

Imagine....

By Richard F. Lund, J.D.*

Imagine you have a long time friend and customer...let's call her Mary. Imagine you have written insurance for her businesses for more than 20 years. Imagine Mary calls you and tells you she is starting a new business and needs to get her BOP/CGL, workers compensation, and all the other usual coverages for this new business. Imagine you think you know everything about her and her businesses. Imagine you get some basic information from her and then *complete the applications* for her. Imagine Mary comes to your office to sign the applications, but because she's in a hurry to go talk to her banker, she tells you she's sure everything is fine and she doesn't read or review the applications, she signs them and leaves. Imagine you didn't insist that she review the applications. Imagine you send them to the carriers, the policies are issued and all is well. Just imagine...

Imagine six months later Mary calls you and tells you that one of the employees of this new business has severely injured their back and she needs you to contact the workers compensation carrier to report the claim. Imagine you ask her where the employee was injured and she tells you it was while he was working in the neighboring state. Imagine your surprise when you hear the words "neighboring state", because remember, you know *everything* about Mary's business, *except* that she had employees working in a neighboring state. Imagine, because you never considered she would do that because she never had before. Imagine, because you didn't include "all states" coverage on the workers compensation policy. Imagine, the carrier denies the workers compensation claim because coverage is limited only to the home state.

Imagine the claim is a minimum of \$500,000. Imagine the next call you make is to your E&O carrier.

Reality...

The reality is that this story happens. Maybe not exactly like this, but it happens. It may not be a business customer but it happens with homeowners or personal auto policies or virtually every other type of policy available. Regularly. So what can you do about it? Simple: don't complete applications for your customers. "But that's not good customer service." Actually, it is because having your customer complete the application gives them an opportunity to really look at what they do and what they want insured. Who knows this better than themselves? Regardless of how well you think you know your customer, things change. What was true yesterday, may not be true today.

Does that mean you can't help them if they have questions? Of course not. That is exactly what customer service is all about. But the responsibility to provide accurate information belongs to your customer. If the information on the application is not correct and they filled it out, then they are responsible. If the information on the application is not correct and YOU filled it out, then YOU may be responsible especially if you did not have them review the application. It's as simple as that.

So imagine your longtime friend and customer Mary calls you and tells you she has a new business. Imagine you send her the insurance applications. Imagine....

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