



BONDS versus ERRORS AND OMISSIONS INSURANCE

The Bond:

Basically, when you are required to purchase a bond upon obtaining your Notary Commission, this bond is intended to cover a loss to a signer due to non-intentional error or intentional error. The bond does not protect the notary or release them from liability. The insurance company who issued the bond will cover damages up to the amount of the bond. The notary is then responsible to reimburse the bonding/surety company for monies paid in a claim against the bond.

Error and Omissions Insurance (E&O insurance):

In the event a notary makes an unintentional error while executing their acknowledgment or jurat, there may be a claim against the notary for damages. The E&O insurance will pay those claims *up to the policy limit*. For instance, a notary leaves off, or puts in, an incorrect County or State on an acknowledgment. This could cause a serious problem later on and the parties can pursue the notary for damages. If the notary carries, for instance \$25,000.00 in E&O insurance, and the damages are \$2,000.00, the E&O insurance pays the \$2,000. The insurance still has a value of \$23,000.00 to pay on other claims. Subsequent claims are equally up to the policy limit of coverage.

E&O insurance is relatively inexpensive and well worth the cost. One company I spoke with had 7 notaries' make errors last year which brought the notaries into court. For most of these errors the penalties were under \$1,000.00 and the E&O insurance took care of the cost and the notaries still had substantial coverage. *You must be aware however, that this type of E&O Insurance only covers errors on notarial acknowledgements and jurats, not errors that pertain to the documents themselves.*

To summarize, a bond protects the PUBLIC, E&O protects the NOTARY

Signing Agent Errors and Omissions Policies:

In addition to notary errors and omissions insurance, there is also signing agent errors and omissions insurance. This insurance covers errors made within documents that do not require notarization. These documents are not covered by the usual notary errors and omissions insurance which cover notarial errors only. If the documents which are not notarized contain errors which cause the loan not to fund, the notary can be subject to a lawsuit. Signing Agent insurance is not available in all states so you will need to do your own research. You can start by doing an online search for "signing agents errors and omissions insurance".

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