

# the E&O angle

E&O issues and advice  
By David Hulcher

## Do Client Claims Equal Agency E&O Claims?

**Don't let the handling of your client's claims turn into E&O claims for your agency.**

**M**ost industries manufacture and sell tangible goods and services for customers to purchase. Some products are purchased out of need, others for pleasure. The insurance industry is slightly different from other industries in that consumers buy insurance to protect themselves from something they ultimately don't want—a loss. If the insurance consumer never has a claim, they should consider themselves lucky and feel secure knowing their assets were protected. That feeling of security is important, but at the end of the day, clients will be more likely to remember how a claim was handled, if they had one. Handling client claims increases your E&O exposure.

It usually is a stressful time when a client is involved in a claim. But professionally handling claims ultimately is an opportunity to strengthen the client relationship. Conversely, claims that are poorly handled can cause insureds to question the value added by your agency and make them move their business elsewhere. Many clients don't know what to expect when a claim occurs, and the unknown tends to make people anxious. Advise your client on how the claims process works and when they are likely to hear from the insurer. Having empathy can go a long way to making the process easier. However, in your haste to make that client feel more comfortable, never confirm or deny the existence of coverage in the policy—that's the carrier's responsibility.

### Read Up on the Rules

Efficiently handling client claims is extremely important, and many states have regulations about the claims process. Review your state's insurance regulation on unfair claims settlement practices for your responsibilities and those of the

carrier. Agents should report claims promptly—preferably the same day. Often, claims are required in writing. Remember a claim reported to the agency is considered made to the carrier. Keep in mind that your client's information is confidential. Share it only with the insurance carrier and no other third party without written permission.

Provisions within the client's policy will indicate any duties of the insured as a condition of coverage. If the insured filed a claim, check the policy language regarding claims. Insured duties may include providing prompt notice, contacting police in case of loss by theft, protecting the property from further damage and descriptions of property. Regardless of the estimated claim payout, simultaneously review the claims notice provisions of other related policies (such as excess or umbrella policies) in case reporting of underlying claims is required for future coverage.

## Caution: Claims Ahead

**F**ollow these tips to avoid E&O exposures when you handle a claim:

- Never confirm or deny the existence of coverage provided by the policy.
- Advise the client on what to expect during the claims settlement process and any duties required to be performed.
- Review policy provisions of all policies where coverage may exist, including excess and umbrella policies.
- Report claims to the carrier on the same day they are received.
- Do not deviate from insurer-draft claims authority guidelines.
- Maintain claims handling procedures in agency internal procedures manual.
- Implement a suspense system to follow-up during the claims settlement process and document client files.
- Follow-up until claims are resolved.

### Keep Records in Order

Although it's a declining practice, some carriers provide agents with authority to pay for claims below a certain limit. Agents should strictly follow the guidelines for draft claims authority outlined in the carrier's procedures. To eliminate errors from going outside of your authority, it is a good idea to have a key point of contact for payments administration. The other option is to distribute a copy of the carrier guidelines to all personnel that have claims authority, in much the same way that

your agency should do with company binding authority.

Finally, create written procedures for handling claims. At the core of these procedures should be transmitting claims immediately and having a suspense system in place to follow up with the insured or carrier as necessary. Keep following up until the claim is resolved, documenting your client file along the way.

Handling client claims effectively can eliminate potential E&O exposure for your agency and shows value to your client. But before a client ever makes a claim, you can eliminate the potential for uncovered claims by correctly presenting policy terms and coverage. Always do a thorough evaluation of client insurance needs and offering coverage. **IA**

Hulcher ([david.hulcher@iiaba.net](mailto:david.hulcher@iiaba.net)) is Big "I" director of E&O Operations.

# Deal Makers

10 Top Sales Cues, Marketing Tips, Deal Closers

By Emily Huling

1. **Why don't you come see me sometime?** Many agents hesitate to invite customers to their offices. An invitation to prospects and clients to stop by and meet the team strengthens relationships.
2. **Play a supporting role.** Accompany a less-experienced producer on his or her sales call to observe and offer post-call coaching. To be effective, avoid taking control of the meeting.
3. **Do you believe in free speech?** Presenting at your target industry events and community business functions positions you as not only an expert, but as a generous person. It pays to give free speeches.
4. **Open relationships.** Just closing deals won't bring long-term success. Building and expanding relationships creates loyal clients and attracts referral business.
5. **Would you happen to know...?** Instead of asking for a referral, mention the name of a prospect to a client. Ask your client if he or she is familiar with the prospect. You could get added insight.
6. **Stay hungry.** If you achieve your sales goals early in the set time frame, raise the bar. Without a goal, sales people naturally plateau.
7. **When in doubt, call.** Avoid conveying negative news through voicemail, e-mail or the written word. Personally speaking to a colleague shows respect and allows two-way dialogue about the issue.
8. **Have a business-building workout.** The hotel fitness center is a great way to meet executive trade show attendees. High-powered people regularly start their day pumping up.
9. **Laminate your future.** Purchase a laminating machine for your office. It's more impressive to send a news clipping that has been permanently protected.
10. **"Success seems largely a matter of hanging on after others have let go."**—William Feather. **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](http://www.sellingstrategies.com).



# Deal Breakers

## Hot Prospect, Hot Day

Tony, Temperature and Boss' Tummy Collide

By Dan Seidman

It's a horribly hot summer day in Chicago, and I'm on my way to an appointment with my sales manager. And he is sick with one of those summer viruses.

He asks me to drive (he's the boss), and we walk to my car which has all four windows open—my air conditioning wasn't working. We're driving on the highway, so with the wind, it doesn't really seem like 102 degrees outside.

My sales manager begins to bend forward and groan, and I want to get off the highway. "No, we're not going to be late for this sales call. It's too big and we've taken too long to land this presentation." He speaks as his stomach also comments with groans and gurgling.

"Pull over! Pull over!" He suddenly shouts and he jumps out the door before I've stopped. He disappears down the embankment. Moments later his shaking head appears and he calls to me, "I didn't make it. Let's get to a gas station."

This is disgusting. He sits at the front edge of my seat and runs to the BP Amoco men's room when we pull off the road.

Well, we're late now, but I sit patiently knowing that the boss is doing his best undressing and washing his pants, socks and underwear in a sink then blow-drying them to wear. The door swings open and he strides two steps and looks down at his feet. "Oh, darn, my shoes." He says and disappears again.

We're only 20 minutes late when we get to the prospect's office. The president greets us and says, "Just have to make a quick apology. We're in the boardroom, and we've lost our air conditioning."

My sales manager did the one-hour presentation while looking like the walking dead.

Afterward the president stands and says, "Thanks for that great information. We'll talk to you as soon as we select our vendor." He turns to his board and says, "By the way did anyone step in dog doo on the way in?"

Our shaking heads were exactly what our presentation netted as well—no sale.

**POSTMORTEM:** Tony had a most memorable experience. The more senses that come into play (like sight, sound and, uh, smell) the more it's burned into your memory. Here is an important lesson about when things go wrong.

It's okay for you to cancel an appointment! Your prospects do it all the time, why can't you?

If you call and tell them how a situation you have no control over has disrupted your day, you'll get a response of pity that positions you to reschedule. Just don't get off the phone without that new appointment. Don't make a sick day more costly than it is. Always present when you're at your best. Dress your best. Speak your best. Send a message to your potential customer that they will be working with the best. **IA**

