

LOSS EXAMPLE

Management Liability Policy

The Management Liability Policy has been specifically designed so the Financial Institution is able to select coverages they want to protect their business, directors and officers.

LOSS EXAMPLES

Management Liability Policy

- A borrower, who is a real estate developer, is routinely late on paying the loan on one of their developments, and the bank has allowed this to occur without imposing a penalty. The bank begins working on a merger with another financial institution and tries to clean up its loan portfolio. The bank refuses to renew the borrower's loan and begins foreclosure proceedings on the real estate development that is the collateral for the loan. The borrower files a suit against the bank alleging that its action caused them to lose money, since they were not able to dispose of the collateral in a timely fashion. The bank settles with the borrower for an amount in excess of \$1 million for loss and attorney's fees. The bank may suffer a financial loss.
- A financial institution terminates a corporate borrower's line of credit. They give the reason as changing their lending philosophy. In actuality, they were unwilling to deal with the president of the corporation due to rumors he was involved in illegal activities. The borrower brings suit against the president and the board of directors. Had an investigation been completed, it would be discovered the rumors were false. The bank may suffer a financial loss.
- A loan officer indicates to a borrower that the bank is willing to make a business loan as requested. The borrower proceeds with signing contracts and ordering goods for the business. The loan is subsequently not approved. The borrower has no resources to pay for the contracts or the goods. The borrower sues the bank and the loan officer for his monetary loss. The bank may suffer a financial loss.
- The bank is the fiduciary for a large trust. The bank has an obligation as fiduciary to insure the property in the trust. The bank fails to adequately insure the various properties in the trust. There is a tornado which damages the properties in the trust and the loss is in excess of \$1 million dollars. The insurance proceeds cover only half of the loss. The beneficiary of the trust sues the bank, and the trust officer for the. The bank may suffer a loss.

Products and services are provided by one or more insurance company subsidiaries of W. R. Berkley Corporation. Not all products and services are available in every jurisdiction, and the precise coverage afforded by any insurer is subject to the actual terms and conditions of the policies as issued. Certain coverages may be provided through surplus lines insurance company subsidiaries of W. R. Berkley Corporation through licensed surplus lines brokers. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.

This material does not amend, or otherwise affect, the provisions or coverage of any insurance policy issued by any W. R. Berkley Corporation member insurance company. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.