

# FIVE MINUTE E&O FIXES

TIPS, TRICKS & TINY TWEAKS THAT HELP  
PROTECT YOUR AGENCY





# DON'Ts

## **AVOID Overlooking Renewals**

To prevent an overlooked renewal, at the end of the new business and renewal process, set a suspense for 120 days prior to the next renewal. When that suspense comes up, check the expiration (renewal) list and make sure the policy is on there. If it is, close the suspense. If not, add it to the list.

## **STOP Accepting Cash & Direct Bill Payments**

Don't accept cash payments, direct bill payments or agree to "sweep" a client's direct bill payment. If you have done this in the past, let them know you will no longer be able to do so. Suggest enrollment in EFT. Seal over that mail slot in the front door where people drop their (already late) payments.

## **We're Serious About NOT Accepting Cash & Direct Bill Payments**

If people don't get the message about your agency not accepting cash payments, invest in a roll of postage stamps and when they try to hand the envelope to you, give them a stamp and the location of the nearest USPS box. For their protection, of course.

## **DON'T Ask Clients to Contact You When They Add/Delete a Driver**

Don't have people contact you every time they add or delete a driver (possible exception, but very rare, would be a "named driver" policy).

## **DON'T Run MVRs for Your Clients**

And don't run MVRs for them – have them require the applicant for a driving position to provide a

copy of their own MVR (currently dated) when they come for the interview. All states make this available online for very little cost.

## **AVOID Overlooking Pending Transactions**

Set a suspense whenever you are waiting for anything, even if it's overnight. That's the only way for someone else to know what's pending in the event you aren't there.

## **DON'T Assume UM/UIM Are Included**

Umbrella-UM/UIM coverage. Many umbrella policies do not automatically include this coverage. Document that the coverage is offered and rejected. This is the source of some very large E&O claims.

## **DON'T Use Acronyms or Insurance Jargon with Clients**

Do not use insurance jargon without explaining in lay terms what it means and why it is important.





# DOs

## ▶ **Print & Have Clients Sign Each Renewal**

Renewal applications: print and have client sign each renewal. A lot of renewals are done automatically and/or electronically. This is especially helpful with E&O claims concerning inadequate limits, especially on property claims. Good evidence of establishing how much coverage client wanted....

## ▶ **Ask for Copies of All Underlying Policies**

Umbrella policy with one agency and auto primary with another. Ask for copies of all underlying policies. Some umbrellas and minimum primary limit requirements. Avoids having a situation with a gap in coverage. I just wrote an article for a Big 'T' publication on this.

## ▶ **Confirm All Recommendations in Writing**

Any recommendations for certain coverage or limits should be put in a confirming letter/email.

## ▶ **Check CGL Policies for "Hired/Non-Owned"**

All your business clients need the coverage.

## ▶ **Have Your Insured Provide Values for Equipment/Supplies**

Have insured provide the values for equipment/supplies and make sure to document recommendations for replacement coverage if available. Have insured provide basis for business interruption coverage limits.

## ▶ **Check Insurance Requirement Provisions**

Check insurance requirement provisions of the client's contract to make sure the in place coverage conforms. (COI, additional named insured, primary non-contributing, limits)

## ▶ **Know the Warranties on Policies**

Know the warranties on the policies and make sure to document communication to client on the same (laid up ashore)

## ▶ **Be Careful of Surplus Lines/Non-Admitted Carrier Policy Language**

Be careful of surplus lines/non-admitted carrier policy language. It can differ significantly for customary policy language (prior pending claims, aware or not/exclusion for animals)

## ▶ **Have the Insured Sign All Applications**

Insured should complete all applications, at the very least, insured should sign all applications.

## ▶ **Be Alert for Fakes & Fraud**

Careful of fraud by insureds. (union/non-union business, workers comp. non-payment of premium)

## ▶ **Be Wary of Unusually Low Limits**

Be wary of limits that seem unusually low for circumstances.



# MORE DOs

## ▶ **Use Declination of Coverage Forms**

Use declination of coverage forms (limits, umbrella, EPLI).

## ▶ **Verify All Policy Changes**

Confirm, confirm, confirm. Whenever you are asked to make any change to a policy, send a brief email to confirm the action you are taking. (Side benefit is that you gather email addresses.)

## ▶ **Enter Transactions in Real-Time**

Wear your headset! As much as possible, enter a transaction in real-time while you have someone on the phone. If you make a note to do it later, you'll still have something to do after you hang up, and you have the potential to forget.

## ▶ **Note Cancellations the Moment They Are Received**

Enter final cancellation endorsements as they are received and update the system with the cancellation date. This prevents someone else from assuming a policy is still in effect and issuing certificates or taking claims on policies no longer in force.

## ▶ **End All Reminders to Late Pay Clients**

Stop contacting chronically late, direct bill clients to remind them to pay. Check company websites to see if they paid. If you've done this in the past with certain clients, send them a letter to let them know you will no longer be contacting them. Suggest enrollment in EFT.

## ▶ **Discuss Premium Increases Before Remarketing a Policy**

If you get a renewal and the premium has gone up, figure out why, then contact the client and discuss an action plan together. Don't automatically remarket the policy because you think they will be upset. You usually wind up saving them money but costing them coverage – and yourself time.

**CONFIRM,  
CONFIRM,  
CONFIRM.**



# DOOZIES

## ASSUME ALL CLIENT COMMUNICATIONS ARE PUBLIC

Assume you are always being recorded on every phone call and assume all of your interoffice emails will be read in court as well as your emails to the client.

## UNDERSTAND THE E&O EXPOSURES LURKING ON YOUR WEBSITE

Don't oversell on websites. Plaintiffs use this information to attempt to establish a higher duty of care/special relationship.

## DOCUMENT... 'NUFF SAID

Do not moan about documenting the file, it's all really just marketing.

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