

Financial Institution Fraud-Bond In 3-Minutes

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Financial Institution Fraud-Bond

Fraud-Bond

Hi I'm Scott Simmonds... I'm an insurance consultant. I don't sell insurance and never accept fees or commissions from the insurance agents or insurance companies I work with for my clients. Let's talk about bank insurance.

This video covers the financial institution fraud-bond, one of the four sections of bank insurance. The other sections are management liability insurance, standard lines of coverage, and lender asset protection insurance. See the separate videos on these areas of bank insurance.

First off, you won't find the term fraud-bond in general use. I coined the phrase a few years ago. The Financial Institution Bond is the standard title. I realized that the term "bond" was almost meaningless - it's also the only insurance policy without a descriptor in the name; a homeowner's policy covers your house, auto insurance your car, workers' compensation insurance is obvious. What's a bond?

Losses To The Assets Of The Bank Caused By Fraud

The fraud-bond protects the assets of the bank from losses by fraud. These are first party losses - losses to the bank - caused by fraud. Lawyers are almost never involved. Losses to the bank caused by fraud. No lawsuits.

Employee Dishonesty

Here are the coverage sections to the fraud bond - the names tell us what is covered here. Employee dishonesty coverage.

Loss on Premises

Loss on premises - robbery, burglary, fire, wind - loss to your bank's money.

In Transit

Loss while money is in transit. The money must be in the possession of an employee or an armored car company though.

Forgery

Forgery

**Counterfeit
Currency**

Counterfeit currency

Computer Fraud

Computer fraud, hackers, viruses - recall this is first party coverage - loss to the assets of the bank. The fraud-bond covers your money and money you are responsible for. This is not coverage for mistakes and errors made by your customers - unless you are responsible for the safekeeping of the funds.

Funds Transfer Fraud

Funds transfer fraud - EFT, voice transfer, fax transfer, and computer transfer.

Loss To Safe Depository

Loss to your customer's property in safe deposit boxes.

ATM

Loss of the money in an ATM machine.

**Stop Payment
Liability**

Stop payment liability.

Kidnap & Ransom

Kidnap, ransom and extortion coverage.

Mortgage Fraud

Fraud in the mortgage application process.

Debit Card Fraud

Debit card fraud can be covered in your bond.

Securities Fraud

Fraud in securities transactions.

Policy Tips

Here are a few issues to be aware of...

-I almost always want the same insurer for my bank's management liability and fraud-bond. It just makes claims easier.

-Make sure you don't have aggregate limits in your policy. Losses under the fraud bond are per loss - you don't want a policy limit.

In three minutes, that's the financial institution fraud-bond.

Financial Institution Fraud-Bond

Bank Insurance Consulting

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Most banks start their work with me in an unbiased review of their insurance. Simple and straightforward. You send me your policies and I report the issues and concerns. We then work through the mitigation of the issues. Unbiased insurance help and advice for banks.

I'm glad to talk about your bank and your insurance. Call or email me.

