

# the E&O angle

E&O issues and advice

## Checkmate!

**Are you using coverage checklists to work with clients?**

By David Hulcher

In looking at the scope of an insurance agent's job, I am constantly amazed at the knowledge and understanding of insurance that it takes to offer top-notch service to a diverse group of clients. One day it is meeting on the medical malpractice needs of a doctor, the next it's making sure a father is comfortable with the limits of his personal umbrella policy. Let's face it—identifying the risk exposures of clients can be difficult when dealing with such diverse operations, activities, assets and buying tendencies of clients. That's why you can't leave home without a coverage checklist.

### Rating the Risk

Coverage checklists simplify and focus your exposure analysis and are useful tools in eliminating potential E&O claims of failure to recommend coverage and other risk assessment errors. During the risk analysis process and learning about the client's operation, sit down with clients and review the comprehensive list of exposures provided by checklists. It does not matter if it is a personal or commercial lines client. As you identify exposures for potential clients, find out if their current coverage protects against exposures and if it not, explain why this coverage is important. This will help the client understand existing exposures and allow for clarification of coverage needs. The client will be impressed with your level of professionalism and comfortable with your insurance knowledge. If you have identified an area of coverage for which your agency does not have a market to provide coverage, it is important that you address that with the client.

### Document, Document

Secondly, coverage checklists can assist agencies in providing documentation of client files. Too often in E&O

claims, it is the client's word against the agent's. This makes it difficult or almost impossible for E&O carriers to make a solid defense on the agent's behalf. Agencies also experience personnel turnover which also handcuffs the ability to defend E&O claims if there is not a well documented file. Most coverage checklists have areas beside each coverage description allowing for the agent to check the following: no exposure exists, recommended and accepted, and recommended and rejected. They also provide an area for the client to initial next to any coverages that are rejected and for a signature at the bottom of the checklist. It may be a good idea to outline on the coverage checklist any responsibilities that the client needs to perform before coverage can be bound. Keeping this completed and signed checklist in the client's file can prove a valuable defense tool should an E&O claim be made.

## Check Marks the Spot

Why should you use coverage checklists in your agency?

Checklists help agents to:

- ✓ Eliminate E&O exposure for failing to recommend coverage
- ✓ Provide better documentation in client files if an E&O claim occurs.
- ✓ Increase growth through cross selling.

For a sample coverage checklist or information about the Big "I" Professional Liability Program, visit [www.independentagent.com/EO](http://www.independentagent.com/EO).

### Grow the Pie

A final benefit of using coverage checklists is the ability to grow your agency's book of business. Using coverage checklists increases your agency's ability to identify additional coverage needs of clients and to cross-sell other coverage. During the exposure analysis process, you may uncover and explain exposures the client had never contemplated. It's an opportunity to grow your book of business.

With so many types of insurance coverage, and so many different policy nuances, coupled with the diverse group of clients that insurance agents serve, coverage checklists are invaluable to agents. Reducing your agency E&O exposures for failure to recommend or identify coverage need; better documentation to the clients file and an opportunity to facilitate agency growth are all benefits of using coverage checklists. If a check doesn't mark the spot for all of your agency's employees, it should. **IA**

Hulcher ([david.hulcher@iiba.net](mailto:david.hulcher@iiba.net)) is IIBA director of E&O operations.