

the E&O angle

E&O issues and advice
By David Hulcher

A Certified E&O Exposure

Is your agency at risk for certificates of insurance claims?

It's a simple concept: somebody wants proof of another person's insurance. But if not handled appropriately, certificates of insurance can create an exposure for an E&O claim against your agency. With customers requesting large numbers of certificates, often at critical times in the operation of their business, fulfilling certificate requests quickly and accurately can be the core of your customer service relationship with your client. When handling certificates of insurance, make sure you are using the appropriate and most recent certificate forms, understand the language they use, and follow appropriate agency procedures.

Does everyone in your agency understand the purpose of a certificate of insurance or cert? A certificate of insurance is used to provide proof to a third party that an insured has a specific type of insurance. There are several types of certificates of insurance that can be used, depending on the underlying type of insurance being verified. These ACORD® forms are the Certificate of Property Insurance and Certificate of Liability Insurance, with the latter the most frequently used.

It is important to use the correct certificate of insurance for the underlying insurance being verified. For example, you would not want to use the Certificate of Liability Insurance to verify the existence of property insurance. Over time, the language on the ACORD® forms has changed, so make sure your agency is using the current form edition: Certificate of Liability – 25 (8/2001) and Certificate of Property – 24 (1/95). If your agency is not using the most up-to-date certificates, start immediately.

Certificates of insurance should always exactly reflect the terms and conditions of the policy. Understanding the language used on the certificate will help demonstrate the E&O exposure of deviating from the original text of the certificate. Consider these provisions of the Certificate of Liability:

1. "This certificate is issued as a matter of information only and confers no rights upon the certificate holder. The certificate does not amend, extend or alter the coverage afforded by the policies below."

This drives home the purpose of the certificate: to show a third party proof of insurance. The certificate holder has no rights under the certificate. It also emphasizes that the certificate does not modify the terms and conditions of the policy.

2. "Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions of such policies."

This statement goes further, indicating that the insurance afforded is subject to the terms and conditions of the policy even if it is referenced or part of another contract between the insured and the third party. These statements emphasize the

need for the certificate of insurance to accurately reflect coverage. Also, don't use the certificate as a vehicle to communicate policy changes to the insurer and assume it will make the changes. For example, don't show the certificate holder as an additional insured when they have not been added to the policy by endorsement.

3. "Should any of the above described policies be cancelled before the expiration date thereof, the issuing insurer will endeavor to mail ___ days written

notice to the certificate holder named to the left, but failure to do so shall impose no obligation or liability of any kind upon the insurer, its agents or representatives."

This statement has been the subject of much discussion because of frequent requests to be modified. Often, a certificate holder requests specific notification language as opposed to "the issuing insurer will endeavor to" language. Under the standard language, the insurer doesn't have an obligation to notify the certificate holder. However, if this language is modified or deleted, you may be creating an obligation, for you or the insurer. **IA**

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Minimize E&O Cert Situations

What can your agency do to minimize E&O claims exposure from the issuance of a certificate? First, make sure that you are using the proper edition of the forms and that your staff understands the purpose and standard language of certificates. This standard language, and the court precedents interpreting them, can help insulate you from liability. Any requests to alter the standardized form language should be approved by the insurer. Forward both the front and back of the certificate, since both pages include disclaimer language. Certificate accuracy is critical. Make sure that the coverage in-force at the time the cert is requested appears exactly on the form as exists in the policy. You should have a written procedure in place to verify the existence of coverage when completing the certificate. Finally, send copies of the certificates to the carriers, even though they often say they don't want them. Also, keep a consolidated list of certificate holders that is periodically forwarded to insurers, accompanied with a letter reminding the insurer to notify certificate holders at cancellation.

