

Bankers Professional Liability

The **Bankers Professional Liability (BPL) Endorsement** protects against losses resulting from **Wrongful Professional Services Acts**.

Key Definitions

Wrongful Professional Services Acts means any actual or alleged omission, error, misstatement, misleading statement, neglect or breach of duty by any **Insured** in the rendering or failure to render **Professional Services**.

Professional Services are certain fee-based professional services including, but not limited to:

- ≡ Depository Services
- ≡ Brokerage Services
- ≡ Insurance Services
- ≡ Data Processing Services
- ≡ Real Estate Services (other than appraisal services)
- ≡ Notary Services

Scope of Coverage

The BPL endorsement covers certain professional services the bank offers to its customers.

Depository Services coverage is a critical component of coverage under the BPL Endorsement. Many banks do not realize the magnitude of the exposure that is related to depository services: **over 30% of lawsuits against banks are directly or indirectly related to depositor relationships**. These suits result from the bank honoring instruments with improper endorsements, erroneous asset transfers, and general account errors.

Availability

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

For Example

- ≡ A bank acts as depository for ACH transactions of a larger institution. A bank employee transposes numbers on two merchant accounts, causing ACH credits to be deposited erroneously into the wrong account. When the bank discovers the error, the funds have already been withdrawn by the business that had received them. The company incurring the loss sues the bank.
- ≡ A community bank works with a securities firm to provide brokerage services to its customers through a dual-employee arrangement. The bank relies upon the securities firm to supervise the activities of the broker. The broker changes the mailing addresses on several accounts to a post office box, embezzles funds from these accounts and then mails false statements to the customers to hide the missing funds. Upon discovery of the fraudulent activity, the defrauded customers sue the bank for negligent supervision.
- ≡ 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.