

The Text Trap

Why 160 characters is not enough

By Barbara Rocco

Approximately 40% of the U.S. population is under the age of 30, which means that a significant part of our workforce is composed of young people who bring new ideas and

technology to the workplace. This is as true in insurance agencies as it is in any other business.



People are growing up in a world where their primary forms of communication include texting, Snapchat and Instagram. Forget about emailing or calling someone on the phone. Our young employees want immediate responses, which is what they have come to expect from technology. I challenge you to find one person under 30 years old who does not always have a smartphone.

Unfortunately, with these forms of communication, agencies open themselves up to significant potential exposures.

Take the case of a 21-year-old producer who had just obtained his license and was starting out in the world of insurance. A longtime friend reached out to him to procure coverage for a newly purchased Dodge Charger. The friend had contacted the producer via text as that is how they always communicated.

These texts, which were limited to 160 characters, included pertinent information about the car's make and model, vehicle identification number, coverages and available limits. The producer didn't think there was anything unusual about getting information in this manner as that was how the pair always shared information.

Once the producer received the initial quote, the key information was transmitted via text. Within that text, the producer indicated that he would be able to obtain better coverage but never explained what the better coverage included. In another text, the producer advised that there was an option for lesser coverage at a lower premium. Again, coverage differences were never explained to the client.

Most significantly, the client rejected uninsured/underinsured coverage via text and never actually signed the mandated rejection form because the producer never sent him an email or met him in person.

You won't be surprised to hear that the client was involved in an accident where the at-fault driver had the state-required minimum liability limits, and the medical bills alone far exceeded those limits. A New York minute later, a lawsuit was filed that named the producer and the agency as defendants.

The plaintiff and former client will be able to submit all the text messages as evidence, which means they become public documents. In addition to the fact that the producer's method of gathering information was inadequate, much of the language within the texts was very unprofessional, which will undoubtedly cast a poor light on the producer before a jury.

As composer Libby Larsen observed, "The great myth of our times is that technology is communication." That's particularly true when you allow the means of communication to dictate the content of your message instead of the reverse.

An insurance producer must communicate fully with a client to accurately determine the client's needs and clarify what they are requesting from the agency. Texting does not lend itself to fulfilling the duties of an insurance agent. Moreover, by foregoing in-person, email and telephone communication, an agency opens itself up to errors & omissions claims.

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