

LOSS PREVENTION LESSONS

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Provided by CalSurance® exclusively for Farmers Agents

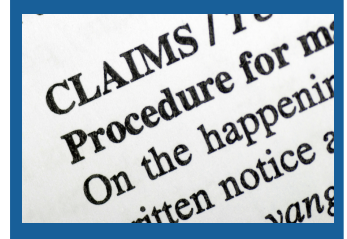
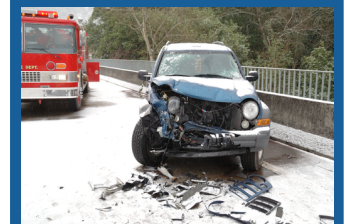
Keeping You
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The Danger of Assumptions

A customer called her agent to add a newly purchased vehicle onto their personal auto policy. She spoke with the agent's agency producer and requested full coverage on the vehicle since her sixteen year old daughter would be driving the car. Without giving a second thought, the agency producer sent a request to the agent to add the vehicle onto the policy. The household already had a car with full coverage and 2 cars that only carried liability coverage. Unfortunately, the agency producer was not specific about the coverage level that the client wanted on this newly added vehicle and only liability coverage was added to the policy. The agency producer assumed that full coverage was in place without spending the extra minute to review the coverage. If he had, he would have realized that only liability coverage had been bound on the vehicle.

About a month later, the girl was involved in a single car accident on the freeway. She had crashed the vehicle on a highway overpass. She was taken to the hospital with injuries, where she would be kept for several days. Shortly thereafter, her mother called the agents office to report the accident and spoke to the agent who informed her that only liability coverage had been added on the vehicle. Shocked, she stated that she was very clear with the agent's agency producer that she needed comp & collision coverage for her daughter as well. After a discussion between the agent and the agency producer, it was clear that this was a matter that needed to be turned over to E&O. E&O ended up paying \$10,000 on this claim.

If your book of business includes a significant number of personal automobile policies, you probably get requests to add and remove vehicles from client policies regularly. Continually making changes like this may seem like a monotonous task, however, care should be exercised to ensure that the proper coverage is maintained on each vehicle. In the example above, it would have taken the agency producer less than a minute to review the coverage terms obtained, which clearly stated that the vehicle was only being added with liability coverage. However, he made a very dangerous assumption. This claim illustrates that it is important to take that little bit of extra time to ensure that the coverage that has been requested by your client is the coverage that is being bound. It may just prevent the hassle and expense associated with an E&O claim down the line.



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