

## Your E&O Coverage's Hidden Value


In shopping for your agency's E&O coverage, it's relatively easy to compare the different carriers' terms and conditions. It's easy to evaluate the carriers' financial strength and compare premiums. However, if you haven't looked at the claims team you would deal with when the time comes (and it will come—on average, 20% of insurance agencies submit a claim or potential claim to their E&O carriers each year), you haven't evaluated one of the most important aspects of selecting the best professional liability carrier for your agency.

Insurance professionals have an obligation to determine what the claims process holds for agents. As chairman of the Loss Control Working Group (LCWG), the agent-lead group responsible for overseeing the Big "I" Professional Liability Program's risk management activities, I had the opportunity earlier this year to meet with the Swiss Re claims team to better understand the process of how the program handles claims. I had a number of interesting observations that I felt it important to share because the claims handling process is much different than you are probably used to from the p-c carriers you work with daily for your clients. We all know what the industry trade press, not to mention the mainstream media, thinks of insurance carrier claims handling. But what really goes on behind closed doors?

At the outset, consider that the Swiss Re insurance agents E&O claims team is completely dedicated to handling professional liability claims against insurance agents and brokers—agents' E&O is not a sideline. They have focused experience which benefits policyholders in the process. The team is comprised of 29 professionals with the following credentials:

- 70% have law degrees,
- An average of 14 years insurance industry experience,
- 12 have earned insurance industry designations.

Customer service is a paramount goal of the Swiss Re claims department. The insurance agents' E&O claims team strives to contact the insured agency within 48 to 72 hours of the agency faxing its claim. Swiss Re takes its coverage obligation very seriously; when a claim falls outside the policy's coverage terms the claim handler must review the coverage denial letter with his supervisor and with the group leader before the letter gets sent. Finally, working with the LCWG and Big "I" Risk Management department the claims team provides valuable loss prevention tools to its policyholders, including industry-leading loss coding that creates detailed analysis for effectively targeted loss control information, as well as Swiss Re's participation in many loss control seminars every year.

From time to time, we've all recommended one carrier over another to a client based on a reputation for excellent customer service and superior claim handling. When it comes to protecting your own professional reputation, I suggest that you give due consideration to the customer service and claims service you can expect from Swiss Re when you have to deal with a claim or potential claim situation. In addition, my working group will continue to work with the Swiss Re claims team on your behalf to develop cutting edge risk management information and services which differentiate the national program from others in the marketplace to keep premiums as stable as possible. IABA will continue to recommend the Swiss Re errors and omissions program to its membership based on the coverage and value provided. A significant part of that value is provided by the Swiss Re claims team. 

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## When a Claim Happens

Many of you are probably not aware that reporting an incident to the Swiss Re claims department does not directly affect your renewal terms. The Swiss Re claims team wants to be involved early on in incidents that may give rise to a claim. In addition and unlike what you are probably used to with your own clients, the Swiss Re claims team always contact your agency first, prior to any conversations with the claimant. When you submit a potential claim, your claim handler can share her experience with you, giving advice that can help put the claim in the best possible position. Because they handle nothing but insurance agents' professional liability claims, odds are that they've seen a similar claim situation before, and can help you decide on the next step. Whether this proactive approach avoids the claim altogether or simply preserves evidence used in defending allegations against the agency, policyholders benefit. When an agency error has created a situation appropriate for processing under the E&O policy, Swiss Re's claim team handles one third (33%) of these claims without incurring the expense of engaging counsel. This is important for three reasons: first, you just avoided a lawsuit and the need to spend countless hours embroiled in the litigation process; second, you may save part of your deductible payment, depending on the terms of your policy and the overall amount involved; and third, the overall E&O program saves on expenses, which allows for lower premiums.

—J.S.