

# Trust Services Liability

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**Trust Services Liability** coverage protects against **Losses** resulting from **Wrongful Acts** while acting in the capacity as administrator, conservator, guardian, custodian or trustee in rendering or failing to render trust services.

## Key Definitions

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**Losses** covered include defense costs, judgments, settlements, and punitive and exemplary damages (where insurable by law). Defense costs for allegations of fraud and violations of law are paid regardless of final adjudication.

**Wrongful Acts** are defined as any actual or alleged omission, error, misstatement, misleading statement, neglect or breach of duty.

## Key Features

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- ≡ Defense costs for allegations of fraud and violations of law are paid regardless of final adjudication.
- ≡ The base Trust Services Liability policy does not contain any of the following exclusions:
  - = Regulatory
  - = Past Acts
  - = Mechanical Malfunctions
  - = Custody & Control

## Availability

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Coverage is available as a sublimit to the D&O Policy or as a separate limit of liability.

## For Example

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- ≡ The trustee of a testamentary trust fails to obtain personal property from the executor of an estate as soon as the terms of the will and the probate law permit. The executor misappropriates the assets. The trustee is held liable to the beneficiaries for this loss due to the delay in obtaining possession of the trust property.
- ≡ A trustee is instructed to purchase a particular security by the donor of a non-discretionary trust account. The trustee purchases the wrong security. The error is discovered after the market value of the security purchased by the trustee has dropped, while the market value of the intended security specifically requested by the donor has significantly increased. The trustee is held liable for the difference in values. While the dollar amount of investment losses due to market fluctuation unrelated to any Wrongful Act is not covered, defense costs to defend the bank are covered.