

# LOSSPREVENTION LESSONS

Provided by CalSurance® exclusively for Farmers Agents

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Keeping You  
Informed & Protected

## Office Staff Turnover

An elderly customer had multiple rental properties insured through Farmers, but his ranch home was written through an outside carrier. Historically, the carrier sent renewal notices directly to the Agent and each year, the agent's office staff would forward those renewal notices to the customer and follow up with the customer to ensure that he paid the premium to keep his policy in force. This process worked for several years, but there was some turnover at the agent's office and the staff member who had been responsible for contacting the customer was no longer employed by the agency. The renewal notice was received at the agency, but misplaced and not forwarded to the customer.

Accordingly, the policy was canceled for non-payment. Three months later, there was a fire at the customer's residence and the home burned down. Fortunately, the elderly customer and his wife were able to escape the fire without any injuries, but when they called their agent to report the loss, they were informed that their policy had lapsed. They questioned how this was possible because they had not received a renewal offer and it was quickly discovered that the renewal notice had been sent to the agent's office, but never forwarded to the customer. The agent quickly turned over the matter to the E&O carrier for handling.

When running an agency, it is important to have standardized office procedures in place. This becomes even more critical when there is turnover with your office staff. When there are no standardized office procedures set, running the business is more challenging and prone to errors. Additionally, if you have special arrangements or exceptions setup with certain customers, these arrangements should be documented and adhered to. However, it is also important to determine whether these special arrangements are necessary in the first place. Special arrangements could ultimately create additional E&O exposure that would not normally exist.



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