

WEALTH MANAGEMENT LIABILITY

Our Wealth Management Liability Endorsement was created to better address the needs of trust companies and financial institutions with large trust departments by providing liability coverage for both trust services and brokerage/advisory services in one place, often eliminating the need for a separate Bankers Professional Services Liability Endorsement, or allowing a fully dedicated limit of liability to the Trust Department (if a separate limit is purchased).

TRUST SERVICES LIABILITY

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 EXAMPLES

- 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.

BROKERAGE/ADVISORY SERVICES LIABILITY

Brokerage/Advisory Services Liability provides errors and omission coverage for insureds related to the purchase or sale of securities, annuities, variable annuities, or life, accident or health insurance, along with investment advisory services and financial, tax and retirement planning when offered in connection to brokerage/advisory services provided through an employee or a third-party service provider under contract with the bank.

CLAIMS EXAMPLES

- A bank employee provides investment advice to an elderly customer who allows him to purchase securities on her behalf. When the securities do not perform well, family members sue the investment advisor and the bank for negligence in rendering investment advisory services. While depreciation in value of securities due to market fluctuation unrelated to any wrongful act is not covered, defense costs incurred to defend the bank and the advisor are covered.
- A 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.

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WEALTH MANAGEMENT LIABILITY, continued

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
 - Past Acts
 - Care, custody, and control (of non-insured property)
 - Commingling of funds