




When Little Things Make a Big Difference

Have you considered every enhancement for your agency's E&O policy—no matter how small? The little things can make a big difference in times of need. Take it from the Big "I" member agents who worked tirelessly to get their business operations up and running in the wake of Hurricane Katrina. Those with E&O coverage through the Big "I" Professional Liability Program through GE Insurance Solutions, underwritten by Westport Insurance Corporation, had the opportunity to benefit from the catastrophe extra expense coverage provided by the preferred policy form (W-1004C). Westport is one of only a few agency E&O carriers that offer this coverage within its policy provisions.

Catastrophe extra expense is a standard coverage provision that provides \$10,000 per catastrophe and \$25,000 aggregate per policy period of actual extra expenses incurred by your agency to assist in the claims processing needs of your customers for 30 days after the catastrophe. A \$500 deductible applies, but purchasing temporary office space, generators and supplies can go a long way toward helping your agency assist clients rebuilding their lives as quickly as possible.

What was the impetus behind this innovative catastrophe extra expense coverage? At the heart of this policy provision is recognition of the critical role independent agents play in times of crises. Under normal conditions, insurers can respond quickly to the customers' claims needs. But when devastation hits, it brings a large volume of complicated claims and puts agencies in a position of taking on a greater role in claims processing. This additional workload can put a strain on the agency from both personnel and cash flow perspectives. Common sense dictates providing independent agencies with extra funding to manage a deluge of claims is appropriate. It is simply good policy and practice for our industry to enable independent agents as a frontline of defense since they are often first on the scene with temporary structures to process claims and the last to leave because the agents live in the affected communities.

Agencies and their employees who secured their own homes know what a daunting challenge it is to also help others manage their emergency repairs and rebuilding. From an agency E&O perspective, this extra funding may limit E&O claims from failure to provide timely notice of claims to the carrier, failure to communicate requirements to customers and providing inaccurate advice to customers.

Today, more than half of Big "I" members benefit from catastrophe extra expense coverage through GE Insurance Solutions, underwritten by Westport Insurance Corporation. While you should always review your E&O policy for obvious things like a broad definition of professional services and limited exclusions, check out additional coverages as well. The small coverage benefits within the policy can make a big difference. 

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The Inspiration for Catastrophe Coverage

The origin of catastrophe extra expense coverage provided by the Westport's preferred policy form (W-1004C) stems from 1992's Hurricane Andrew, which cut its path across southern Florida. Insurance agencies struggled because their business interruption insurance was tied to the restoration of their damaged offices, and it was inadequate in helping them handle the onslaught of claims work they had in front of them. What agencies needed was access to cash to help regain their footing. Current Big "I" Vice President Alex Soto, from Insource, Inc., was Florida's state national director at the time. He experienced firsthand the devastating toll 800 claims can have on an agency's operations. Working with clients to meet their claims processing needs was a monumental task that affected his agency for months afterwards.

Reflecting on the events after Hurricane Andrew, Soto realized that funding for things like emergency food, extra phone lines, a generator and supplies, as well as less foreseeable things like counseling for overworked staff, would have made a dramatic difference to his clients, his agency and, not incidentally, the insurers he represented. Shortly thereafter, Soto made a presentation to the Big "I" Professional Liability Committee to see if this coverage could be included in the Big "I" endorsed program. A short time later, the program's receptive E&O carrier made it standard coverage to benefit policyholders across the country. "The creation of this coverage shows that it is about more than just catastrophe extra expense coverage, which filled a need for member agencies," Soto says. "It's about being part of the Big 'I' sponsored program with GE Insurance Solutions and the benefits policyholders receive because agency volunteers are looking out for their best interests." The committee continues to work with GE Insurance Solutions to enhance the catastrophe extra expense and other coverages.

—D.H.

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