Deal Makers

10 Top Sales Cues, Marketing Tips, Deal Closers

By Emily Huling

1. **WOW your clients.** Give you clients words of wisdom during your meetings. Focus on sharing information that will build their business or improve their profits.
2. **Train on the inside.** Co-worker to co-worker training builds teamwork, confidence and expertise. Assess staff strengths and schedule training times to share knowledge.
3. **Prospect for gold.** Just like in the gold rush, finding client gold requires sifting through many prospects. Be patient and find the right prospects to build your business.
4. **Diagnose before you prescribe.** Just as physicians ask a series of questions to determine the treatment, salespeople need to ask buyers intelligent questions before offering a solution.
5. **Get it write.** Written communication is as important as ever in this e-world. Double-check your messages for clarity, correct word usage, proper grammar and spelling.
6. **“If I were in charge...”** Instead of complaining that things aren’t running smoothly, think of solutions. Initiate changes by taking your suggestions to the appropriate people.
7. **Track the trends.** Are you keeping up with the current trends in your clients’ lives and businesses? Privacy and security concerns, wellness plans, workplace diversity issues, and changing family profiles are issues your clients deal with.
8. **Understand female financial attitudes.** Women control the majority of household purchases and a great deal of corporate spending. Understanding what influences women’s buying decisions will boost sales.
9. **Picture it.** Is your goal a new home, exotic vacation or college tuition for your child? Posting a picture of your dream helps it become a reality.
10. **Be courageous.** “Have the courage to act instead of react.” Earlene Larson Jones **IA**

Huling, CIC, CMC is the author of the book *Kick Your ‘But’: 18 Steps to Removing the Obstacles to Sales Success*. For more information, call 888-309-8802 or visit www.sellingstrategies.com.



Deal Breakers

Playing for Prospects

Presentation ignites the attention of 3,000 people

By Dan Seidman

It was the industry’s biggest trade show, and I was a rookie working the booth for my company.

I wanted to make a good first impression and had recommended a unique strategy to build booth traffic. Visitors received a pin with a flashing light and a number was printed on the back. Anyone who found the matching person’s badge would return to the booth and both would be eligible for a selection of electronic gifts as prizes.

The idea created incredible buzz. Every speaker mentioned it during sessions. Many joked that they felt hypnotized by all the flashing red lights in the audience.

At the event’s big dinner, 3,000 people filled the ball room of the Hyatt Crown Center in Kansas City. A jazz band played as long lines formed for the two incredible buffet tables on each side of the room. Food covered the white table cloths, and decorations included festive streamers, candles and brightly polished musical instruments.

As a trumpet player who had to choose between basketball or band in college, I had long ago set aside my horn. But the temptation was too great and I grabbed a trumpet off the buffet, knelt down next to a table of my colleagues and started to play. Fifty feet away, the band’s drummer saw me and started to call me up on the stage. That was a bit more attention than I wanted, so I grinned, shook my head and turned back to return the horn.

I had pulled the trumpet out of a display and dragged the streamers across some of the candles. The spectacular centerpiece of brass instruments on the buffet table was now in flames. In the darkened room, the fire was actually quite beautiful. But I began beating on it with the table cloths themselves, finally extinguishing it and leaving a mass of blackened, smoking centerpiece.

And the band played on. The evening continued without interruption. Waiters rushed to the table and began cleaning up the mess. People along the buffet table began laughing and I was relieved that nothing bad had really happened. That is, until my vice president of sales heard about my artistic performance.

POSTMORTEM: Yes, that was me, your Deal Breaker columnist that pulled this stunt. What is a salesperson? Someone crying for attention? Look at me, love me, buy from me! We do have a tendency to talk too much, to take action when silence is okay. Sometimes you need to sell and shut up. We gained clients, prospects and great exposure from that trade show. I didn’t need to go beyond the call of duty and try to be the show’s shining star. By the way, my vice president was furious later, but I bailed myself out with plenty of business from the event.

How well do you use silence to sell? Do you work hard to say nothing, at the proper times, during your presentation? State your case, get out of the way, and you’ll help your buyer buy better than before. **IA**