

Win-Win

3 ways to increase sales while decreasing E&O claims

By Caryn Mahoney

How often do you hear about a customer suing their car salesman for not selling them a new car, or for selling them a car that lacked all the bells and whistles?

Selling and servicing insurance is not like selling and servicing other products. Here are three ways to avoid errors & omissions claims through smart sales practices:



1) Offer all coverages that would commonly apply to the exposure, and that your agency normally handles. Do this even if you know the client won't buy all the recommended coverages, and even if you think you won't be able to offer a price your client will find attractive.

Why? After a loss, it is not unusual for a policyholder to testify that they don't recall being offered the coverage in question—and they're being honest! They really don't remember that conversation years ago. What they know for certain, though, is that they would have purchased that coverage if only it had been offered.

Consider using exposure checklists and questionnaires. You can find sample checklists by logging in to the E&O Happens website (iiaba.net/eohappens) with your Big "I" credentials.

Always have your client initial or sign off on offered coverages, and then make a note in your agency system. Or, better yet, send a letter con-firming the client's rejection of any important coverages. And if you don't normally handle a certain type of coverage, suggest your client go to another agency for that coverage and document that in writing.

2) Offer higher limits, but don't take on the responsibility of evaluating the sufficiency of those limits.

Make it clear to your client that you are not choosing the limits, because they are in the best position to know the value of their property and exposures. If you're still uncertain about the quality of your information, offer several limit options, erring on the high side with at least one.

If applicable, tell your client that a co-insurance penalty could apply if they do not have sufficient limits, and always inform your client that they have the option to purchase higher limits.

3) Review the application, quote, proposal and policy to find discrepancies. It is best to have your client complete the entire application. If that is not practical, your standard procedure should involve asking every question in the application and having your client initial each page and/or important items, then sign and date it.

If you have your client's prior policy, identify and address any differences. Make sure the coverages requested in the application match the coverages quoted in the proposal and issued in the policy. If you find any differences, address them immediately with the carrier, any upstream broker and your client.

These practices will all require extra effort on your part—but so do E&O claims.

Caryn Mahoney is an assistant vice president, claims specialist with Swiss Re Corporate Solutions and works out of the Chicago office. Insurance products underwritten by Westport Insurance Corporation, Overland Park, Kansas, a member of Swiss Re.

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