

# LOSSPREVENTION LESSONS

January 2016

Provided by CalSurance® exclusively for Farmers Agents

*Keeping You  
Informed & Protected*

## Year in Review - 2015

It's hard to believe that another year has come and gone. Whether your holiday celebrations were large and hectic or small and peaceful, we hope that you finished out the year with unforgettable memories and wish you a happy and prosperous New Year! As we do every year around this time, we are going to take a few minutes to reflect on the loss prevention lessons learned over the previous year:



### February 2015 –

Commercial Brokered  
Business - The Large Loss

Be particularly careful when writing commercial brokered business as the most severe E&O claims often stem from commercial brokered business. If a client is requesting replacement coverage for an existing policy in force, use additional care. Any material reductions in coverage should be brought to your client's attention with a follow up in writing. Review and deliver all quotes, cinders, and policies with your client.



### March 2015 –

The Consequences of  
Taking Shortcuts

Do your due diligence when procuring insurance policies. It may not be adequate to insure at the price that a client paid several years ago. Establish office policies about how particular situations should be handled. Taking shortcuts may save time in the short run, but the time and cost spent in the long run dealing with E&O claims that will inevitably arise makes it a losing proposition.



### April 2015 –

Put it in Writing

Take time to review your policies in force with your clients periodically, especially policies that you inherit from another agent. If you have difficulty getting a response from your client regarding documents needed to bind coverage, follow up in writing. A verbal follow up may not be enough to stop an E&O claim in its tracks.



### May 2015 –

Flood Coverage as  
a Complement to  
Homeowners Coverage

Homeowners policies may cover certain types of water damage within the interior of a home. However, a flood policy may be necessary to provide coverage for water damage from an external source. Be familiar with the coverage provided for the policies that you are selling and be able to relay that information to your clients.



### June 2015 – Be Careful with Coverage Changes

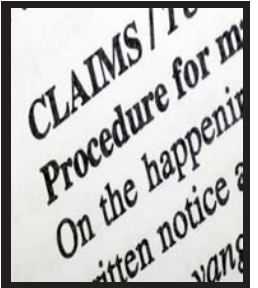
When a client requests a coverage change that seems out of the ordinary or unexpected, ask questions to further understand their needs. See if you can help your client determine if what they are asking for is actually what they need and whether any decreases in coverage are risks that they are willing to bear. Explain the ramifications of any coverage changes that the client seeks to implement.



### July 2015 – Know Your Available Endorsements

The importance of representing available coverage/endorsements properly cannot be stressed enough.

Know the products you are selling, including all available endorsements. If you are unsure about any aspects of the policy, do your research, engage the assistance of a commercial specialist, or inquire with underwriting or your district manager.



### August 2015 – Take the Time to Inspect

It is vital that you follow all underwriting guidelines of the companies that you represent. It can be tempting to conduct an inadequate inspection, or worse yet, no inspection at all. However, when the underwriting guidelines require you to conduct an inspection, you should do so. By taking the time to comply with the carrier guidelines, you can greatly reduce the chance that you will bind the carrier to an ineligible risk.



### September 2015 – The Fall

Have office procedures in place and make sure that they are followed by all of your employees. Be careful that you don't misrepresent that coverage exists on a policy that has been canceled. If you issue a certificate of coverage where no coverage exists, the situation can very easily result in an E&O claim.



### October 2015 – The Danger of Assumptions

You probably get requests to add and remove vehicles from client policies regularly. Care should be exercised to ensure that the proper coverage is maintained on each vehicle.



### November 2015 – Only the Applicant Should Sign

Adhere to the underwriting guidelines for all insurance carriers that you represent and do not make misrepresentations or cut corners during policy procurement. Never allow anyone beside the applicant to sign an insurance application. Another party cannot be expected to accurately disclose all relevant information.



### December 2015 – Policy Form Changes Require Special Care

When changing policy forms, it is never a good idea to represent to the client that everything in terms of coverage will remain the same. If a policy will be written on a new or different form, coverage may not be exactly the same. When changing carriers or switching policy forms with the same carrier, you should take care to highlight changes in coverage to the client.

We thank you for taking the time to review the monthly loss prevention lessons. We value your feedback regarding past topics and appreciate any suggestions for future lessons. Simply reply to the monthly loss prevention email with your questions and/or comments. We appreciate your continued participation in the Farmers Sponsored Group E&O program and look forward to another great year! An archive of past lessons can be accessed at any time by visiting [www.calsurance.com/farmersmonthly](http://www.calsurance.com/farmersmonthly).

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