

INSURANCE SERVICES LIABILITY

Insurance Services Liability protects both the bank and employees against losses resulting from errors and omissions claims related to the following services when performed by the insured as an insurance agent, insurance broker, insurance consultant, or managing general agent:

- Sale and placement of insurance
- Identification, analysis and evaluation of a client's insurance needs, including work performed for prospective clients
- Appraisal of property and inspections for insurance purposes
- Adjustment of claims on behalf of insurance companies, including loss payments
- Arrangement of premium financing for clients

Claims may be brought by customers or third parties.

CLAIMS EXAMPLES

Most claims are brought by former or current clients against their agents because they have suffered a financial loss and blame the advisor or agent for their losses.

- A bank purchases an insurance agency to sell auto and homeowners insurance to its customers. In transitioning to a new computer system, the agency fails to act upon a renewal date and a customer's homeowner's insurance lapses. When the customer experiences a loss and is unable to collect, he sues the bank and the agency for negligence.
- A small business owner purchases a policy from the bank's insurance agency, but does not buy business interruption coverage. After his plant has a fire, he sues the agency, alleging that the agent never explained the need for such coverage.
- A customer submitted a claim under his crop insurance policy. The bank's insurance agent, however, failed to report the claim to the carrier according to the Notice of Claim provision, resulting in a denial of coverage. The customer sued the agent to recover the amount that would have been covered under the policy.