan interest rates. When you shop for a policy, be leery of loan providers that try to make it seem like your loan interest will decrease if you also buy a payment protection insurance policy through them. What really happens in this case is the loan interest rate difference from the new "lower" rate is latched onto the loan protection policy, giving the illusion that your loan interest rate has decreased, when in fact the costs were just transferred to the loan protection insurance policy. What to Look out for It is important to point out that PPI coverage is not required to be approved for a loan. Some loan providers make you believe this, but you can definitely shop with an independent insurance provider rather than buy a payment protection plan from the company that originally provided the loan. An insurance policy can contain many clauses and exclusions; you should review all of them before determining whether a particular policy is right for you. For those working full-time with employer benefits, you might not even need this type of insurance because many employees are covered through their jobs, which offer disability and sick pay for an average of six months. When reviewing the clauses and policy exclusions, be sure you qualify for submitting claims. Always be well-informed before you sign a contract. Make sure you know all the loan protection insurance terms, conditions and exclusions. Any ethical company is more than willing to do this for a prospective client. If the company hesitates in any way, move on to another provider. Policies differ, so review the policy carefully.

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The Bottom Line When searching for a loan or PPI, always thoroughly read the terms, conditions and exclusions of the policy before committing yourself. Look for a reputable company. One way is to contact the consumer advocacy facility where you live. A consumer advocacy group should be able to direct you to ethically responsible providers. Review your particular financial situation in detail to make certain that getting a policy is the best approach for you. Determine why you might need it; see if you have other emergency sources of income through either savings from your job or other sources. Go through all exclusions and clauses. Will getting the insurance be cost-effective for you? Are you confident and comfortable with the company handling your policy? These are all issues that must be addressed before making such an important decision.

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Chapter 5 : Credit Insurance | Consumer Information

insurance policy and the insured's alleged losses were too contingent to be direct Id. at The Court explained: the cause of [the lender's] actual financial loss was third parties' enforcement of.

Linked-In The next time you apply for a mortgage or personal loan, you may be asked if you want to buy credit insurance, or it might already be included in your loan proposal. There are four main varieties of credit insurance: Credit life insurance pays off all or some of your loan if you die. Involuntary unemployment insurance, also known as involuntary loss of income, makes your loan payments if you lose your job due to no fault of your own, such as a layoff. Credit property insurance protects personal property used to secure the loan if destroyed by events like theft, accident or natural disasters. If you do, credit insurance can be an expensive form of insurance. For example, it may be less expensive and more practical for you to get life insurance than credit insurance. Before deciding to buy credit insurance, you should ask: How much is the premium? Will the premium be financed as part of the loan? Can you pay monthly instead of financing the entire premium as part of your loan? How much lower would your monthly loan payment be without the credit insurance? Will the insurance cover the full length of your loan and the full loan amount? Is there a waiting period before the coverage becomes effective? If you have a co-borrower, what coverage does he or she have and at what cost? Can you cancel the insurance? If so, what kind of refund is available? Before you sign any loan papers, ask the lender whether the loan includes any charges for voluntary credit insurance. If the lender still pressures you to buy insurance, find another lender. And review your loan papers carefully to be sure they have been drawn up correctly. Consumers should ask these same questions about other extra products offered with their loan, such as auto or shopping clubs, home or auto security plans, and debt cancellation products. Is It for You?

Chapter 6 : Defining Fidelity Bond Coverage - Law

insurance policy simultaneously with the acquisition agreement and incur the underwriting fee (usually between $25, and $50,) before the parties have committed to a deal.

