

LENDER LIABILITY

Lender Liability protects against Claims brought by borrowers or guarantors for allegations of errors, omissions, misstatements, neglect or breach of duty involving:

KEY COVERAGE ADVANTAGES with CLAIMS EXAMPLES

- **LENDING LAW VIOLATIONS** | Some carriers broadly exclude claims arising from violations of federal or state laws relating to extensions or denials of credit, including TILA, ECOA, Fair Credit Reporting Act, Fair Debt Collection Practices Act, Fair Debt Collection Practices Act and other. Our policy does not contain a similar exclusion and except for intentional acts, our policy expressly covers defense costs for violations of law.
 - **Claims Example** | A class action lawsuit alleging TILA violations was filed after the bank erroneously sent borrowers an incorrect Notice of Right-to-Cancel forms. Amount paid: \$2,000,000.
 - **Claims Example** | A class action suit was brought against a bank alleging violations of usury laws when the bank miscalculated interest on commercial loans. Amount paid: \$1,800,000.
- **LENDING DISCRIMINATION** | Some carriers exclude coverage for lending discrimination. Our policy does not exclude the defense of allegations of lending discrimination.
 - **Claims Example** | The bank was accused of discriminatory pricing of indirect auto loans in a suit brought by African-Americans. Amount paid: \$2,000,000.
- **INSIDER LOANS** | Most D&O carriers exclude suits arising from insider loans and insider affiliated loans. Be aware that the definition of Insider in these policies can apply to a wide range of individuals and entities. Our policy does not exclude either insider or insider affiliated loans.
 - **Claims Example** | A business partner of an outside bank director sued the bank in connection with a line of credit extended by the bank to the partnership, alleging the bank allowed the director to make improper draws on the line of credit. Amount paid: \$210,000.

ADDITIONAL CLAIMS EXAMPLES

- A senior loan officer promised a borrower that the bank would fund her loan request. The borrower relied on this commitment and planned an expansion of her leather goods business. The loan was subsequently not approved, leaving the borrower with no funds to pay off the commitments she already made related to her business expansion. The borrower sued the loan officer who made the funding commitment as well as the bank.
- A borrower obtained an \$800,000 mortgage loan but failed to make property tax payments on the property due to ideological objections. The bank paid the taxes and subsequently increased the borrower's monthly payment to recapture the amount of the payments. The borrower refused to pay the additional amount each month, and ultimately the bank foreclosed on his property. The borrower initiated a wrongful foreclosure claim against the bank.