



# E&O Loss Prevention Tip:

**ALWAYS** advise your clients of the inherent risks of coverage through a non-admitted carrier.



### COACH SAYS:

Many states have passed statutes that hold the insurance professional strictly liable for any unpaid claims arising out of the insolvency of a non-admitted company. This is true regardless of the carrier being solvent when coverage is placed and even renewed several times.

### DON'T LET THIS HAPPEN TO YOU

The client leased a commercial building for his restaurant and named the owner of the building as an additional insured on the CGL coverage. Following an injury to a patron of the restaurant, both the client and the owner of the building were sued. The carrier became insolvent and could no longer defend the lawsuit. After the agent was sued for placing coverage with an insolvent non-admitted carrier, the client learned that the agent had brokered coverage through a surplus lines broker, and made no effort to locate an admitted market. Given the agent's liability for failing to follow statutory procedure, over \$300,000 was paid out against the agent's E&O policy to settle the claim plus the deductible.\*

Route this to your team roster!

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For more information about the Big "I" Professional Liability program, your trusted source for insurance agents and brokers E&O coverage, contact your state association or visit [www.independentagent.com/EO](http://www.independentagent.com/EO)

\*This claims scenario is fictional. Westport employees created it based on experience and knowledge of case law using relatively common facts, allegations, defenses and amounts. Do not rely upon such scenarios to predict an outcome, or to make claim and litigation decisions.

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