

Look Sharp

Keep up with new coverages and new products to protect yourself

By Caryn Mahoney

An agent needs two sharp eyes at all times to stay on top of the market. Keeping abreast of new product offerings and offering coverage to customers may well prevent a future E&O claim.



When a carrier distributes marketing brochures about new products or coverage extensions, the best practice is to read them and provide notice to your customers if appropriate. Otherwise, when your customer has a claim, they could argue that had they known about this new product, that higher limits were obtainable or that the coverage was available without the exclusion, they would have pursued another option.

A constant flow of new insurance products includes first-party breach of data coverage, third-party cyber liability coverage and insurance coverage for the use of commercial drones, such as in farming operations.

For example, if a carrier providing liability coverage to farmers includes coverage for commercial drones used to survey crops, what qualifies as a covered invasion of privacy? When an incident occurs during drone use, will the policy exclude it as an intentional act? Or because it qualifies as an aircraft?

In some instances, you face not a new product on the market, but rather a product that is new to your customer. Even though you're working with an existing customer, take extra care—E&O claims relating to new business drive frequency. Use proper risk exposure assessment and update the application with a customer signature.

And whether or not the agency has a legal duty to do so, review prior policies with new customers for any coverage differences—documenting differences with the customer can prevent future E&O claims. Regardless of a new product or a new customer, agents need to ask themselves a few questions:

- Do my customers have these types of exposures?
- Should I be offering these products to my customer?
- Do I understand what they cover and do not cover?

Hindsight after an uncovered claim is a great coverage salesman—after the fact, even your thriftiest customer will say they'd buy any coverage presented to them. Protect yourself and

your agency by keeping abreast of new products and new coverages—and sharing them with your customers in writing.

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