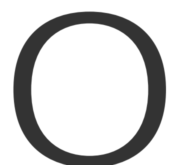
Comptroller of the Currency
Administrator of National Banks

Risk Management and Insurance

Comptroller's Handbook
(Section 406)

Narrative and Procedures - March 1990



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Risk Management and Insurance (Section 406) — Introduction

Rising insurance premiums and the occasional inability to obtain coverage at any cost have changed the traditional role of insurance. Obtaining coverage for every insurable risk is being replaced by the risk management concept. Risk management, which includes insurance coverage, is intended to minimize the costs associated with assuming certain types of risk and providing prudent protection. It deals with pure risks that are characterized by chance occurrence and that may only result in a financial loss. Risk management does not address speculative risks that afford the opportunity for either financial gain or loss.

Pure risks can be separated into three major categories: property, liability, and personnel. The most commonly known property risk relates to loss of real property from fire or other natural causes. This category also includes the loss of any bank asset, including currency, securities, or records. Property risk also includes indirect expenses that result from property loss, such as relocating to temporary facilities or loss of business while repairing facilities. These indirect costs often are as significant as the actual loss of property. Liability risk includes suits resulting from injury or death of both employees and the public, suits alleging official misconduct, and individual or class action suits alleging mistreatment or violation of law or regulation. All phases of a bank's operation are susceptible to liability risks. The third category, personnel risk, concerns those risks associated with the loss of key personnel. This risk is often more pronounced in small and medium-sized banks that lack plans for management continuity.

There are three stages in risk management: risk identification and analysis, risk control, and risk treatment. Although the degree of sophistication in each of those stages will vary from bank to bank, the thought and decision making processes that characterize each stage should be present in every bank if costs, and losses are to be minimized.

In establishing a sound risk management and insurance program, bank management first must recognize where it is exposed to loss. This is the most important of the three steps. It requires a review of all aspects of the bank's present and prospective operations. As new products are marketed or fixed assets acquired, they must be evaluated to determine what risks they present.

Identified risks should then be analyzed to estimate their potential loss exposure. One method is to examine the bank's historical loss records. This information should be available from the bank's internal records. An analysis of industry loss experience can also be valuable. Statistical summaries of the industry's loss experience can be obtained from publications of the Insurance and Protection Division of the American Bankers Association and The Surety Association of America.

The importance of risk control is readily apparent when an uninsurable risk is involved. But the significance of minimizing premium costs through risk control cannot be overlooked. A bank's primary defenses against loss are its policies, procedures, and internal controls. These systems and guidelines are integral parts of the risk and insurance management program. They must be communicated to, and understood by, all bank personnel. The bank must also provide audit coverage to insure that these controls are followed. Additionally, the controls required by the Bank Protection Act of 1968 (12 CFR 21) (*see* Cash Accounts examination procedures) directly relate to the risk management program. Emergency preparedness, contingency planning, and records management also play significant roles in the risk control function.

Once risks have been identified and risk controls implemented, management must decide the most appropriate method for treating a particular risk. Management can treat risk in two ways, retaining or transferring it. Although many factors influence this decision, the purpose of risk management is to minimize the costs associated with pure risks. Cost is broadly defined to include:

- The direct and consequential costs of loss prevention measures, plus
- Insurance premiums, plus
- Losses sustained, including consequential effects and expenses to reduce such losses, plus
- Pertinent administrative expenses, minus
- Recoveries from third parties and indemnities from insurers on account of losses sustained.

Although exact dollar amounts can seldom be inserted into the formula, all of these costs are pertinent in determining risk treatment.

A bank has many options in treating a particular risk. It can implement additional controls to minimize that risk, yet still retain it. It may also transfer the risk to another party through insurance or contractual transfer, self-insure the risk, or any combination of these options. A basic tenet of risk management is that those risks that carry the potential for catastrophic or significant loss should not be retained. Conversely, it typically is not cost justified to insure losses which are relatively predictable and not severe. Teller shortages are an example. It would be less costly to improve controls or training procedures intended to reduce those shortages than to pay additional insurance premiums to cover the losses.

The board of directors must determine the maximum loss the bank is able and willing to assume. It should at least perform an annual review of the bank's risk management and insurance program.

Because of the processing costs associated with relatively small claims, the trend in the insurance industry is to require larger deductible clauses. This has resulted in many bank managers self-insuring against certain risks. The risk manager may also opt for a larger deductible as another method of minimizing costs. However, the decision to self-insure or assume a larger deductible should be made by the board of directors after receiving the recommendations of operating management.

