

Self Help

Creating an E&O culture at your agency

By Jim Redeker

Early in my career, I was assigned a multi-million dollar claim that was in suit for 10 years and included two jury trials, two trips to the court of appeals and one to the state supreme court before our insured was finally vindicated.

As the ink was drying on the final judgment in his favor, the agency owner hired his defense attorney as in-house counsel and assigned him the task of training the agency's staff and reviewing agency procedures to prevent future E&O claims.

I would love to see every agency owner hire a winning trial lawyer with E&O experience as in-house counsel, but I recognize that's not possible. Here are a few feasible steps agency owners can take to lessen their E&O exposure.

Checklists. Using checklists helps make sure agents don't forget something when reviewing coverage with a customer. It also gives the customer something to read regarding available coverages and a place to initial coverages both accepted and rejected. Checklists help the agency produce a thorough proposal, accurately reflect what coverages the customer does and does not want, and may lead to increased sales.

If you're looking to implement checklists at your agency, look no further than the Big I Advantage® Virtual Risk Consultant (VRC), powered by Rough Notes. A VRC subscription gives you access to more than 700 coverage checklists from different industries, as well as many other risk exposure assessment tools.

Expectations. Be mindful of the connection between marketing and client expectations. Insurance agents are professionals who are well versed on the products they sell, but they are also salespeople who are often willing to go—or at least promise to go—the extra mile for their customers in order to make a sale. Unfortunately, agency employees sometimes make promises they can't keep.

Documentation. This is your best defense in an E&O claim. Consider “good,” “better” and “best” documentation:

- Good: a note made in the agency system outlining what the agent offered to the client, as well as what they accepted and rejected



- Better: a letter or email to the customer memorializing what the agent proposed, as well as what the client accepted and rejected
- Best: signed rejection of coverage or increased limits

Most agencies can't afford to keep an ace trial lawyer on staff to watch their every step. But it's possible for your agency to create an E&O culture on its own—which just might increase the efficiency of your operation.

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