



Did You Know?

Banker Clause

What is Banker Clause?

The banker clause is a clause that allows the bank to obtain its right to receive coverage when the debtor submits an insurance claim.

This means that the bank has the right to receive compensation from the debtor's insurance claim, where the debtor receives protection from the banker clause which has been previously included in the credit agreement and insurance Policy.

In a banking financial product facility, such as credit, banks generally require debtors to insuring their collateral assets by including a Banker Clause in the credit agreement and insurance Policy.

In this banker clause, it is explained that the bank has the right to receive compensation for incidents that could happen to the debtor. Insurance claims must be submitted by the debtor himself, or the debtor's heirs to the relevant insurance party. The existence of this banker clause is very useful for preventing credit risk, namely the debtor being unable to pay off his credit loan to the bank for some reason.

Banker Clause States as Follows

"It is noted and agreed that the property insured by this policy has been mortgaged with bank:

- Name of The Bank -

and that in consequence thereof, it has been agreed with the said mortgagee and the Insured, that in case of loss, if any, payable under this policy any payment up to the amount to which the said mortgagee is entitled for principal, interest accrued and costs shall be made to the said mortgagee without prejudice to the rights the Insured may have on the difference.

This clause to be null and void on receipt of advice from the said mortgagee that they are no longer interested in the property insured under this Policy."

We hope the above explanation provides you with valuable information about the banker clause. If you require further clarification, modifications, or additional coverage related to your insurance policy, please do not hesitate to contact us at **(021) 252 3110** and we will be happy to assist you.

