TRUST SERVICES LIABILITY ENDORSEMENT

Trust Services Liability provides errors and omission coverage for insureds acting in the capacity as administrator, conservator, guardian, custodian or trustee of an estate, person, property, employee benefit plan, third party benefit plan, municipal bond indentures, and similar vehicles. Claims may be brought by customers or third parties.

KEY COVERAGE ADVANTAGES

- **BROAD COVERAGE FOR FRAUD CLAIMS** | **Fraud Claims** are covered until final, non-appealable adjudication and related defense costs are paid regardless of final, non-appealable adjudication with no claw back requirement.
- **NO HAMMER CLAUSE**
- **NO EXCLUSIONS FOR**
  - Regulatory actions
  - Mechanical malfunctions
  - Commingling of funds
  - Past Acts
  - Care, custody, and control (of non-insured property)
  - Merger & acquisition advice

CLAIMS EXAMPLES

- A trustee is instructed to purchase a particular security by the donor of a nondiscretionary 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 Wongful Act is not covered, defense costs to defend the bank are covered.

- The bank was trustee of a decedent's estate which included several rental properties, the value of which was declining due to years of neglect and disrepair. The bank moved quickly to contain the damage and restore the value of the properties once it became trustee of the estate; however, the decedent's surviving spouse accused the bank, as trustee, for negligent property management and blamed the bank for causing the loss in property value.

- A trustee purchased conservative, stable stocks that held their value while yielding very good dividends, thus producing income for the trust and the trust's income beneficiaries–a husband and wife. Upon the couple's death, the residual beneficiaries–the children–alleged the trustee had invested for income, benefitting the income beneficiaries, when he should have invested for growth, to benefit them.

- The bank was trustee of a charitable trust created to fund the care and welfare of dogs; however, the mission statement provided to the trustee allowed discretion in allocating trust funds. Based on this allowance, a large grant was publicly made to an organization that finds foster homes for stray cats. A local dog rescue group made a claim against the trustee alleging the grant was in violation of the trust's purpose.