



Intact Financial Services

Mortgageholders Coverage Program

Today's economic risks and exposures have become more and more complicated—so has protecting your financial institution from losses associated with your mortgage portfolio. With all the different types of losses that could impair your mortgages, and the myriad of exposures from originating and servicing loans, you may need a broad, flexible product that lets you customize your insurance. Our new Mortgageholders Coverage Program (MCP) lets you design your coverage to meet your individual needs and risk appetite.

MCP Coverage Highlights

The policy is divided into three sections:

1. Mortgageholder's Interest

This first party coverage is provided to protect a lender's exposure to financial loss arising from loss of or damage to mortgage collateral property. Coverage applies only to the lender (mortgagee) to the extent of their financial interest (outstanding balance of the loan); there is no coverage extended to the borrower.

Coverage is offered for loss or damage from:

- Required Perils, including Flood
- Other Special Causes of Loss
- Flood outside Special Flood Hazard Areas
- Flood excess of Required Amounts
- Earthquake and Volcanic Eruption
- Government Confiscation
- Security Interest – Real Property (E&O)
- Security Interest – Personal Property
- Mutual Aid Society Plan Endorsement
- Loss of Mortgage Guarantee or Mortgage Insurance
- Secured Business Property

Highlights:

- Flood is covered if included in required perils – no special endorsement needed; coverage applies to communities that do not participate in the National Flood Insurance Program (NFIP)
- Flood coverage can be expanded to apply to either in excess of amounts required by the mortgage note or to properties where flood coverage is not required
- Earthquake and volcanic eruption coverage is available, and limits and deductibles can vary for low, moderate and high hazard states
- Coverage extensions for mortgages service for or by others
- Coverage for up to 90 days from the latter of discovery or beginning of insurance lapse
- Replacement cost valuation applies to losses if replacement cost valuation was required in mortgage
- Mutual Aid Society Plan endorsement allows such plans to meet the policy conditions for requiring evidence of insurance at loan origination

2. Foreclosed Property

This first party coverage is provided for foreclosed property if the insured neglected to place coverage upon foreclosure due to a negligent act, error or omission.

Highlights:

- Causes of loss match those purchased on this policy for mortgaged property
- Coverage for up to 90 days from the date of foreclosure
- Replacement cost valuation applies to losses if replacement cost valuation is required in mortgage

3. Mortgageholder's Liability

Coverage is provided for the insured's liability to others for negligent acts, errors or omissions in originating or servicing a loan, provided the occurrence happens during the policy period. This third party coverage is paid to a third party claimant on behalf of the insured.

Coverage is available for the insured's liability arising out of:

- Failure to purchase or maintain insurance for:
 - Property
 - Liability (such as the liability portion of a homeowners policy or a commercial package policy)
 - Mortgage life and mortgage disability insurance (when premium is paid from an escrow account)
 - Title insurance (failure to effect insurance)
 - Property held in trust (when arising out of trustee or fiduciary role)
- Failure to pay real estate taxes
- Failure to determine flood zone
- Failure to perform document custodial services

Highlights:

- Coverage is offered on an occurrence basis (versus claims made)
- Retroactive coverage is available for insureds converting from claims made to occurrence
- Liability for insurance placements applies to perils covered by the insurance for which the insured was responsible for maintaining coverage, not just required perils (subject to MCP policy exclusions)
- Each insuring agreement specifies how the date of occurrence is determined
- Post termination coverage – extends coverage beyond mortgage satisfaction for up to one year to cover liability related to annual insurance policies or annual real estate tax bills (applicable to certain coverages)

Additional policy enhancements:

- No vacancy provisions
- Broad definition of flood including mudslide or mudflow, back up and overflow of sewers, drains, or sump pumps, and water underground surface seeping through foundations, walls, floors, basements, doors or windows
- No "failure to act or decide" exclusion
- Automatic additional insured status and required language for Fannie Mae, Freddie Mac and Ginnie Mae; other additional insureds available
- Additional coverages for debris removal; collapse; fungus and wet or dry rot; repair expenses related to certain leaks or glass repairs
- Unintentional errors or omissions provision included in representations conditions
- Reasonable knowledge provisions, limited to defined persons in some cases

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