

What Agents Say vs. What Customers Hear

A well-known "Far Side" cartoon by creator Gary Larson answers an ancient question in two simple panels: one entitled "What we say to dogs" and the other "What they hear." In the first, a bespectacled pet owner sternly rebukes his dog, Ginger, for getting into the garbage and demands that she refrain from doing so in the future, concluding with that most subtle and mysterious of threats: "or else!" All the while, Ginger just sits before him, eyes closed, listening in Zen-like calm. Why not? As the second panel makes clear, all she hears is "blah blah blah Ginger blah blah blah..." The soothing sound of her owner's voice speaking her name is all she needs to hear.

This cartoon became immensely popular because Larson's pen and wit perfectly captured a disconnect in communications that probably dates back to the first conversation: "I speak and I believe that you hear and understand, while you listen and believe that you comprehend—and both of us are dead wrong."


Regrettably, insurance professionals and their customers fall prey to this misunderstanding all too often. For example, take an agent discussing the insurance needs of a new commercial customer, let's call it Ginger Industries, rattling off several types of protection that Mr. Ginger might be interested in, including business interruption coverage attached to a package policy. Skip to panel two, where the customer hears: "blah blah blah lost income blah blah blah..." The look on his face tells you, unmistakably, that he understands the intricacies of business interruption coverage.

Fast forward to the process-server appearing at your home or office, lawsuit in hand. The complaint before you tells a familiar tale: Ginger Industries' business has been interrupted several times over the past year by all manner of calamities that cost him a lot of money, so he turned in a claim on each occasion, expecting the "hole" in his bank account to be made "whole." It turns out that what the customer took from your brief conversation was this: "If my business is ever interrupted, for any reason, this policy will replace *all* of my lost income."

Unfortunately, the coverage is not nearly so broad. On the contrary, the carrier denied claims based on the absence of "dependent property coverage" where, granted, Ginger Industries' facility was unscathed, but its largest customer was shut down by a fire for six months, resulting in a huge loss of orders. The term "civil authority" was used in connection with a tsunami that forced many of its clients and employees to flee inland for another three months. More orders lost and production halted, further reducing income. Something about an "exclusion" for "off-premises power failure" was bandied about, as well. And the one claim that was actually paid was subject to a \$10,000 sub-limit.

The carrier gets dismissed from the case because all of its policy interpretations are correct. Your agency is left holding the proverbial bag. Your client is simply telling the court what he remembers. You'll tell the court that you remember things very differently. Then, it will be for the jury to decide who they believe.

You can avoid this situation. Use lay terms, not business jargon, to make sure your customer clearly understands the full picture. (See sidebar.) It is likely that the customer will reject a number of your suggestions as too expensive, or the risks of loss too remote, to warrant paying for the coverage. That's OK. Simply memorialize in a short letter the offer of recommended coverages and the customer's declination, and the documents will speak for themselves. At least this way there will not be any unpleasant surprises for either of you resulting from miscommunications that are entirely avoidable.

Keep that look of Zen-like contentment on your customers' faces. Save "blah blah blah" for the dog. 

Matthew Davis, JD, is assistant vice president for claims and liability management in Swiss Re's Overland Park, Kan. office.

Yadda Yadda Yadda No More

Once a customer expresses understanding and accepts business interruption protection, you should begin a long and detailed conversation. Among the questions agents need to ask: What is the nature of your business? Where are your facilities? Where is your equipment used? Stored? Who and where are your customers? Who and where are your critical suppliers? How much coverage is needed and over what period of time?

Once you understand and make your recommendations, there is still the all-important panel two to consider: Does the customer comprehend your recommendations? Does he understand what is covered and, more important, what is not?

—M.D.

