

Simmonds on Bank Insurance

For Bankers Who Manage Their Bank's Insurance

Volume 3-3

Interoffice Routing

Do You Have the Insurance You Think You Have?

Is your insurance coverage right for your bank? Are you sure? Really sure? How do you know?

Bank insurance is perhaps the most complicated of business insurance programs. There are many policies. Most bank insurance policies are not “standard” because each insurer has their own unique coverage contracts. Each insurance company has several versions of the bank policies they use, and there are hundreds of endorsements that they can add.

Frankly, most insurance agents handle only one or two banks. That lack of specific experience can mean coverage mistakes, gaps, and overlaps.

Many banks have been doing business with the same insurance agent for many years. That may make sense from a relationship perspective. However, it also means that it has been some time since a fresh set of eyes has reviewed the coverage your bank buys.

If a bank employee is to do the review, I offer a wide variety of resources.

My book, *Simmonds on Bank Insurance* is available for sale on my web store, www.InsuranceBookShop.com. The book is also available online for free at www.BankInsuranceBlook.com. You can also use the enclosed post-paid mailer to receive the digital version of the book for free.

Many bank clients tell me that they don't know what questions to ask their insurance agents in

Your insurance program is determined by three things:

- The Insurance Marketplace
- Your Appetite for Risk
- Your Bank's Exposures to Loss

As you review your current insurance, the questions to ask are:

- Who Assesses the Quality of Our Insurance?
- What is Their Experience in Bank Insurance?
- Is Their Opinion Biased?

You have five options in the review of coverage:

- Have a bank employee review the coverage
- Have your current agent review the coverage
- Have another agent review the coverage
- Have an insurance consultant review the coverage
- Have an insurance consultant with bank experience review the coverage

Each approach has advantages and disadvantages. The issues to consider in selecting the right approach are:

- Quality of the review
- Cost Incurred - Time and Money
- Overall Value Provided

a coverage review. My Bank Insurance Assurance Toolkit provides all the questions you need to have an in-depth conversation with your agent. It also is designed for you to use the resources of your agent while moving the conversation in a way that gets you the information you need. Find more info in my web store, www.InsuranceBookShop.com.

I also offer a wide variety of consulting packages for banks. The enclosed matrix outlines the services and the base prices of each.

Forced Placed Liability Insurance

In my bank insurance reviews I often find that banks have a separate liability policy to cover the exposure of someone getting hurt at a foreclosed property. This is almost always an unnecessary policy. In fact, it can actually complicate claims.

Your bank's general liability insurance and umbrella liability coverage provides protection for bodily injury and property damage for which the bank is responsible.

Newly acquired properties are automatically covered by most liability policies. You can provide your agent with a list of properties you own and notify them of new properties taken over.

Your bank is then assured of broad protection plus the added coverage of your umbrella policy. Talk with your insurance agent to see if eliminating the forced placed liability policy is the right strategy for you.

American Banker's Association Insurance Program Peer Data

Want to know how much insurance banks of a similar size are buying? The ABA along with Progressive Insurance puts out a report on a regular basis. Compare your directors and officers, employment practices, and bond limits of coverage to other banks.

Send me an email at Scott@BigInsuranceBrain.com requesting the latest ABA peer data. I'm glad to send you a copy.

"Your work for us is as important as any insurance policy we buy."

Bill Swales, Bangor Savings Bank

About Scott Simmonds

Scott has been called, "The Guy with the Big Insurance Brain." He provides unbiased information and advice to banks and other businesses around the US.

His five books on insurance issues for insurance buyers includes *Simmonds on Bank Insurance*. He has been quoted in the Wall Street Journal, Money, Inc, Fortune, Investor's Business Daily, CNN.com, Smart Money, and countless local and industry publications including state banking association magazines.

Scott has 30 years of insurance experience. He lives and works on the coast of southern Maine.

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