

Insurance Agents E&O

Liability Limits: \$250,000 to \$5,000,000

Minimum Deductible: \$2,500

Maximum Deductible: \$50,000

Minimum Premium: \$2,000

Coverage Available: AL, FL, GA, NC, SC, TN, TX

Markets Available:

Admitted and Non-Admitted "A" rated carriers

Target Classes of Business:

- * P&C Agents
- * Aviation Specialists
- * Long Haul Trucking Specialists
- * Less than \$10,000,000 Gross Premium

Coverage Features:

Claims Made and Reported Defense costs inside the limit Up to and including \$4 Million Aggregate - Primary Up to and including \$3 Million Aggregate - Excess Prior acts coverage available for qualified applicants



Tips and Claims Examples

The standard of care for insurance agents has risen to new heights, and the likelihood of an Errors and Omissions claim against YOUR AGENCY grows every year.

The DIRECT costs to YOUR AGENCY from such a claim are easily identified:

- a) the payment of your Errors and Omissions deductible
- b) a possible increase in Errors and Omissions premium upon renewal
- c) possible loss of your client's account

The INDIRECT costs to YOUR AGENCY can be even more costly in the long run:

- a) loss of productive sales and service time due to meetings with defense counsel, depositions, file reviews and investigations
- b) negative effect upon agency morale and emotional impact on staff members
- c) damage to your agency's reputation
- d) cost of replacing lost accounts

What can YOUR AGENCY do to reduce the likelihood of such claims?

When told that the majority of such claims could have been prevented or better defended by better documentation and more consistent internal procedures, every agent would be happy to improve in these areas. But what practical steps can your agency take to improve "documentation" and "internal procedures?"

On the day that your agency is sued you will wish that you had:

- Sent an e-mail, fax or letter to your client confirming your telephone conversation to prove you had warned your client about that coverage gap, and kept a copy of that correspondence for your records.
- Sent an e-mail to the carrier underwriter to confirm your conversation when the underwriter had verbally assured you that coverage was bound.
- Made a print of your electronic policy application sent to the carrier.
- Kept a fax confirmation sheet or e-mail printout confirming that you had indeed reported your client's claim to the carrier.
- Checked the policy that the carrier had issued to be sure that it was in fact what your client had requested.

These tips are just the very basics, but wouldn't you like to take your agency's operations to the next level in loss prevention and possibly greater sales?

Tips and Claims Examples

Personal Injury: A startup moving company finds a local insurance agent, comes into the agent's office and purchases a commercial auto policy to cover its fleet of vehicles. A month later, the insurance agent receives a claim from the moving company involving an accident and one of its trucks and forwards it to the carrier. The insurance carrier denies coverage, saying that this particular truck is not covered under the policy. The owner of the moving company vehemently insists that, although this truck was not in the original list of vehicles, he requested it be added later and was told by the insurance agent that it would be covered. The agent has no recollection of this conversation, and when pressed by the carrier for an explanation of the discrepancy, the matter-of-fact said that the owner of the moving company "must be lying." The moving company brings suit for negligence and defamation. Although the agent is found not liable, he accumulates \$10,000 in defense costs.

Negligence: An insurance agent places a routine general liability policy for an upscale mens formal clothing store, but fails to inform the store owner that the general liability policy has an employment practices liability exclusion, and, furthermore, fails to inform the store owner that employment practices coverage was available for purchase. Six months after the policy, the clothing store is sued for discrimination when a woman is not hired based on a long-standing tradition of hiring male tailors only. The store's lawyer immediately looks for an employment practices policy, but found none. The store pays \$100,000 in defense costs and damages, which they recover from the insurance agent for failing to inform the store about employment practices liability coverage.

Alleged Failure to Place Proper Coverage: A homeowner places coverage through an agent who secures a standard HO-3 policy. The home is located on lake front property. Since the home is not located in a flood zone, the agent advises that a separate flood policy is not needed and that they have adequate coverage with the HO-3. Heavy storms result in floodwater run-off from the lake, which enters the insured's home damaging the contents of their finished basement. Because the plaintiff alleges that their agent told them they did not have a need for flood coverage, suit is filed for damages. The insured denies these allegations. As a result, the coverage is triggered and used to defend the agent during the trial. Total amount paid including defense costs was \$45,000.

Alleged failure to properly place auto coverage: The parents of a newly licensed 16 year old son purchases a third vehicle for his use. The agent advises that due to the underwriting requirements of the parent's current auto carrier, they are unable to add their son's vehicle to their policy. The agent offers an alternative market to their son. Due to an emergency at home, the agent leaves the office and fails to place coverage through one of their nonstandard companies that will write the 16 year old. That night, the 16 year old decides to drive the vehicle to the local town convenience store. On the way, he ignores a red light at a busy intersection, resulting in an at-fault accident with two other vehicles. As a result of the agent's negligence, our policy serves at the auto carrier's policy to settle the bodily injury and property damage claims with the other vehicles. Total amount paid including defense costs was \$98,000.

Alleged Failure to Properly Add an Additional Insured to a GL Policy: An agent places general liability coverage for a roofing subcontractor and issues a certificate of insurance naming the general contractor as an additional insured but failed to follow through with the GL carrier to endorse the policy accordingly. On the jobsite, an accident occurs when an employee, a subcontractor of the roofing contractor falls four stories while working on the roof. The employee dies on the way to the hospital. The general contractor brings a third party suit against the agent's E&O policy. The E&O policy responds by dropping down and defending the general contractor because they were not properly placed as an additional insured on the subcontractor's policy. Total amount paid including defense costs was \$150,000.

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Application and Quote Indication Links

The short form application is designed to allow an Allsouth Professional Liability team member to determine if we will be able to place coverage with a limited amount of information. We know your time is valuable and we won't make you complete a full application until verifying we can place coverage and offer a competitive quote. You may also fax or email any fully completed application for the risk to Patrick Palmer at the address listed above.

Short Form Application Used For Indications

Complete Application