Defining Fidelity Bond Coverage January 16, , A common component of this coverage is the fidelity bond â€” a specialized form of insurance designed to protect against loss from crime. Fidelity bonds can be further specialized by industry, such as with the Standard Form 24 Financial Institution Bond that combines various types of coverage to protect banks and other financial institutions. The typical fidelity bond consists of insuring agreements that define the scope of coverage as well as exclusions, definitions and general conditions. Common insuring agreements target fidelity loss loss from employee theft , on-premises loss loss caused by a person present on the defined business premises of the insured , in-transit loss loss while goods are being transported to or from the defined premises of the insured , forgery or alteration loss loss caused by fraudulent signatures or documents and similar fidelity risks inherent in the operation of a business. In the context of mortgage loans, there may also be coverage for the dishonest acts of a loan servicer or for loans purchased by a financial institution that prove to be fraudulent. Because of the unanticipated factual circumstances and high stakes usually involved with fidelity bond losses, and because bonds are complicated, disputes frequently arise between policyholders and their insurance carriers as to the nature and scope of coverage. Several common areas of disagreement are outlined below. Rules Of Construction Fidelity bonds, as a specialized form of contract, are generally subject to standard rules of contract construction and interpretation. Accordingly, the insureds still may invoke the contra-insurer rule in disputes with their insurers over the meaning of various fidelity bond clauses. Causation Another overarching issue is the standard of causation under the Bond â€” what must the insured show to demonstrate that the loss was actually caused by a covered event and not something else. This direct loss requirement has been used to deny coverage, for example, for losses related to forged documents where the underlying collateral or note would still have been valueless even had the signature been authentic. In fidelity disputes, insurers likewise often point to the errors, negligence, or lack of internal controls of the insured as attenuating factors in an attempt to avoid coverage. Accordingly, the general rule with regard to fidelity bonds is that mere negligence by the insured will not absolve the insurer from liability under the bond. Courts also consider causation in the context of whether there is coverage under the bond for the liability of an insured to a third person. Manifest Intent The mental state of a defalcator may also be relevant to coverage under a fidelity bond. Insuring Agreement A in the standard fidelity bond which covers loss from employee dishonesty â€” as well as related policy riders that extend fidelity coverage to parties such as loan servicers â€” can contain a requirement that the underlying wrongful acts be committed with the manifest intent to: The purpose of this requirement, according to some courts, is to preclude coverage for mere violations of instructions or poor business judgment. Some debate remains, however, as to the precise level of intent required: The requirement of improper personal gain generally means that the loss cannot consist of employee benefits, salary, commissions, bonuses and similar gains occurring in the normal course of business. The notice provisions of fidelity bonds generally require certain acts to be completed upon discovery of a loss or a situation reasonably likely to lead to a loss â€" at a minimum, timely notice must be given to insurers. Similarly, many bonds contain termination provisions that provide for automatic termination of coverage at the moment the insured discovers that an employee has been engaged in dishonest acts. For both of these bond conditions, the trigger is the point of discovery, often described as the point at which the insured first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by the bond has been or will be incurred even if the exact amount or details of the loss are not yet known or that employee dishonesty has occurred. In this regard, mere suspicion is not enough. These common areas of dispute with regard to fidelity bonds are just representative; due to the complexity of fidelity bonds themselves and the factual situations to which they apply, insurers tend to construe coverage narrowly. Thus, it is good practice to involve an experienced insurance attorney during the purchase of fidelity bonds and as soon as possible after discovery of a potential loss in order to better protect the rights guaranteed under the bond. Schlesinger pictured and Michael B. Mike Roberts is an associate with the firm in the Washington office.

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Chapter 7 : Physical Damage Coverage

This court acknowledged that, notwithstanding the contract exclusion, there was material coverage under the lender liability insuring agreement. That was evidenced at least by the insurer's funding of the bank's defense up until all the settlement breach and implied covenant claims were the only claims remaining.

So to whet your appetite, our photo is an Idaho baking potato, rather than another boring state map. So let the story begin: And you issue an extended professional liability policy to a bank. Your policy also provides: The bank could contract with anyone, accept benefits, fail to perform, and simply have your company pay loss. The Insurer shall not be liable to make any payment for loss in connection with any claim based upon, arising out of, relating to, in consequence of, or in any way involving: Claims-made policy term is about to expire. It claims the bank reneged on a promise to make loans to fund construction of an RV and boat storage facility. It claims breach of contract. It also claims breach of an implied covenant of good faith, estoppel, and detrimental reliance. Six months later, the business and bank conditionally settle. Bank agrees to make loans to the business, with bank and business to mutually release each other if the loans are made. So, not too bad; this should be over. Later the bank and business disagree about funding a loan for project steel. Then in July , well after the policy term, business and its owner, as an additional party, amend the complaint to include claims for breach of the settlement agreement and an implied covenant of good faith. Your company continues paying for defense, while reserving rights. But then the court grants a summary judgment for the bank, leaving only the new counts for breach of the settlement agreement and related implied covenant. So not within the coverage? Your company thus discontinues funding the defense. But the bank thinks differently and sues. In a case generally along those lines, Idaho Trust Bank v. So during the policy period. What sayeth the court? Based on deposition testimony and law, the court granted the business a summary judgment. As the court explained: The [] Claim and Claim share as a common nexus, facts, circumstances and events. The Claim would not exist but for the attempts to settle the [] Claim. There are many cases supporting this decision, including those the court cited: Quanta Specialty Lines Inc. July 30, although involving different investors, additional or different investments, and unique allegations about specific misrepresentations, claims related as they all alleged pattern of unsuitable and risky investments by insureds. An insurer cannot seek to apply policy limitations and exclusions in a way to defeat the precise purpose for which the insurance is purchased. Whether claims involve interrelated wrongful acts is frequently litigated. And this blog has discussed other decisions on that issue including here and here. Somewhat surprising is the insurer argued against relatedness. Insurers in reported decisions are frequently arguing the opposite and winning in circumstances like these. Contract liability exclusions also are frequently litigated as reported in this blog here and here. This case is unique because of the broad lender liability insuring agreement, incorporating the broad lending wrongful act definition. That narrowing should be a problem, however, only when it leaves nothing material covered. The point of an exclusion after all is to narrow coverage This court acknowledged that, notwithstanding the contract exclusion, there was material coverage under the lender liability insuring agreement. So, for example, lender liability claims in tort, rather than contract? It seems that this exclusion narrowed the lender liability exclusion just as an exclusion is supposed to, that there was material coverage left notwithstanding the exclusion, and that the coverage grant and exclusion were reconcilable. Time to revisit the insuring agreements. How about that for a start?

Chapter 8 : Loan protection insurance

bankers professional liability insuring agreement The Insurer will pay on behalf of the Insured, Loss resulting from Claims first made during the Policy Period or Discovery Period, brought by or on behalf of a customer of the Company, against the Insured.