

LOSS PREVENTION LESSONS

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Keeping You
Informed & Protected

The Business Use Trailer

A customer called his agent to add his trailer to his automotive policy. He had been a long time policy holder and had an extensive relationship with the agent, with multiple policies written for both his personal and business insurance needs. The Agency Producer, who had been newly hired by the agent answered the call. After a brief discussion with the customer, he figured that it was straightforward for the customer to have coverage under their personal auto policy. Unfortunately, the Agency Producer had glossed over the fact that this trailer would be used for his business, and therefore, the trailer should have been added to his commercial auto policy.

One rainy day, as the customer was hauling hay down the interstate, he lost control of the vehicle and along with the trailer, crashed into another vehicle on the road. Fortunately, nobody was seriously injured during the accident, however, the same could not be said for the vehicles involved, or the trailer. Things went from bad to worse as soon as the customer reported the claim. It was quickly discovered that the trailer had not been added to the commercial auto policy. The customer was puzzled as to how this had happened because he had specified that he would be using the trailer in the course of his business operations.

During the E&O investigation, the Agency Producer who had handled the transaction admitted that he had been informed that the trailer would be used for the customer's business. It was simply an error that the vehicle was not added to the correct policy, an unintended consequence of not being familiar enough with the system and trying to move too fast while servicing customers in a rapidly growing office. This is a claim where the Agency Producer clearly understood the mistake that he had made and knew how the business should have been handled. It is a reminder that care should be taken in the servicing of your customers. You don't want to make an error simply because you are rushing through the process of making coverage changes or hurrying with your customer's needs so that you can get to the next customer.



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