

Product Profile

Financial Institutions Risk Protector®

Management and professional liability insurance for private financial institutions

Private financial institutions face significant management and professional liability risks, different from their larger, publicly-held counterparts. Financial Institutions Risk Protector (FIRP), an all-in-one insurance solution, gives private financial institutions cost-efficient, flexible protection tailored for their spectrum of management and professional liability risks.

Coverage Highlights

FIRP is a package policy that provides six separate comprehensive coverages with separate or combined limits that may be tailored to the needs of the financial institution.

- Directors & Officers Coverage (D&O)
- Errors and Omissions (E&O) (Bankers Professional Liability Insurance or Insurance Company Professional Liability Insurance)
- Employment Practices Liability Coverage (EPL)
- Net Advantage Security & Privacy Liability
- Employed Lawyers Professional Liability
- Fiduciary Liability Insurance

Value-Added Services

These highly-sought services are included with the FIRP:

- **Employment Crisis Management Insurance:** An innovative coverage that provides policyholders with up to \$25,000, with no retention, toward the fees of a crisis management public relations firm to help them respond appropriately to an incident that already has or could potentially trigger a large employment action.
- **EPL Pak® Premier:** Premier services from Jackson Lewis, LLP, a premier employment law firm with offices throughout the United States; includes Title VII harassment and discrimination training, Internet-based HR Compliance reference system, and a Recruiting, Retaining and Terminating Employees Manual.
- **eDelivery®:** Our online policy delivery system, makes issued policies and endorsements available to you via a secure Web site within 24 hours of issuance.

Unique Coverage Details

Directors & Officers

- Non-rescindable “Side A” coverage
- Breach of contract exclusion applicable to entity only
- Defense costs of an investigation related to a shareholder derivative lawsuit up to \$250,000
- Coverage for punitive damages, where insurable by law

Errors & Omissions

- For Bankers Professional Liability, coverage may be provided for over 27 services including services as a receiver or trustee in bankruptcy and loan servicing, as well as Lenders Liability coverage. Punitive damages, where insurable by law, are covered up to an amount not greater than two times compensatory damages.
- Coverage is included for a wide array of professional services, including Claims Handling, Risk Management, Safety Engineering, Safety Inspections, Loss Control Operations, Salvage Operations, Recovery & Subrogation Services, Premium Financing and Actuarial Consulting

Employment Practices Liability

- Coverage for third-party sexual harassment
- Coverage for independent contractors*
- Coverage for punitive damages, where insurable by law

Net Advantage

- Coverage is included for important third-party coverage for liability arising from:
 - A failure of the insured’s network security
 - A failure to protect or wrongful disclosure of private or confidential information

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* Only if the financial institution provides indemnification to such individual in the same manner as is provided to the financial institution’s employees

Financial Institutions Risk Protector

Employed Lawyers

- Cover the losses an employer sustains while indemnifying an employed lawyer for claims arising out of legal service
- Provide defense costs even if the allegations of the claim are proven groundless, false or fraudulent.

Fiduciary

- Definition of ERISA includes amendments brought about by HIPAA, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Newborns' and Mothers' Health Protection Act of 1996, and the Women's Health and Cancer Rights Act of 1998.
- Coverage for punitive damages, where insurable by law
- Broad definition of plan, including "blanket" wording for most plans, and incorporating IRA-based plans such as SEPP (Simplified Employee Pension Plan) and Simple Savings Incentive Match Plan for Employees

Claims Scenarios

Directors, Officers and Private Financial Institution Liability

- A loan servicing company retained an independent research firm to evaluate a new product offering. Based upon a favorable review by the firm, the company raised in excess of \$1m for the production and marketing of the new product. Prior to releasing the product, the company's internal evaluation team discovered, after extensive review, that the new product did not fulfill their target market's needs. Shareholders brought suit against the company, directors and officers for misrepresentation in the offering memorandum. The plaintiff asserted causes for violation of various state securities laws.

Employed Lawyers Professional Liability

- An attorney failed to disclose a potential conflict of interest between his employer and the other party when negotiating a transaction. The other party sued the attorney resulting in over \$250,000 in legal defense costs and damages.

Employment Practices Liability

- A small community bank was sued by four employees alleging sexual harassment by the same supervisor at various bingo parlors owned by the insured. Although the insured claimed that the plaintiffs were poor performers about to be terminated, there were no personnel records to this effect and evidence existed that the insured was aware of prior complaints against the supervisor. The matter was ultimately settled in excess of \$100,000 and defense costs were also in excess of \$100,000.

Fiduciary Liability

- An investment management insured was the subject of a Department of Labor investigation and subsequent lawsuit for allegedly failing to monitor the performance of its 401(k) plan, which suffered substantial losses. Among the claims was that the insured should have diversified the plan's assets when the plan's performance began to suffer. The claimants sued for hundreds of thousands of dollars in damages.

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The claims scenarios summarized herein are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above product(s) should request a copy of the policy itself for a description of the scope and limitations of coverage.

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