

LOSS PREVENTION LESSONS

Provided by CalSurance® exclusively for Farmers Agents

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*Keeping You
Informed & Protected*

Simple Mistakes Can Lead to Large Losses

A landlord called his agent to request a policy as he was in the process of renting out his recently purchased townhouse to a tenant. The agent was aware of this request, but mistakenly wrote the policy as an owner occupied townhouse/condominium policy. Within months of moving into the property, one of the tenants slipped and fell down the stairs, suffering a serious brain injury and incurring several hundred thousand dollars in medical expenses.

A claims investigation quickly determined that the carrier had been bound to an ineligible risk since the dwelling was not owner occupied. The policy holder never had any intention of occupying the property and he had been clear about that in his communications with the agent. Furthermore, the policy contained an exclusion relating to injury of residents of the property. When interviewed about the issue, the agent did not have an explanation as to why the policy was written that way. The customer had specifically requested a landlord policy, which would not have contained a similar exclusion. Had the proper policy been written, the loss would have likely been covered by the insurance carrier.

Claims like this are frequently reported to E&O. These may be a result of moving too fast in an effort to bind business or they may result out of poor training, poor office procedures, or carelessness. These types of claims are an important reminder that agents should slow down and review their notes and consider previous customer interactions to make sure that the proper policy is being bound as requested. Spending a few extra minutes to review the proposed policy to ensure that it meets your customer's needs is likely to prevent a situation like this from occurring. Farmers Friendly Reviews can also be used to ensure that your customer's policies continue to meet their needs.



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