

## **Lender Asset Protection Insurance In 3-Minutes**

**Scott Simmonds, CPCU, ARM**  
**Fee-Only, Unbiased Insurance Consulting**

## **Lender Asset Protection Insurance**

## **The Marketplace**

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

This is a special part of the insurance world. Specialty brokers manage programs designed to cover banks. I've found that it is almost always better to have a single broker handle all your lender asset protection policies - this allows for coordination of coverage and a streamlined process. Your local insurance agent should direct you to the facilities of a specialty broker such as Minitier, and Lee & Mason.

**Repossessed Property  
Forced Placed Property  
Mortgage Impairment  
Lenders Single Interest  
REO Liability**

Let's spill the beans right away. Here are the coverages we're talking about in Lender Asset Protection Insurance. The issue is the lending transaction and the protection of the collateral and the bank's security in a loan.

**Repossessed Property  
& Flood Insurance**

This policy covers real estate you take over in the REO process. Flood insurance is typically a separate policy but a part of the package of coverages.

**Forced Placed  
Property & Flood**

When your insurance tracking process uncovers that your customer does not have insurance on their building, you force-place the coverage.

Flood is always a separate policy.

## **REO Liability**

Here we shift away from insuring property and move onto the liability side - you foreclose on a home and a realtor is injured showing the house when the floor collapses.

I prefer that liability for REO properties be on the bank's general liability policy - the same policy covering the bank's branches - this gives the additional protection of the umbrella policy.

## **Mortgage Impairment**

Mortgage impairment takes care of mistakes made in the administration of the lending process. The most common issue is lack of insurance on collateral - a customer fails to buy insurance, they have a fire, then you find out there is no insurance.

Coverage can also include errors in the administration of taxes, deed filings, loan guarantees, credit life insurance, and flood.

## **Lenders Single Interest**

Up until now we have talked exclusively about real-property loans. Here we cover the collateral on chattel - cars, boats, planes, motorcycles, commercial equipment, snowmobiles...

## **Lender Asset Protection Insurance**

There. In three minutes, that's lender asset protection insurance.

## **Bank Insurance Consulting**

**Scott Simmonds, CPCU, ARM**

[www.BankInsuranceConsultant.com](http://www.BankInsuranceConsultant.com)

[Scott@ScottSimmonds.com](mailto:Scott@ScottSimmonds.com) **207-284-0085**

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.