



Out of Your Depth

The perils of handling unfamiliar products and exposures

By Matthew Davis

Speaking of his experiences in space, Neil Armstrong said, “I think we tried very hard not to be overconfident, because when you get overconfident, that’s when something snaps up and bites you.”

Knowing what you can and can’t do isn’t rocket science—it’s one of the core pillars of professionalism.

In the pantheon of avoidable professional liability errors, a place of honor is reserved for “dabbling.” In an insurance context, that means wandering into unfamiliar territory with your client’s property, wealth and reputation in your uncertain grasp, armed with the optimistic conviction that “This can’t be that hard!”

Imagine that a new customer comes to you in your Midwestern office and tells you they need homeowners coverage because they’re planning to sign the purchase papers on a vacation home that afternoon. You smile broadly because you’re the King of Personal Lines in Topeka (according to your website) and turn to your computer to begin the application process.

But do you have a moment’s hesitation when the client tells you the new property isn’t located in Kansas, but rather on the Florida coast? Do you know, for example, whether the HO policy form there covers wind? What about flood? How does the cost of coverage compare?

You’re drawn from your musings by a new word: “boat.” Of course there’s a boat associated with the new oceanfront property. That’s not a problem for you, though, because you insure lots of boats on various Kansas reservoirs. But might there be some new issue with a boat docked on the Gulf of Mexico?

As your customer makes their way to the parking lot, a voice in the back of your mind tells you this may be a lot to handle, so you consider two alternatives. Option 1: Give it

to your veteran CSR—she’s seen it all! Like you, she knows the Topeka personal lines market backwards and forwards. Also like you, though, she’s a stranger in paradise when it comes to these new coverages and exposures.

Which brings you to Option 2: Place these new coverages through a third-party broker who has access to the markets in question, along with the requisite knowledge to place the right coverage. Or, refer the business to a known and trusted colleague.

Nobody likes to tell a customer “No,” especially one who’s offering new business. But sometimes you have to for both your sakes. Plato once said, “When a man is out of his depth, whether he has fallen into a little swimming-bath or into mid-ocean, he has to swim all the same.” Before jumping in, ask yourself: How far away is the shore, and how long can I tread water?

The best answer: Stay within the borders of your expertise, and avoid the question altogether.

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