



## MORTGAGE FORECLOSURE CRISIS IN U.S.

**"Lawsuits relating to mortgage meltdown could spread beyond financial sector,"**  
*Financial Week July 2008*

Apogee offers some of the most complete packages of specialty risk and investor required insurance for the mortgage industry. We offer Professional Liability, Fidelity/Crime Bond, Mortgage Impairment and Employment Practices Liability. We offer coverage that is tailored to the individual risk and offers limits up to \$5,000,000.

**We can offer much Higher Limits when Required!**

### THE MORTGAGE COMPANY PROFESSIONAL LIABILITY (MCPL)

The Mortgage Company Professional Liability (MCPL) policy protects against possible losses from suits mainly in the area of loan origination. This can include the loan application process, loan processing, underwriting, closing, Secondary Market sales, servicing, and loan foreclosure. This Professional Liability Policy covers a firm's legal liability for wrongful acts made in providing professional services such as loan origination, underwriting, processing, marketing, closing, warehousing and loan servicing.

Third Party Liability suits which may be covered could arise from the following areas:

- Secondary market sales
- Servicing (optional)
- Loan foreclosure (optional)
- Loan origination
- Loan processing
- Underwriting

- Closing to mortgagors
- Truth in Lending Act exposures
- ARM loans
- Loan application
- Certain representations involving lock in rates and timing

### MORTGAGE BANKERS BOND (MBB)

The Mortgage Bankers Bond (MBB) was developed for Mortgage Companies and provides Fidelity Crime Bond Protection. Employee dishonesty and Investor Required "E&O" are the two key coverages required by most "Investors", but the bond also includes forgery protection and other coverages.

- Fidelity coverage for loss from employee dishonesty as well as from closing attorney agent, can also cover Independent Contractors and/or Servicing Contractors.
- Coverage for theft of mortgage investors and warehouse lenders money or collateral as required by Fannie Mae, Freddie Mac or Ginnie Mae satisfying industry standards and most mortgage investors requirements.
- Coverage includes specified Investor required Errors and Omissions coverage mostly related to servicing the loan; even though some mortgage bankers do not service loans, this is often still required by most Loan Investors such as Fannie Mae, Ginnie Mae, Freddie Mac and others.

### PROFESSIONAL LIABILITY FOR FINANCIAL ADVISORS

We are excited to announce we are now writing Errors & Omissions Insurance for Financial Planners under our Specified Professions product!

#### **OUR TARGET MARKET:**

- Fee-only or salaried Registered Investment Advisors
- Up to \$1,000,000 in income for a firm, and up to \$150,000 in income per planner
- An average of no more than \$500,000 in client assets managed per client
- Up to 10% of receipts from commissions
- Planners with a minimum of three years experience

#### **PRODUCT FEATURES:**

- Premiums start at \$2,000 for a \$1 million limit and deductibles start at \$1,000
- Personal Injury coverage
- Businessowners Package Policy available including general liability and property coverage
- Duty to Defend coverage

#### **DID YOU KNOW?**

- Financial Planning is the new hot job with the number of certified practitioners increasing 10% per year.
- There are approximately 400,000 Financial Planners in the United States.
- It's estimated more than half of financial advisors lack insurance coverage due to the perceived high expense and lack of coverage in policies

#### **D&O LINE GROWING IN FACE OF SOFT P/C MARKET**

Over the past 10 years, directors' and officers' coverage has grown almost twice as fast as the commercial lines average, a recent study found.

Premium growth came from pricing, broader coverage and increasing penetration of the corporate marketplace, according to the study by Conning Research and Consulting,

a Hartford, Conn.-based provider of insurance research.

The hard D&O market from 2000 to 2004 resulted in buyers of corporate D&O becoming more sophisticated in their management of D&O exposures, which is reshaping the market at the upper end, authors of the report said. At the same time, midsized and small companies have developed an increased awareness of D&O exposures, meaning that the D&O market has grown in the face of an overall soft property-casualty market, according to Mark Jablonowski, an analyst with Conning Research.

"On the supply side, insurers are finding that allocating capital in responding to the needs of larger, more sophisticated buyers can have its pitfalls," including increased exposures to mega-losses and competition from alternative structures and offshore markets, according to Stephen Christiansen, director of research at Conning Research. "At the other end of the market, midsized and smaller accounts present a niche market with substantial growth potential-even in this soft market. Carefully crafted niche play can provide a profitable outlet for increasing capacity in the D&O line."

Insurance Agents & Brokers should be discussing this critical need with our private companies that we do business with. Their response may surprise you in that most agents never discuss private company D&O and how a firm can protect their most valuable assets for superior coverage at a reasonable, perhaps even low yearly premium.

## **RECENT SUCCESSES**

### **WRITTEN BY APOGEE**

- Mortgage Broker and Mortgage Broker Bond/ E&O/ PA **\$130,000**
- Clinical Trials/ E&O/ NJ/**\$68,600**
- Investment Advisor/ E&O/ PA **\$18,300**
- Health & Welfare Trust Fund/ E&O/ PA **\$21,800**
- Consulting Engineer/ E&O/ DE/**\$11,500**
- Design Engineering/ E&O/ PA/ **\$35,057**
- Media (T.V.)/ E&O/ CA/ **\$13,400**
- Managed Health Care/ E&O/ PA/ **\$27,400**
- Computer Technology/ E&O/ NJ/**\$78,200**
- Non-Profit/ D&O/ NY/**\$1,900**
- Mutual Insurance Company/ E&O/ PA **\$65,000**
- Communications Company/ E&O/ NJ/**\$21,500**

## **CONTACTS:**

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