

Mortgagee Protection Policy

Zurich's Mortgagee Protection Policy helps your financial institution mitigate the financial risks that may arise from mortgage impairment or legal liability issues associated with your residential and commercial mortgages.

Managing your risk

When an error or gap in coverage occurs, a mortgagee's interest in the property may be at risk. The Zurich Mortgagee Protection Policy is designed to provide the necessary insurance protection when there is uninsured physical damage to the mortgaged property or when legal liability losses result from failure to maintain insurance or to make payments from escrow on behalf of the mortgagor.

Key policy features

The Zurich Mortgagee Protection Policy, commonly referred to as Mortgage Errors and Omissions and Mortgage Impairment coverage, helps you protect your institution's assets against mistakes made by either you or your customer. It includes:

- Automatic coverage for a variety of losses due to error, such as legal liability for failure to pay real estate taxes or maintain FHA or VA insurance, or when primary insurance on mortgaged property is uncollectible or the insurer is insolvent.
- Mortgaged property coverage during or after foreclosure for a period of 90 days.
- Coverage for participation mortgages and mortgages serviced by others.
- 90-day automatic coverage for new mortgages acquired during the policy period.

- Flood insurance coverage when failure to determine if a property is in a special flood hazard area occurs. Additional options include choice between properties inside of a special flood hazard zone, outside of a flood zone or both.
- Mobile home trailers are included under the definition of residential mortgages.

Additional services to help you manage the risk:

- Access to risk tools, information and checklists on managing vacant property risks, such as fire prevention, freezing pipes and winter hazards.
- Consultations with a financial institutions specialist in risk management.

Mortgagee Protection Policy in action

As shown in the following loss scenarios, Zurich's Mortgagee Protection Policy (MPP) stands ready to help protect your financial institution from the financial risks of mortgage lending.

- A house for which you have a loan is damaged by a covered peril. While investigating, you learn that the homeowner's policy has lapsed. With Zurich's MPP, your mortgagee interest in that property would be covered if the mortgagor defaults on the loan as a result of the loss.
- When making a loan, your bank assumes responsibility for administering insurance and tax payments from an escrow account. At the time of a covered loss, you discover that your staff failed to make the necessary insurance premium payments on behalf of the homeowner. As a result, there is no coverage. Zurich's MPP would provide legal liability coverage for your bank's failure to properly administer the escrow account.
- A borrower, who has defaulted on your loan, intentionally burned down his own home. Even though his homeowner's policy excludes acts of arson committed by the insured, Zurich's MPP coverage would apply.

For more information on Zurich's Mortgagee Protection Policy, contact your broker or visit zurichna.com/financial-institutions

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