

Errors and Omissions Loss Prevention Tips

The standard of care for insurance agents has risen to new heights, and the likelihood of an Errors and Omissions claim against YOUR AGENCY grows every year.

The DIRECT costs to YOUR AGENCY from such a claim are easily identified:

- a) the payment of your Errors and Omissions deductible
- b) a possible increase in Errors and Omissions premium upon renewal
- c) possible loss of your client's account

The INDIRECT costs to YOUR AGENCY can be even more costly in the long run:

- a) loss of productive sales and service time due to meetings with defense counsel, depositions, file reviews and investigations
- b) negative effect upon agency morale and emotional impact on staff members
- c) damage to your agency's reputation
- d) cost of replacing lost accounts

What can YOUR AGENCY do to reduce the likelihood of such claims?

When told that the majority of such claims could have been prevented or better defended by better documentation and more consistent internal procedures, every agent would be happy to improve in these areas. But what practical steps can your agency take to improve "documentation" and "internal procedures"?

On the day that your agency is sued you will wish that you had:

- Sent an email, fax or letter to your client confirming your telephone conversation to prove you had warned your client about that coverage gap, and kept a copy of that correspondence for your records.
- Provided written verification to your client that you were not able to secure coverage for them.
- Sent an email to the carrier underwriter to confirm your conversation when the underwriter had verbally assured you that coverage was bound.
- Received written verification of coverage in the form of a binder.
- Made a print of your electronic policy application sent to the carrier.
- Kept a fax confirmation sheet or e-mail printout confirming that you had indeed reported your client's claim to the carrier.
- Checked the policy that the carrier had issued to be sure that it was in fact what your client had requested.

These tips are just the very basics, but wouldn't you like to take your agency's operations to the next level in loss prevention and possibly greater sales?

The use of professional loss control services can reduce the likelihood of an Errors and Omissions claim and may even increase your agency's productivity and profitability. Alpine Risk Management is a risk management firm that specializes in Errors and Omissions risk management and loss prevention for Insurance Agencies. As an added benefit of purchasing your insurance through United States Liability Insurance Group, we have arranged for a substantial discount to purchase their Complete "How to" Errors and Omissions Loss Prevention Procedures Manual. For more information please contact Alpine Risk Management Corporation, LLC, (P) 510-653-5117 (F) 510-653-6394 (www.alpinerisk.com).