

LOSSPREVENTION LESSONS

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*Keeping You
Informed & Protected*

The Importance of Follow Up

High net worth customers tend to have valuable homes and cars. Gaining a base of high net worth customers is something that many insurance agents strive for as the larger than average insurance premiums can bring higher commissions. Serving this customer base can also increase your E&O exposure as an agent. After all, the larger the limits on a customer's policies, the more potential there is for a large claim that could potentially approach or even exceed your E&O limits.

Several years ago, a customer called her agent to increase the limits on her personal auto policy. Based on the customer's net worth, the agent discussed the potential for adding an umbrella policy and provided a quote. The agent presented a quote for a \$5M umbrella. Although the customer had a substantial net worth, she felt that the cost of the umbrella was too high so she requested a quote for a \$2.5M umbrella.

The agent presented a quote, but several weeks passed and no response had been received until one day the customer's husband called the insurance agent's office to inform her that his wife had been involved in an at fault accident that had left both her and two passengers in another vehicle seriously injured. The husband had been under the impression that the umbrella had been bound. The unfortunate reality was that it had not. As the agent reviewed her records, she located an email from two days after the \$2.5M umbrella had been presented where the customer had stated that she wished to bind the policy. Unfortunately, the agent had missed this email and after informing her enraged husband that no coverage had been bound, quickly realized that this was an issue that needed to be reported to the E&O carrier.

The claim example above illustrates just how important it is to have a good system for follow ups in place. Had the agent utilized a diary system for follow up with the customer, she would have quickly discovered that the customer wished to bind the policy and the umbrella policy likely would have been in place at the time of the loss. The fact that an email was produced where the customer clearly stated that she wished to bind coverage and no response was provided by the agent showed a clear oversight on behalf of the agent.



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