The responsibility for identifying risks and implementing appropriate control procedures rests with the board of directors and management. Once the decision is made to insure a particular risk, a knowledgeable, professional insurance agent can assist in the selection of an underwriter. The financial capacity of the insurance underwriter should be analyzed to determine that the company has the ability to make payment should a significant loss occur. This is important when insurance is required on collateral taken to protect an extension of credit. The standard Errors and Omissions policy does not include coverage if the initial underwriter is insolvent.

Following is a list of the major types of insurance coverage available to banks and a brief discussion of them. The coverages described may be found under different names in different banks. Accordingly, the examiner should concentrate on the coverage provided rather than on the general description.

Fidelity Bond

Typically, fidelity insurance includes reimbursement for loss, not only from employee dishonesty, but also from robbery, burglary, theft, forgery, mysterious disappearance, and, in specified instances, damage to offices or fixtures of the insured. Fidelity bond coverage applies to all banking locations except automated teller machines, for which coverage must be specifically added by rider. It is standard procedure for insurance companies to write fidelity bonds on a "discovery" basis. Under this method, the insurance company is liable up to the full amount of the policy for losses covered by the terms of the bond and discovered while the bond is in force, regardless of the date on which the loss was actually sustained by the bank. This applies even though lower coverage amounts or more restrictive terms might have been in effect on the date the loss was sustained.

All fidelity bonds require that a loss be reported to the bonding company within a specified time after a reportable item comes to the attention of management. Management should diligently report all potential claims to the bank's insurance company because failure to file a timely report may jeopardize coverage for that loss.

Financial institutions use a form of fidelity bond called a Financial Institution Bond, Standard Form No. 24. This form was revised in January 1986 by the Surety Association of America to replace the traditional Bankers Blanket Bond. The Financial Institution Bond limits the liability of the underwriter over the term of the bond to a predetermined dollar amount. All claims paid by the underwriter during the bond's term are applied against the aggregate limit. Upon the limit's exhaustion, the bond is canceled automatically. The consideration clause also was amended in the January 1986 bond to reference that the bond was issued in reliance on statements and information supplied by the insured in the bond application, and that the policy can be declared void by the underwriter if any of that information is found later to be inaccurate or misrepresented by the insured. Unless specifically deleted by rider, Standard Form No. 24 includes the following clauses (the most commonly purchased coverages are marked with asterisks):

- A—Fidelity*—Loss as a result of dishonest or fraudulent acts by the bank's officers and employees, attorneys retained by the bank, and nonemployee data processors while performing services for the insured. It is common for

this clause to specifically define the type of acts covered. The language in the 1986 form was amended to include the following definition: "Loss resulting directly from dishonest or fraudulent acts committed by an employee acting alone or in collusion with others. Such dishonest or fraudulent acts must be committed by the employee with manifest intent:

(a) to cause the insured to sustain such loss, and
(b) to obtain financial benefit for the employee or other person or entity."

If any of the loss results directly or indirectly from loans, that portion of the loss is not covered unless the employee was in collusion with one or more parties and received a financial benefit of at least $2,500.

- B—Premises*—Loss of property (as defined in the bond) through robbery, burglary, larceny, misplacement, theft, or mysterious and unexplained disappearance. The property must not have been in transit at the time of loss. Although damages to offices and equipment under specified conditions are covered under this clause, on-premises coverage should not be confused with standard fire or other types of property insurance.

- C—In Transit*—Identical to that provided under B, except that the property is covered while in transit. The property must be in the custody of a natural person acting as a messenger of the insured; or a transportation company and being transported in an armored motor vehicle or in a conveyance other than an armored motor vehicle for certain specifically defined records.

- D—Forgery or Alteration*—Loss resulting from forged or altered negotiable instruments (except as evidence of debt), acceptances, withdrawal orders, certificates of deposit or letters of credit and other instruments, as defined, which are received by the bank either over-the-counter or through clearings. Items received through an electronic funds transfer system are not covered. A mechanically produced facsimile signature is treated the same as a handwritten signature.

- E—Securities*—Loss from forgery or alteration of securities, documents, or written instruments, except those covered under Clause D. Actual physical possession of the securities by the bank or its representative is necessary for coverage to exist.

- F—Counterfeit Currency—Loss resulting from acceptance of any counterfeit money of the United States of America, Canada, or of any other country in which the insured maintains a branch office.

