

LOSS PREVENTION LESSONS

November 2022

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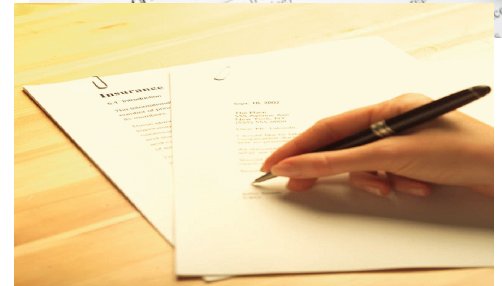
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The New Employee Who Was Only Trying to Help

A customer called his agent's office to get homeowners coverage bound on a property that he owned. At the time that the policy was requested, the house was boarded up and unoccupied. Unfortunately, when the call to the agency came in, the call was passed along to a new employee who had not been properly trained. She was unlicensed and logged in using another employee's credentials to bind a policy on the home with the carrier. She completed the application on the customer's behalf and made multiple assumptions without asking the customer for confirmation. Specifically, she made the assumption that the policy was owner occupied because the customer provided a utility bill in his name. Furthermore, there was a question that said "Does the dwelling have any unrepaired damage or known potential defects". The employee answered that question as "No". Unfortunately, the reality was very different. The home was in a significant state of disrepair and would NOT have been acceptable to the carrier's underwriting department. Finally, to top off the sequence of errors, the employee failed to have the customer sign the application.

Shortly thereafter, there was a fire at the home resulting in a complete loss. When the claim was reported to the agent's office, the agent realized all of the errors that had been made and quickly forwarded the loss to the E&O carrier for handling. A claims investigation determined that the employee who made the errors had previously worked in retail and had only recently started her job at the insurance agency just a few weeks earlier. As the agency had been growing quickly, she had taken on responsibilities without the proper training and licensing.

There are several lessons that should be learned from a situation like this. First of all, credentials to login to carrier systems should not be shared amongst employees. The claim investigation determined that this was a common practice at the agency, which opened the door to issues such as this. Second, it is important to monitor your employees closely and ensure they aren't getting in over their heads when attempting to help out with situations that they are NOT equipped to take on. Office guidelines should be implemented and employees should have a clear understanding regarding what they should and shouldn't do, especially if those employees are unlicensed and/or new to the industry.



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