



Tales of the Crop

The crop insurance renewal season will be here before you know it. Over the past several years, the Big "I" Professional Liability Program and Swiss Re Corporate Solutions have seen an uptick in E&O claims related to crop insurance likely driven by the far-reaching droughts of 2012. But it's never too early to review E&O claims lessons learned and put them to use prior to crop policy time.

Scenario 1: An agency had placed crop coverage on a farm owned by a father and son for years. When the father retired, the son became responsible for 100% of the acres. The customer advised the agency and requested change, but the agency failed to reflect the 100% share on the crop carrier's acreage report. After a crop loss, the adjuster was prepared to pay only 50% (the amount of acres reflected for son). With the assistance of the E&O carrier, the agency convinced the carrier to cover 100% of acres based on a provision in the crop insurance rules, but lessons can still be learned:

- Make all changes to the application and acreage report prior to the applicant signing these documents, and give the applicant an opportunity to review.
- Never ask the applicant to sign forms in blank, and never sign on their behalf.
- Report potential E&O incidents early to your E&O carrier.


Scenario 2: A farmer agreed to farm separate acreages for an aunt and an uncle, requesting that the farms be considered independently. Running short on time when applications were completed, both the farmer and agency failed to check the "Optional Units" coverage box. When a hail loss occurred on some of the uncle's fields, the carrier used the good yields on the other farms to offset the hail loss on the particular plots of the uncle. The E&O carrier had to settle the claim. Lessons learned:

- "Haste makes waste" is a tired adage, but one to remember when it comes to filling out crop insurance applications and acreage reports.
- Give the applicant ample time to review document accuracy and desired coverage.
- Don't skip over questions or easy-to-miss check boxes, and don't rush through—reschedule if necessary.
- Take your time, review your notes and don't let the deadlines of others create E&O claims for you!

Scenario 3: A farmer requested crop coverage, indicating he was not married after reviewing the application questions—divorce papers had been filed, but the divorce was not finalized. After loss, the carrier paid only 50%, since the farmer's soon-to-be ex-wife was still a 50% owner at policy placement. The E&O carrier did not pay, determining it was the farmer's error. Lessons learned:

- Always make sure you have documentation for every situation.
- Make sure the carrier's acreage report accurately reflects the information contained in a farmer's forms.
- Forward "Summary of Coverage" and notify crop carriers of claims in a timely manner.

These scenarios contain just a few examples of the many types of E&O claims to which crop insurance agents are vulnerable. As a government program, crop insurance is different from most types of insurance, since the application cannot be changed after a set date. That means every line and every box on the application is a potential E&O claim and must be completed and reviewed carefully with each applicant. The same goes for the carrier's acreage report. Change requests are limited to specific pieces of information, and only for a certain period of time.

Now is the time to review your agency's practices. Keep in mind that E&O danger is lurking in every corner when you dabble in crop insurance. 

Janice Blanton, AIC, is assistant vice president of claims and liability management with Swiss Re Corporate Solutions. She handles claims against insurance professionals as a teleworker out of the Overland Park, Kan. office.

How to Avoid Crop E&O Claims

- Don't let someone else's time constraints make you fill out documents in a hurry. This is the No. 1 cause of errors on applications and acreage reports.
- Carefully review all questions on the application and acreage report.
- Place accurate information on the application and acreage report.
- Make all changes prior to the applicant's review and signing of the document.
- Schedule ample time for the applicant to review the documents.
- Never present a blank form to the applicant.
- Never sign a document for the applicant.
- Never alter dates on forms.
- Submit all documents by the deadlines set by the risk management agency.
- Review the "Summary of Coverage," and forward a copy to the insured as soon as possible.
- If you discover any errors, contact the crop carrier and attempt to resolve immediately. Time is not on anyone's side when it comes to requesting changes to crop coverage.
- Document, document, document! This is your best defense if an E&O claim is brought against your agency.

—J.B.