

LOSSPREVENTION LESSONS

November 2018

Provided by CalSurance® exclusively for Farmers Agents

*Keeping You
Informed & Protected*

Flood Insurance - The Rate Hike

An agent wrote a flood policy through the NFIP many years ago for a customer's business. The flood policy renewed without any issues for over a decade. One day, the agent's sales producer received a worried call from the customer. She had received her premium renewal notice in the mail and the premium cost had increased significantly. As the customer had already been having financial difficulties while running her business, she stated that there was no way that she could afford the premium. The sales producer listened to her concerns and advised that he would look into the situation and pass the information along to the Agent to see if there was anything they could do to get the premium reduced.



Several months passed, but the customer never heard back from the agent or the sales producer. Later, the Agent admitted that this issue had simply fallen through the cracks at the office. Unfortunately, the customer had been going through some personal issues in addition to her financial woes and her insurance concerns were not at the forefront of her mind. However, with a storm bearing down on her and the waters rising around her, she reviewed her paperwork and realized that the policy had canceled several days earlier. She frantically called the agent to see if anything could be done at this point. The agent got to work, but with a storm already brewing, there wasn't much that could be done. Luckily, the office only suffered minor damage.



Shortly thereafter, the agent was able to get an updated documentation, which reduced the customer's rate. However, the damage was done and the loss would not be covered since coverage was not in force at the time that the storm hit. This is another reminder of just how important good business practices are. Had a system been in place to track follow-ups with customers, this issue would have likely been resolved long before the policy canceled. With the way things worked out, the customer was left with a damaged building and the E&O carrier had to step in to assist with the loss.



Domiciled in California, License # 0B02587

681 S. Parker Street, Suite 300, Orange, CA 92868

Phone: (866) 893-1023 Fax: (866) 893-1198

E-mail: farmers@calsurance.com

California License # 0B02587

"All statements, contained herein are subject to all terms, conditions, exclusions, and endorsements of the actual policy. To obtain a copy of the policy, visit <http://farmersagentsbenefits.com>, click Resources, then click on the Errors & Omissions tab."