

What's the Hurry?

Richard Carlson's popular book urges readers to adopt its seductive mantra: "Don't Sweat the Small Stuff...and it's all small stuff." When it comes to the insurance industry, does this philosophy apply? "So what if the policy expires at midnight?" and "What's the hurry?" just don't cut it. Insurance agents know that there is plenty to sweat.

A Loss of Control

The ability to ship overnight, fax and e-mail applications and quotes may lull some into a false sense of security about their ability to place coverage at the 11th hour—or later.

Today, agents and customers can shuttle information back and forth almost instantaneously. But recent technological advances do nothing to alter the human element of the transaction.

Agents cannot assume that the insured/carrier at the other end of the line will read, much less respond to, communications on a timely basis. Consequently, agents who set up situations where an insured or carrier *must* read and respond promptly to place coverage not only concede control over the outcome to others, but rely on others' willingness to accept the blame if a deadline is missed.

It should come as no surprise that few, if any, E&O claims conclude with the customers' admissions that they, not the agent, caused a gap in coverage by their own negligence.

Mind the Gap

Passengers on The Underground, London's subway system, hear a mechanical voice at every stop reminding them to "mind the gap," that narrow and dangerous sliver of space between the subway car and the platform that threatens unwary travelers.


That admonition, heard countless times a year by Londoners, bears equal attention by insurance agents who might otherwise be tempted to ask themselves, "What's the worst that can happen if there is a brief gap in coverage? Given this customer's claims history, the odds are against a loss occurring during that one, brief day, right?" Check the deductible on your E&O policy before answering. That is a bet few can afford to make.

The gap you create may be greater than a day or two. Many claims-made policies offer "prior acts" coverage provided the insured has had continuous coverage dating back to the "wrongful act." Put simply, a one-day gap may destroy years of coverage. In the blink of an eye, the E&O claim that once seemed a remote possibility has now become a near certainty.

On the other hand, if the policy in question provides occurrence coverage, the gap may remain narrow. But then, how many months or years will an agent have to wait before he knows, for certain, that he has dodged the bullet?

Ultimately, even if no loss occurs during a gap, customer confidence can be shaken by what is bound to be perceived as a mistake by the agent.

The only real solution is to take timely, affirmative steps to prevent coverage gaps (and other mistakes born of haste). The narrower the window of time, the more likely it is to pinch, so prompt and carefully documented action is required to prevent mistakes or recriminations. Do not count on the goodwill of your customers; guarantee it by doing everything within your power to assure that the customer's desired outcome comes to fruition.

In short, take Carlson's advice to heart, but with a twist: "Don't Sweat The Small Stuff...get it done promptly!" 

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Consumer Complaints

State insurance agencies typically break down their published statistics by type of coverage and/or process (underwriting, claims, marketing) rather than the nature of the complaint. As a result, the stats shed little light on the frequency of delays in insurance coverage placement and related transactions.

However, agents can learn from the misfortunes of attorneys who, by and large, serve the same customers. Statistics from bar associations across the country confirm what lawyers hear year after year in continuing education programs: The general public's No. 1 complaint filed against attorneys is failure to communicate with clients and take action in a timely basis. For example, the Virginia State Bar received 3,965 bar complaints in 2002, resulting in 393 sanctions against attorneys, including suspensions (a loss of one's license to practice law, and with it, the attorney's livelihood).

"The most common types of complaints in fiscal year 2002 were failure to communicate and general neglect, in that order," Virginia Bar Disciplinary Counsel Barbara Ann Williams wrote in *The Virginia Lawyer*. "Failure to file and failure to pay amounts due from trust accounts were the third and fourth most common types of bar complaints."

None of the top four complaints involved poor outcomes. The plain message is that customers generally can tolerate a bad result, but nothing riles a consumer like delay or inaction on the part of a professional who is being counted on to *promptly* take action.

—R.L.