Many banks also obtain an excess coverage policy. The coverage extends the basic protection provided under the blanket bond in areas where the dollar volume of assets or exposure is particularly high. Excess coverage usually is written in multiples of $1 million and either carries a deductible clause equal to the amount of the blanket bond or states that coverage will be provided for the full amount of the excess policy when loss exceeds a specified amount. The most common form of this coverage is the Excess Bank Employee Dishonesty Blanket Bond, Standard Form No. 28.

Fidelity bond protection can also be extended by purchasing the following common optional riders:

- Automated Teller Machine Rider—Loss involving automated teller machines that are not situated within banking offices or not permanently staffed with a bank teller.

- Electronic Funds Transfer System Rider—Loss through fraudulent transmissions by or through an electronic funds transfer system.

- Extortion Threats to Persons and Extortion Threats to Property Riders—Loss of property (cash, securities) surrendered from a banking office as the result of a threat to do bodily harm to a director, trustee, employee, or relative, or threats to do damage to banking premises or property.

Additionally, riders that restrict coverage for losses related to credit card operations or check kiting schemes can be added. Many banks obtain this coverage as a separate policy.

Although Interpretive Ruling 7.5215 does not require national banks to obtain "insurance," the language used in that section (i.e., "bonds with adequate sureties") contemplates insurance.

In the mid-1980s, banks began to experience difficulties obtaining fidelity insurance. Among other reasons, insurance industry sources cited concern over

the condition of banks in light of the increase in bank failures. Based on an agency review of the problem, it was determined that self-insurance, in the form of reserve or trust funds, as proposed by some banks, was not a viable alternative to fidelity insurance since there was no transfer of risk.

If a bank discontinues efforts to obtain insurance after it lapses or is canceled, examiners should ensure that the board of directors is aware that:

1. The failure of directors to require bonds with adequate sureties and in sufficient amounts may make them personally liable for any losses the bank sustains because of the absence of such bonds. Common law standards have held directors liable in their "personal and individual capacity" for negligently failing to require an indemnity bond to cover employees with access to cash, notes, and securities.

2. Management should determine the reason(s) for any denial of insurance or unreasonable terms; ensure that action is taken to correct any deficiencies and, when beneficial, provide additional information; and obtain insurance when feasible.

3. Although the establishment of a fund to cover losses is not a viable alternative to insurance, it may be used while attempting to obtain insurance (to be applied to premiums or to offset losses), or it may be used in addition to insurance to offset a high deductible. The establishment of such a fund does not mean that an insurance cost or liability has been incurred. Therefore, estimated losses should not be reported as an expense in the Report of Income until they actually occur.

This information should assist management in its efforts to control risks, and together with difficulties in obtaining insurance, highlights the necessity of procedures that deter and expose losses associated with officer and employee misconduct.

Fidelity bond coverage is appropriate for all banks because it insures risks that contain the potential for significant loss. The examiner should determine that management has attempted to identify the risks that might result in a significant loss and that those risks are not retained. To help the examiner assess the adequacy of the bank's fidelity bond coverage, the Appendix to this Handbook contains a schedule, compiled by the American Bankers Association, which

shows the range of fidelity bond coverage carried by banks grouped by size. However, a bank's level of risk exposure is influenced by many variables, only one of which is size. Therefore, the examiner must assess the overall soundness of the bank's risk and insurance management program rather than suggesting an average coverage that may be inappropriate for the particular bank. Examiners should record in SMS if a bank is operating without fidelity coverage. SMS should document how long the bank has been without coverage, its efforts to obtain adequate coverage, and any other pertinent information. Examiners should consider the bank's fidelity overage, risk management, and insurance when developing its supervisory strategy.

When the bank under examination is a member of a bank holding company, and the holding company has purchased one fidelity bond to cover all affiliated banks, care should be exercised in determining that the policy is sufficient to cover the exposures of the member bank being examined.

Other Specialized Forms of Bank Insurance

This is not intended to be a comprehensive list of coverages available but rather those that are frequently purchased.

Combination Safe Depository, Coverage A—Covers losses when the bank is legally obligated to pay for loss (including damage or destruction) of a customer's property held in safe deposit boxes. **Coverage B**—Generally covers loss, damage, or destruction of property in customers' safe deposit boxes, whether or not the bank is legally liable, when such loss results from other than employee dishonesty. This policy commonly provides for reimbursement of legal fees in conjunction with defending suits involving alleged loss of property from safe deposit boxes.

