

Section 7: What's Exposing Your Agency?

Danger, Will Robinson!

Sometimes agents just have too much on their plate to make E&O risk management a priority. It's one thing not to be proactive and it is wholly another thing to be unnecessarily increasing liability with dangerous activities. We asked the panel counsel from Swiss Re Corporate Solutions to tell us their opinions on the most dangerous things that agents could do to expose themselves to E&O claims. Take a moment to look in the mirror – are these you?

Most Dangerous – Things Exposing Your Agency to an E&O Claim

- Having agency procedures in place that are not strictly followed by all agency staff
- Advocating in writing on behalf of the customer once a claim had been submitted and denied by the carrier
- Lacking thorough understanding of the products being sold to customers
- Misrepresenting the scope of coverage procured
- Making a coverage determination on behalf of the carrier
- Failing to offer additional coverages and increased limits
- Failing to document the customers declination of coverages and limits
- Issuing binders outside the scope of the agency's binding authority
- Making representations about the adequacy of coverage – “fully covered”
- Dabbling in areas outside of the agency's expertise
- Over-promising in advertising materials, creating a “special relationship” with or reliance by the customer
- Renewing policies “as is” without a review of possible changes in exposures
- Failing to review the policy to make sure it matches the application and proposal
- Having the customer sign a blank application or signing customer's name on their behalf
- Modifying the language on a Certificate of Insurance or using it as a way to add an Additional Insured endorsement (without actually adding the AI endorsement itself)
- Failing to understand the customer's business/operation

