

# Lenders Property Reporting Policy

What it covers: Zurich's Lenders Property Reporting (LPR) Policy helps protect the lender's financial interest in mortgaged properties (force placed property) when the mortgagor's insurance coverage has lapsed. This also includes mortgages the banks do not own but service for others. Coverage is also available for real estate owned (REO) property – property acquired through foreclosure and other investment properties that are owned.

## Why you need this coverage

If you are servicing a commercial or residential loan and determine the property's insurance has not been kept up to date, LPR force placed property coverage will help protect your financial interest in the assets underlying the loan. In case the property is damaged, the policy covers the cost to repair or replace the property.

In today's market, as more real estate owned properties become a part of your total loan portfolio it's essential you have necessary physical damage or liability coverage in place to help protect your investments. Homes and commercial properties repossessed by banks after foreclosure might sit vacant on the market for months, vulnerable to the elements or other types of damage. REO insurance covers lenders from such unanticipated losses. REO allows you to select the specific coverages, amounts and options and helps you manage the insurance costs more effectively.

## Zurich services to help you manage this risk

Adding properties to an insurance policy on a piecemeal basis may result in inefficient pricing, narrow coverage terms and insufficient policy limits. Zurich's answer is an easy-to-use online system that allows you to schedule your properties and report activities monthly, quarterly, bi-annually or annually. The premiums are processed automatically, and you can review your properties on the Monthly Activity Report which can be viewed immediately after entry. This on-line system makes it easier to manage your portfolio of force placed and real estate owned properties.

Through our system you will be able to:

- Add new REO properties and remove sold properties from your policy
- Extend the coverage automatically for a selected period of time
- Create reports to see what is covered

## Key product features:

- Force placed—Covers buildings and personal property secured in conjunction with your mortgage.
- REO property—Covers building or structures, including completed additions, permanently installed fixtures, machinery and equipment, outdoor furniture, personal property used to maintain or service the buildings or structures, floor coverings, appliances (named in policy). General Liability coverage is available for residential and vacant commercial real estate owned.
- Force placed flood coverage is available on mortgaged properties, residential or commercial.

**For more information contact your agent or broker or visit [zurichna.com/financial-institutions](http://zurichna.com/financial-institutions)**

## Loss scenarios

Here are some common and real life events that could be covered under your lenders property reporting insurance:

- **A lender receives notification that the mortgagor's hazard insurance has lapsed, but before he or she can secure a fire policy, the property burns down.** The lender has lost his/her financial interest in the property. If the lender had purchased a Lenders Property Reporting Policy, he/she would have had a specified period to find out if the hazard coverage was or was not in place. During this period, the property would have been covered. Upon discovering that there was no coverage, the lender would have force placed coverage by entering the property on-line in the Zurich Lenders Reporting System effective the date of the cancellation of the hazard insurance. In this scenario, the property, which was destroyed by fire, would have been covered.
- **After the borrower defaults on his mortgage payments, the lender forecloses on a residential property. Shortly thereafter, while showing a prospective buyer the property, a real estate agent is injured by tripping on a loose step. The real estate agent sues.** The lender would have been protected if he had purchased REO Residential General Liability Coverage under the Lenders Property Reporting Policy. The premises liability coverage would have protected the insured from suit due to the injury of the real estate agent.

## Why Zurich for Financial Institutions?

With 120 years of serving financial institutions, Zurich continues to offer banks what they need today: A commitment to the industry and the financial strength to be there to pay claims.

We have an experienced team dedicated to financial institutions: Over 75 underwriters, claims and risk management professionals averaging more than 15 years of experience; in-house financial institutions claims specialists, all of whom are licensed attorneys, average 15 years of experience.

Full line of over 20 products, including Financial Institution Select™, a new combination management and professional liability policy, security and privacy coverage, mortgagee protection policy, fiduciary responsibility, property & casualty and more.

Zurich HelpPoint services, advice and solutions to help customers reduce the cost of risk, including Virtual Consulting: an online tool identifying the top causes of property and casualty losses along with best practices and tools to help prevent them; an EPL Hotline offering Zurich customers legal advice on employment practices issues; In-depth, educational risk management and prevention guides for D&O, Employment Practices Liability and ERISA Fiduciary Liability; and more.

### Zurich

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