

TCA by E*TRADE Insurance Summary



The following chart outlines insurance carried by TCA by E*TRADE to cover losses on cash held in clients' accounts and other losses incurred due to the actions of the company.

TCA by E*TRADE Insurance Coverage	Purpose	Coverage
FDIC Deposit Insurance¹	If a bank fails depositors are protected	Up to \$500,000 per account per owner, per beneficiary, or per entity
Bankers Professional Liability (E&O)² Financial Institution Crime Bond³	Protects the affected investors when an error or omission, resulting in provable damages, is made by the company or its employees Protects the affected investors against loss due to fraud by the company and its employees	\$40,000,000
Cyber Liability⁴	Provides coverage for unauthorized use of or access to data including electronic data or software within the company's network	\$75,000,000

This is a short summary of coverage. Actual coverage is provided by individual policies which have various coverage extensions and exclusions.

DEFINITIONS

FDIC Deposit Insurance: All FDIC-insured banks must meet high standards for financial strength and stability. The FDIC, with other federal and state regulatory agencies, regularly reviews the operations of all insured banks to determine that these standards are met. Despite these safeguards, some insured banks fail. If your insured bank fails, FDIC insurance will cover your deposit accounts, dollar for dollar, including principal and any accrued interest, up to the insurance limit. Historically, insured funds are available to depositors within just a few days after the closing of an insured bank. Since the start of the FDIC in 1933, no depositor has ever lost a penny of insured deposits. The FDIC insures cash deposit accounts. The FDIC does not insure the money you invest in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if you purchased these products from an insured bank.

Bankers Professional Liability (E&O): Indemnifies the practitioner in the event his action (of lack thereof) causes loss to the client. The coverage often describes the areas of practice in which coverage applies, and defines circumstances where other coverage would be expected to apply, and situations where the insurer feels it necessary to exclude coverage. There are few standards for this insurance, and each policy must be considered on its own merits, with priority given to the terms of coverage in addition to the usual standards of price, limit and deductible.

Financial Institution Bond/Computer Crime (Fidelity): Insurance that covers the victim(s) of fraudulent acts. The coverage often spells out the areas of practice in which coverage applies, and defines circumstances where other coverage would be expected to apply, and situations where the insurer feels it necessary to exclude coverage. There are few standards for this insurance, and each policy must be considered on its own merits, with priority given to the terms of coverage in addition to the usual standards of price, limit and deductible.

Electronic Computer Crime and Cyber Liability: Insurance designed to cover consumers of technology services or products. Most notably, but not exclusively, cyber liability policies cover a business' liability for a data breach in which the firm's customers' personal information, such as Social Security or credit card numbers, is exposed or stolen by a hacker or other criminal who has gained access to the firm's electronic network. Electronic computer crime covers a loss resulting from dishonest acts of an employee or theft caused by others through the fraudulent use of the computer systems including damage to data.

1. www.FDIC.gov
2. B.A. Bernstein's Glossary of Definitions
3. B.A. Bernstein's Glossary of Definitions
4. International Risk Management Institute

