

## Technical Difficulties

*Use tech properly to avoid E&O claims*  
By Caryn Mahoney

In most cases, technology in daily operations simplifies tasks and creates more efficient workflows. But it can also get your agency in trouble.

Technological advances in applications alone present myriad exposures for agencies to keep in mind. Here are a few that can give rise to E&O situations—and how to approach them properly.



**Carrier systems.** More and more, insurance carriers receive applications through web-based direct-entry programs. When using such systems, be familiar with how each carrier's program works.

For example, does a default setting complete certain items when you enter an application for a client? If so, ensure the default response is the correct one. Or, if the program pulls information from a prior application, has that information changed?

**Automated declinations.** Sometimes, a carrier's system automatically declines an application in response to particular answers. In this case, train your employees to not simply change "objectionable" answers just so the application goes through.

More than \$2 million was paid on one claim where, after the initial application was rejected, the agent simply changed an answer so it would be accepted instead.

**Submission confirmations.** If a carrier's system confirms full submission of an application, print out the application and make a notation of the confirmation. Many claims result from agents entering client information into the system, but apparently never completing the process.

A related error: A broker is certain they submitted the application, but never followed up to confirm receipt. If a carrier's system does not provide automatic confirmation of receipt, implement a follow-up system—or risk facing a situation where a client suffers a loss and has no policy in place to cover the claim.

**Handwritten applications.** If you enter information into a carrier's system using answers from a handwritten, signed application, use a review process to ensure the electronic version matches. In the absence of a separate handwritten application, did the customer print out and sign the submitted application? If not, the client can—and

often does—deny that the information the agent typed into the system tracks what the client told them.

To avoid this issue, consider using password-protected e-signature software. Most programs forward information regarding the date, time, email address and IP address of the recipient to the agency once the client receives application documents. They share the same details once a client electronically signs an application and any attached forms—evidence that makes it difficult for a client to claim they did not sign or receive the documents.

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