

LOSSPREVENTION LESSONS

Provided by CalSurance® exclusively for Farmers Agents

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*Keeping You
Informed & Protected*

Know Your Carrier's Guidelines

A customer called his agent to secure coverage on his newly opened sporting goods store. The agent was aware that this was a full service location which included on site batting cages with athletic training lessons. The agent bound coverage accordingly without checking the eligibility requirements to ensure that the business fell within the underwriting guidelines.

There was a large fire at the facility and the loss was reported to the carrier. Once the claim investigation began, it was quickly discovered that the business fell outside of the eligibility guidelines. These guidelines clearly stated that baseball training facilities, including indoor batting cages were ineligible business. The agent had failed to physically inspect the risk and take photos as well as confirm the eligibility guidelines prior to binding.

There are significant differences between personal and commercial business and additional care must be taken prior to binding a carrier to a complex risk. Commercial risks typically have more finely tailored guidelines to ensure that the risk is desirable to the carrier. While representing an insurer, you have a duty to review all underwriting guidelines and only bind a carrier to eligible risks. While you may not be aware of all guidelines offhand, all carrier guidelines should be reviewed prior to binding and an inspection should take place when required by the carrier.



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