Directors' and Officers' Liability—Protects, under two insuring clauses, against the expense of defending suits alleging director or officer misconduct and against damages that may be awarded. One clause reimburses the bank for any payments made to directors or officers under an indemnification agreement with them. The other clause reimburses the directors or officers for expenses that the bank is unable to indemnify. Generally, the insuring company requires a deductible on this type of coverage. This insurance does not cover criminal or dishonest acts, situations when the involved persons obtained personal gain, or

when a conflict of interest was apparent.

Also, the OCC may review the threat to bank safety and soundness posed by indemnification and may direct its modification through administrative action. The bank's articles of association may provide for paying premiums for this insurance. However, the articles must also specifically exclude insurance coverage for a formal order assessing civil money penalties against a director or officer.

Mortgage Errors and Omissions—Protects the bank, as mortgagee, from loss when fire or all-risk insurance on real property held as collateral inadvertently has not been obtained. Generally, this insurance is not intended to overcome errors in judgment, such as inadequate coverage or insolvency of an original insurer.

Fraudulent Accounts Receivable and Fraudulent Warehouse Receipts—Covers losses resulting from the pledging of fraudulent or nonexistent accounts receivable and warehouse receipts, or from situations in which the pledger does not have title. In addition, this insurance offers protection against loss arising from diversion of proceeds through acts of dishonesty.

Single Interest—Covers losses for uninsured vehicles that are pledged as collateral for an extension of credit.

Transit Cash Letter Insurance—Covers loss of cash letter items in transit for collection or to a clearinghouse of which the insured bank is a member. It also includes costs for reproducing cash letter items. Generally, such policies do not cover items sent by registered mail or air express, or losses due to dishonest acts of employees.

First Class, Certified, and Registered Mail Insurance—Provides protection on shipment of property sent by various types of mail, and during transit by messenger or carrier to and from the Post Office. It is principally used to cover registered mail in excess of the maximum $25,000 insurance provided by the U.S. Postal Service.

Other Types of Insurance

Banks may also need other specialized forms of insurance for which the fidelity

bond, along with the related policies, endorsements, and specific coverages previously noted, provide insufficient protection. The following are brief descriptions of some of those types of insurance:

Automobile—Public Liability and Property Damage—Protects against property and liability losses arising from injury or death when a bank owned, rented, or repossessed vehicle is involved. Nonownership liability insurance should be considered if officers or employees use their own cars for bank business.

Boiler and Machinery—Provides coverage for loss due to explosion or other forms of destruction of boilers, heating and/or cooling systems, and similar types of equipment.

Extra Expense—Provides funds for the additional costs of reestablishing the bank's operations after fire or other catastrophe.

Fine Arts—Provides coverage for works of art on display at a bank, whether owned by the bank or on consignment. Protection typically is all risk and requires that appraisals of the object(s) be made regularly to establish the insurable value.

Fire—Covers all loss directly attributed to fire, including damage from smoke or water and chemicals used to extinguish the fire. Additional fire damage for the building contents may be included but often is written in combination with the policy on the building and permanent fixtures. Most fire insurance policies contain "co-insurance" clauses, meaning that insurance coverage must be maintained at a fixed proportion of the replacement value of the building. If a bank fails to maintain the required relationship of protection, all losses will be reimbursed at the lower ratio of the amount of the insurance carried to the amount required, applied to the value of the building at the time of the loss. When determining insurable value for fire insurance purposes, the base typically is the cost of replacing the property with a similar kind or quality at the time of loss. Different types of values, however, may be included in policies, and care should be taken to ensure that the bank is calculating the correct "value."

General Liability—Covers the bank from possible losses arising from a variety of occurrences. Typically, general liability insurance provides coverage against

specified hazards, such as personal injury, medical payments, landlords' or garage owners' liability, or other specific risks that may result in or create exposure to a suit for damages against the bank. "Comprehensive" general liability insurance covers all risks, except specific exclusions.

Keyman Insurance—Insures the bank on the life of an officer when the death of such officer, or keyman, would be of such consequence as to give the bank an insurable interest. Banks are not authorized to purchase life insurance policies as investment.

Trust Operations Errors and Omissions—Indemnifies against claims for damages arising from alleged acts resulting from error or omissions while acting as administrator under a trust agreement.

Umbrella Liability—Provides excess coverage over existing liability policies, as well as basic coverage for most known risks not covered by existing insurance.

Valuable Papers and Destruction of Records Policy—Covers cost of reproducing records damaged or destroyed. It also provides the cost of research needed to develop the facts required to replace books of accounts and records.

