

# LOSSPREVENTION LESSONS

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Keeping You  
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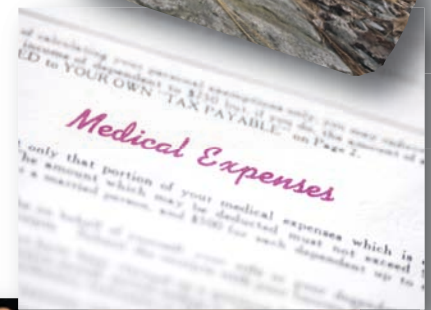
## Be Careful with Coverage Changes

A man was riding a bicycle in the far right lane on a busy, narrow street. Without warning, a passing semi truck's mirror caught his shoulder and sent him tumbling headfirst into a ditch on the side of the road. The man suffered severe injuries, including a broken collarbone, which required extensive medical treatment and substantial rehabilitation efforts. Unfortunately, accidents like this happen throughout the country on a regular basis. However, this situation was particularly unfortunate for this cyclist as the driver was uninsured. In addition, the cyclist had recently visited his insurance agent to request cancellation of his personal auto policy.

As he was running a business, he figured that it would save him money to have his personal vehicle added to his business automobile policy. At that time, the agent's sales producer assisted the man without giving the situation a whole lot of thought, asking any additional questions, or providing drawbacks of such a change. As the client had a substantial amount of wealth built up, he carried high limits on his insurance policies. Had the man's personal automobile coverage been in force at the time of the accident, there would have been UM coverage to pay for his medical expenses and provide him with compensation for his pain and suffering. However, the sales producer failed to properly address the personal use of the vehicle when adding to the commercial policy.

When a client requests a coverage change where there may be adverse consequences, you should ask questions to further understand their needs. See if you can help your client determine if what they are asking for is actually what they need and whether any decreases in coverage are risks that the client is willing to bear. An agent has a duty to his client to secure the coverage that the client requests which is reasonably, commercially available. However, the agent should also explain any ramifications of coverage changes that the client seeks to implement.

In the situation presented above, the client asserted that the insured agent should have provided him with warning about the consequences of the coverage change. Although the sales producer had produced the coverage that the client requested, he could have done more to reduce his exposure to a potential E&O claim. Although this coverage may have been appropriate given the client's request, it ultimately provided a lesser level of personal protection than the coverage that he formerly had. Whenever there is the risk of decreased coverage, it is in your best interest to think through the situation and bring any potential risks to your client's attention. As always, obtaining a confirmation in writing may save you from a difficult situation in the future.



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