

Utica National's Errors & Omissions

RISK MANAGEMENT ALERT

We KNOW
for Insurance Agents



Create or Update Your Agency's Policies and Procedures Manual

by **Curt Pearsall, CPCU, AIAF, CPIA**
*President – Pearsall Associates, Inc. and Consultant
to the Utica National E&O Program*

Staff training, including your agency's policies and procedures in areas key to E&O loss prevention, can have a direct affect on your agency's ongoing success. Ask yourself:

- **How many of the current staff** will be retiring by the end of 2025?
- **Where will you find** "tomorrow's employees"?
- **How will you train new staff**, regardless of whether they have insurance experience or are new to the industry?

While it's possible that your agency is dealing with some of these issues today, it is also likely this issue will be "even more of an issue" within the next 3-5 years. What can you do?

A POLICIES AND PROCEDURES MANUAL IS YOUR BEST OPTION

Having a manual with policies and procedures is vital. If you need to create one or update a current one, a good starting point is to designate specific individuals at your agency to handle it and develop realistic goals and objectives. Establish a task force if you have multiple divisions – such as Commercial Lines, Personal Lines, Benefits, etc. Include the following, which can assist with E&O loss prevention:

- **Set expectations on claims handling.** How clients' claims are handled is a major E&O issue.
- **Establish a timeline for the handling and follow-up of various tasks.** Ensuring that transactions are completed or followed-up on in the proper timeframe can help to avoid potential E&O issues.
- **Focus on documentation expectations.** Include what must be documented, when it should be done, and where it should be stored. Client conversations, especially those involving purchase decisions and declination of coverage, are an essential element of documentation.
- **Ensure all staff's voicemail and email messages inform clients that coverage cannot be altered or bound without speaking with a licensed agent.** This impacts the resolution of many E&O claims.
- **Address how communication involving protected health information (PHI)/personal identifiable information (PII) is handled.** Security has always been a crucial issue, but probably now more than ever.
- **Tell clients when coverage is being proposed through the use of a non-admitted market.** Communicate this early on, such as at the time of quoting via the proposal.
- **Note the expected procedure and form for using an Exposure Analysis Checklist, and include the expected role of the producer.** The checklist is viewed as the closest thing to a "silver bullet" in preventing E&O claims.
- **Designate how and when proposals are to be provided to the client.** Many agencies use carrier proposals, so include a wrap document that provides all of the key disclaimers.
- **Check policies.** A significant number of E&O claims could be avoided through a proper procedure for policy checking, which should involve much more than just comparing the premiums.

TAKEAWAY: The importance of developing and updating a policies and procedures manual is only going to grow as time goes on, so now is a good time to start the process.

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