Recordkeeping

The breadth of available insurance policies and differences in the coverage emphasize the importance of maintaining a concise, easily referenced schedule of insurance coverage. These records should include, at a minimum:

- The coverage provided, detailing major exclusions.
- The underwriter.
- The deductible amount.
- The upper limit.
- The term of the policy.
- The date premium(s) are due.
- The premium amount.

Records of losses should also be maintained, regardless of whether or not the bank was reimbursed. This information indicates areas where internal controls may need to be improved and is useful in measuring the level of risk exposure in a particular area.

Bonding Claims

Losses resulting from fraudulent activity have reduced capital to critically low levels in some banks. Although banks obtain fidelity bond coverage to guard against these losses, delays and uncertainties in settling bonding claims can result in capital impairment and even book insolvency while claims are being resolved.

Under generally accepted accounting principles (GAAP), banks record such losses upon discovery. However, GAAP precludes a bank from recording a receivable for a claim filed under its fidelity bond until it has determined that collection is highly probable and it can estimate the amount of recovery with considerable accuracy. Typically, this determination is made when a settlement offer is received from the insurer. However, there may be other limited circumstances that support recording a receivable under GAAP.

In certain cases, ultimate settlement of an unrecorded bonding claim may be sufficient to correct a capital deficiency and prevent closure of the bank. In these instances, the OCC must evaluate the bank's operating condition and merits of its claim to determine whether the bank should be allowed to continue operating with inadequate capital until the claim is recorded or settled.

The OCC may exercise discretion in enforcing capital guidelines on banks experiencing a significant capital deficiency because of fraud where fidelity bond coverage is present. The decision to exercise discretion will be based on a case-by-case review. Accounting for losses resulting from fraud and accounting for bonding claims remain consistent with GAAP whether or not the OCC exercises discretion in enforcing capital guidelines.

The appropriate supervisory office must monitor the bank closely while the claim is pending. During this time the bank may be required to file frequent reports so its progress can be monitored. If adequate progress is not made or new information alters the original assumptions, the OCC may rescind or amend its decision.

1. Complete or update the Risk Management and Insurance section of the Internal Control Questionnaire.

2. Select from among the following examination procedures those steps necessary to evaluate the risk management and insurance practices of the bank. Test for compliance with policies, practices, procedures, and internal controls in conjunction with performing the selected examination procedures. Also, obtain a listing of any deficiencies noted in the latest review done by internal/external auditors from the examiner assigned "Internal and External Audits," and determine if appropriate corrections have been made.

3. Determine if the bank has a designated risk manager who is responsible for loss control. If not, determine which officer handles the risk management and insurance function.

4. Determine if written policies exist. If not, discuss informal policies with the appropriate officer(s) to determine:

   a. Procedures used to identify and analyze risks.

   b. Methods used to control and treat risks.

5. Determine if the board of directors has established appropriate maximum guidelines for risk retention.

6. Obtain the bank's schedule of insurance policies in force. If the bank does not maintain a schedule, request management to complete or update the schedule of existing insurance coverage.

7. Using the insurance coverage summary prepared by the bank, determine that coverage conforms to the guidelines for maximum loss exposure established by the board of directors.

8. Determine whether insurance coverage provides adequate protection for

protection for the bank. The quality of internal controls and the audit function must be considered when making this assessment. The statistical summary published by the American Bankers Association (see Appendix) may be helpful in your evaluation.

9. Examiners should analyze any significant capital shortfall resulting from fraud to determine whether the pending bonding claim has merit and whether the bank's condition supports exercising discretion in enforcing capital guidelines. Analysis of the merits of the claim should include:

   - The bank's documentation demonstrating fraud.
   - The terms of the bank's bonding coverage.
   - Bank counsel's opinion on the legality, collectability, and amount of the claim.
   - Internal/external auditors' opinions concerning the proper accounting of the claim (if available).
   - The bank's compliance with the insurance company's filing requirements.
   - Communications from the insurance company.

10. If a claim has merit, determine whether the bank's condition supports exercising discretion in the enforcement of capital guidelines by reviewing:

    - The bank's ability to operate in a safe and sound manner until capital is restored.
    - The possibility that the bank will not be restored to a healthy condition even if the bonding claim is paid.
    - Corrective action taken by management and the board to prevent further losses and improve internal controls.
    - The bank's contingency plans to recapitalize through alternative methods in case the claim is not paid or is delayed significantly.
    - Potential financial impact on the bank (and FDIC if the bank is liquidated) from lawsuits initiated against it by parties affected by the fraud.

