



# Errors & Omissions Risk Management

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Course No 201902



# E&O Survey & Management

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- Introduction and Overview
  - Why are we here?
  - Increase in Claims
    - Product changes
    - Changing carrier relationships
    - Strength of Plaintiff's bar
    - Reasonable client expectations
    - Changing Client relationships
    - Emerging Exposures



# E&O Survey & Management

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- The Agency Self Audit & Procedures
  - “The Agency Way”



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- Duties of Agents
  - Absolute - Professional
  - Created – over promise



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- What causes claims
  - Lack of Uniform Practices and Procedures
  - Lack of Compliance
  - Inadequate Training
  - Time Constraints
  - Chronic Backlog
  - Hiring the Wrong People



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- Who Causes Claims
  - Producers 53%
  - Account Managers 17%
  - CSR'S 24%



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- Claims Frequency
  - New Business 11.8%
  - Renewals 27.37%
  - New – Existing Clients 20.4%



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- Claims by Type of Coverage
  - Commercial Lines 54%
    - GL
    - Auto





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- Claims by Type
  - Personal Lines 31%
    - Homeowners
    - Auto
    - Flood



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- Recommendation Errors
- Claims Errors
- Policy Change Errors
- Application Errors
- Failure to Procure
- Failure to Adequately Explain Provisions



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- Exposure Management
  - Certificates of Insurance
    - GL #1 cause of loss



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- Cancellations and Reinstatements

Proper Notice

Proper Documentation



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- Company Authority
  - Binding Authority
  - Underwriting Limits
  - Special Authority
  - Special Limitations



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- Technology and Electronic Records
  - Computer Generated Records
  - Legal Admissibility of EDP Documents



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- Excess & Surplus Lines
  - Non Admitted Carriers
  - Proper Licensing
  - Non Standard Forms



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- Special Concerns
  - Doctrine of Reasonable Expectation (Estoppel)
  - Advertising Materials
  - Case Study





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- E&O Gaps
  - Activities beyond basic
  - Specialized Products



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- When You Have an Incident (Claim)



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- Case Reviews

- “They both were blind”



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- Case Study

- “Did you write Life Insurance”



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- Case Study
  - “Was the file locked”



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- Case Study

- “Who managed the property”



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- Case Study
  - “Is there a problem”



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- Case Study
  - “Was there a flood”





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- Thanks for attending today's session