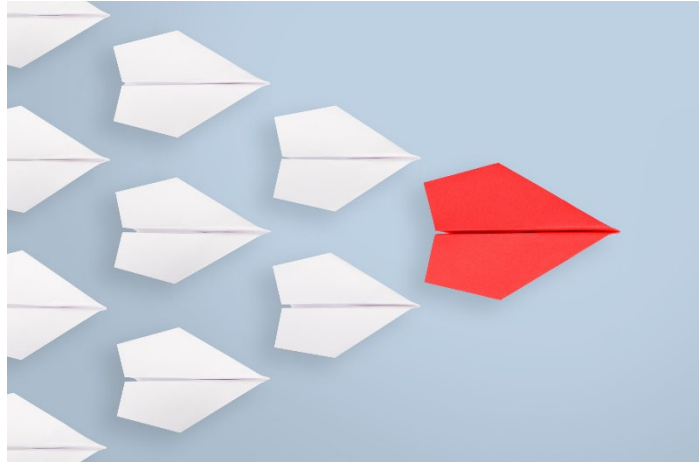


Follow the Leader

Reducing E&O exposures from the top down

By Mark Heimsoth

Most of us think we have a pretty good idea of what a good leader looks like in action. We may be hard-pressed to define “leadership,” but we’re proud members of the “I know it when I see it” school of thought.



That’s OK. Sometimes it takes a rocket scientist to put their finger on the painfully obvious, such as when Albert Einstein said, “Setting an example is not the main means of influencing others, it is the only means.”

If you want the next generation of your agency to find the path to success, you’ll need to let your example show the way. Good habits can take many forms, but a survey of Swiss Re Corporate Solutions claims handlers highlighted five that can help reduce or prevent errors & omissions claims:

Standard operating procedures. Effective E&O prevention depends on written standard operating procedures, as well as written minimum standards for writing and servicing business.

There should be a written procedure for every workflow in the agency: new business, renewals, rewrites, policy changes, claims handling and cancellations, just to name a few. Put SOPs in place and make it clear that everyone needs to follow the rules—including you.

Education. Everyone at the agency should participate in ongoing and meaningful continuing education, both to strengthen their knowledge of insurance products and to develop in-house expertise about things like the agency management system—and they should see you sitting front and center, taking notes.

Documentation. Good documentation can save an agency in a bad situation. But to be effective, it needs to be timely, detailed and easy to understand. All documentation should be kept in the same place and readily accessible to everyone who works with the account.

Consistency. Improvisation is great for comedians, but bad for insurance agencies. If your agency finds that a particular process works, do it consistently, and incorporate it into a mandatory checklist.

For example, if you follow up with a client when their premium payment is due or past due, you've arguably created a duty to follow up every time there is a similar situation.

Self-audit. Doing a self-audit will reveal both the good and the bad—where your agency's procedures are working, as well as the areas that need renewed focus internally and through continuing education.

Review procedures, forms and documents and conduct an overview with key managers or supervisors. No one at the agency should be exempt from the audit—we all make mistakes, and we can all use them as learning experiences.

Equally important: Listen to every voice when it comes to making improvements. Every employee should feel that their insights are valued. Sometimes it takes a fresh set of eyes to see an old problem.

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