

# LOSS PREVENTION LESSONS

Provided by CalSurance® exclusively for Farmers Agents

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*Keeping You  
Informed & Protected*

## The Importance of a Follow Up Email

A customer approached his agent to request a Business Owner's Policy (BOP) for his newly opened restaurant. The customer informed his agent that he had invested nearly a million dollars in improvements and wanted to protect his investment. In an email, he specifically requested a \$1M sub-limit for sewer backup coverage as he had heard that neighboring tenants had been having sewer backup issues. The agent went to work on securing a quote for his customer. Unfortunately, in the markets available to the agent, the best the agent could find was a policy that included a sub-limit of \$250K for sewer backup. Coverage with a \$250K sub-limit was bound accordingly.

Several months later, severe sewer issues began to plague the restaurant. The restaurant was shut down and the insurance carrier paid out the policy sub-limit for the sewer backup claim. Unfortunately, this is where the agent and customer had opposing stories. The agent stated that he had a conversation with the customer and explained that a \$250K sub-limit for sewer backup was the highest sub-limit available for the coverage in question and that the customer had agreed to bind coverage with that sub-limit. On the other hand, the customer stated that he had specifically requested a \$1M sub-limit for sewer backup and he had never been made aware that a lower sub-limit had been procured before binding coverage. Aside from the initial email requesting the higher sub-limit for sewer backup, there was no documentation to support what had been discussed by both parties prior to binding and the disagreement devolved into a swearing match.

It's important to provide your customers with the coverage that they want, but there are times when the desired coverage isn't available in the marketplace. When this happens, it is vital to clearly document discrepancies between the desired coverage and the coverage that will be bound. If a customer has documentation showing that they specifically requested a certain coverage or limits that are unable to be procured, that should be documented in writing. Relying solely on a conversation as opposed to documentation can put you in a difficult position in the event of a loss. Over time memories can fade. Additionally, people may not be truthful when faced with a large loss and no documentation to prove a discussion that took place. The best way to protect yourself is to clearly document important such important discussions. A brief follow-up email after a conversation can make a claim much more defensible.



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