

Now and Then

The evolution of Swiss Re's agents E&O policy

By Ron Kettner

When Employers Reinsurance Corporation started writing agents and broker's professional liability insurance in the 1980s, the insurance form was quite simple.



The policy was only five pages long, with five defined terms and six exclusions. Only a handful of endorsements either expanded or modified coverage. The rates filed with various state insurance departments contained only limited credits. All agencies were rated pretty much the same.

While the name on the policy has changed to “Westport Insurance Corporation” and the ownership of the carrier to Swiss Re Corporate Solutions, financial stability and strength has remained a constant. The policy, format, rating and the underwriting have all undergone substantial changes—all of which the Big “I” Professional Liability committee oversaw with the goal of meeting member needs and providing a stable, long-term program. Changes have included adding available aggregate limits and deductibles, removing the contractual liability exclusion and providing multiple extended reporting period options.

As agencies began offering broader services, Swiss Re expanded its E&O policy to address leased and temporary employees, as well as activities such as teaching formal insurance courses, services as a notary public and expert witness and claim adjuster pursuant to a carrier contract agreement.

Swiss Re also created endorsements, subject to underwriting: extensions of coverage if the agent is involved in the sale of mutual funds or financial products; a choice of defense counsel endorsement; and an endorsement to modify the “consent to settle” clause.

Finally, Swiss Re further enhanced the policy form by adding supplemental coverage in addition to the policy's liability limit:

- **Catastrophe extra expense coverage:** assistance processing claims when the agency suffers a catastrophe
- **Subpoena coverage:** coverage for expenses the agency incurs for production and review of documents and preparation for testimony should the agency receive a subpoena for documents and testimony
- **Personal data protection:** first-party coverage in the event the agency compromises personal data of others to consult with legal counsel, consult with information technologists and assist in the notification of individuals who have been affected by the compromise
- **Regulatory defense coverage:** assists with expenses associated with responding to a complaint or defending an investigation by any regulatory agency, insurance department or governmental agency

The evolution of the E&O policy demonstrates the close partnership between the Big “I” and Swiss Re, which will continue to make improvements to give agents the coverages they need.

Ron Kettner is vice president and senior underwriter at Swiss Re Corporate Solutions/Westport Insurance Corporation. Visit iiaba.net/eo to receive an E&O premium estimate from Swiss Re, the Big “I” Professional Liability Program's endorsed carrier.

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