

LOSS EXAMPLES

Mortgageholder's Protection Policy

Berkley FinSecure
849 Fairmount Ave.
Suite 301
Towson, MD 21286
P: 410-372-6300
TF: 866-539-3995
TF Fax: 866-915-7879
www.berkleyfinsecure.com

The **Mortgageholder's Protection Policy (MPP)**, also referred to as Mortgage Impairment Coverage (MI), is a hybrid insurance product that provides both first party property coverage and third party errors and omissions liability coverage. All financial institutions that originate, sell, securitize or service mortgages should have MPP coverage. Most secondary markets specifically require mortgage E&O coverage, which is included in the MPP for lenders who sell mortgages to these markets.

LOSS EXAMPLES

Mortgagee Interest

- Lender discovers fire damage to mortgaged property, attempts to report a claim to the borrower's insurance, and discovers the insurance cancelled due to non-payment of premium. The borrower has no funds to repair the property and defaults on the mortgage. The lender may suffer a financial loss.
- A flood occurs and real property which is the collateral for the mortgage suffers substantial damage. Borrower did maintain flood insurance but only a limited amount. Lender reported to the NFIP and the claim was paid but there was not enough insurance to cover the damages, the loan then defaults. Lender may suffer a financial loss.
- Lender forecloses on mortgaged property and within 20 days a windstorm occurs, that damages the mortgaged property. Lender may suffer a financial loss.

Mortgagee Liability

- Lender discovered their system for tracking real estate taxes to be paid from escrow, experienced a critical error resulting in 50% of the real estate taxes were not paid on time. The borrowers joined forces against the lender. Defense costs and settlements will need to be paid. The lender may suffer a financial loss.
- Lender fails to pay the hazard insurance from the escrow account and a fire loss occurs to mortgaged property. The borrower files a claim against the lender for damages to real property, contents, loss of use and inconvenience. Lender may suffer a financial loss.
- Mortgaged property is in a special flood hazard area. The lender determines incorrectly that the property is in flood zone B and therefore does not require flood insurance. The local river floods and the mortgaged property suffers a loss wherein the building is considered a total loss. Lender may suffer a financial loss.

Berkley FinSecure provides effective and efficient insurance solutions and claims handling to the financial services industry and our empowered industry experts are dedicated to providing personal service you can rely on. Berkley FinSecure is backed by the strength and protection of the W.R. Berkley Corporation.

This material does not amend, or otherwise affect, the provisions or coverage of any insurance policy issued by any W. R. Berkley Corporation member insurance company. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.