11. If the bank's fidelity insurance has lapsed, the supervising office should be notified of the bank's name, how long it has been without coverage,

its efforts to obtain adequate coverage, and any other pertinent information.

12. Determine that the bank has adequate procedures to assure that:

    a. Reports of losses are filed with the bonding company pursuant to policy provisions.

    b. Premiums are paid before expiration dates. If procedures are deficient in either way, verify that reports have been filed as required and premiums have been paid.

13. Report to the Examiner-in-Charge, and discuss with appropriate officers:

    a. Recommended correction action when policies, practices, procedures or practices, procedures or internal controls are deficient.

    b. Important areas where insurance coverage is either nonexistent or inadequate in view of current circumstances.

    c. Any other deficiencies noted.

14. Update the work program with any information that will facilitate future supervisory activities.

Risk Management and Insurance (Section 406) — Internal Control Questionnaire

Review the bank's internal controls, policies, practices, and procedures for the bank's own insurance coverage. The bank's systems should be documented in a complete and concise manner and should include, where appropriate, narrative description, flowcharts, copies of forms used, and other pertinent information.

Bank Risk Management and Insurance

1. Does the bank have established insurance guidelines which provide for:

    a. A reasonably frequent, at least annual, determination of risks the bank should assume or transfer?

    b. Periodic appraisals of major fixed assets to be insured?

    c. A credit or financial analysis of the insurance companies who have issued policies to the bank?

2. Has management established operating procedures for filing fidelity bonding claims that include:

    a. Taking prompt action when fraudulent activity is suspected to avoid further losses after what may later be regarded by the insurer as the date of discovery?

    b. Considering obtaining the advice and assistance of legal counsel, consultants, or accountants in filing claims?

    c. Ensuring adherence with insurance policy filing and notification requirements?

    d. Allocating human and monetary resources as warranted by the significance of the claim?

e. Ensuring adequate monitoring and follow-up after the claim is filed?

3. Does the bank have a risk manager who is responsible for risk control?

4. Does the bank use the services of a professionally knowledgeable insurance agent or broker to assist in selecting and providing advice on alternative means of providing insurance coverage?

5. Does the bank's security officer coordinate his or her activities with the person responsible for handling the risk management function?

6. Does the bank maintain a concise, easily referenced schedule of existing insurance coverage?

7. Does the bank maintain records, by type of risk, to facilitate an analysis of the bank's experience in costs, claims, losses, and settlements under the various insurance policies in force?

8. Is a complete schedule of insurance coverage presented to the board of directors, at least annually, for their review?

Conclusion

9. Is the foregoing information an adequate basis for evaluating internal control in that there are no significant additional internal auditing procedures, accounting controls, administrative controls, or other circumstances that impair any controls or mitigate any weaknesses indicated above (explain negative answers briefly, and indicate conclusions as to their effect on specific examination procedures)?

10. Based on a composite evaluation, as evidenced by answers to the foregoing questions, internal control is considered ____________ (good, medium, or bad).

Summary of Bankers Blanket Bond Coverage by Asset Size

(This is not a listing of recommended amounts of coverage.*)

Assets (millions)	Favored Range of Coverage (thousands)	% of Banks w/Coverage in Favored Range	Median Coverage (thousands)	Most Frequent Coverage (thousands)	% of Banks w/Most Frequent Coverage
1 to 9	250 to 1,000	83%	250	250	41%
10 to 24	375 to 1,000	80%	450	450	23%
25 to 49	525 to 1,500	81%	825	675	32%
50 to 99	825 to 2,000	83%	1,050	1,050	27%
100 to 249	1,275 to 5,000	84%	2,500	2,500	19%
250 to 499	2,500 to 5,000	82%	4,750	5,000	36%
500 to 999	10,000 to 25,000	81%	10,000	10,000	50%
1,000 to 1,999	10,000 to 20,000	79%	10,000	10,000	50%
2,000 to 4,999	10,000 to 30,000	79%	25,000	25,000	36%
5,000 and over	35,000 to 85,000	83%	55,000	50,000	30%

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SOURCE: *1987 Bank Insurance Survey*, a book published by the Security and Risk Management Division, American Bankers Association.

* Information contained in this table and the book is the result of a survey. The 1987 bank insurance survey was conducted with a probability sample selected by asset size, from the 13,600 commercial banks operating in the United States at yearend 1987. Six hundred and seventy-eight bankers participated in the survey. In addition to the information on bankers blanket bond coverage, the book contains information on premiums, deductibles, losses, violations of applicable laws, underwriting statistics, etc.