

IF YOU DIDN'T DOCUMENT IT IT DIDN'T HAPPEN!

The Good, Bad, and In-Between of Documentation

We KNOW

for Insurance Agents

E&O

Having good documentation in place can help agencies avoid many E&O claims.

It will reduce errors and, if an E&O claim is made, good documentation will help with your agency's defense. Ensure your agency's documentation standards are clear and reinforced regularly with your staff.

What does good documentation look like? Here are examples of common scenarios with risk management and documentation guidance:

PHONE CALLS



BAD: No record of the call is made. A note is made of the call, but the details are vague.



BETTER: A note of the discussion is made in the agency management system that includes the person you spoke to, content of the conversation, and any action items. The note should be clear enough that another agency staff member could read it, know exactly what was discussed, and any next steps or open items.

GOOD: Send the client or carrier an email or letter memorializing the conversation and save it in the client's file. Document calls immediately after the conversation. Details become less clear as other tasks and conversations take place during the day.



BEST: Record all phone calls, if allowable in your state. Store the data and keep it backed up regularly.



QUOTING



BAD:

- **No signature obtained** on the application or quote proposal.
- **The carrier's proposal is transferred to an agency template without all information** contained in the carrier quote.
- **Relevant coverage information is not communicated** to the client in writing.



GOOD:

- **Require a signature for applications and keep the form on file, even if the carrier does not require it.** Have the client review information submitted to the carrier and acknowledge its accuracy if you are entering the submission information into an online carrier application.
- **Send the carrier's proposal to the client without modifications to ensure no information is lost.** Have the client sign the proposal when binding and store it in your file.
- **Communicate significant policy exclusions and coverage restrictions to the client in writing.** For renewals, this includes any changes to coverage since the prior policy term.
- **Advise the client in writing about any requested coverage that is not available.**

DECLINATION FORMS

BAD:



- No form is requested.
- Wrong form is requested.
- Form is requested, but not noted in the file and no follow-up is done.

GOOD:



- **The correct form has been requested and follow-up is done to ensure it is received in a timely manner.** If the form is not provided promptly, then the rejected coverage should be added back to the policy until a declination form is received.
- **Check the form to verify it has been filled out correctly,** is dated, and the correct signatures have been secured.
- **Save the form in the client's file.**

RECEIPT OF CLIENT CLAIMS

BAD:



- No record of the receipt of the claim is filed.
- Claim notice is made to the carrier, but no acknowledgement of receipt is received and stored in the file.
- The client is advised they should report the claim to the carrier directly and no record of this is made in the file.

GOOD:



- **Claim notice is forwarded to the carrier within 48 hours of receipt,** an acknowledgement of claim receipt is received, and both are attached to the file.
- **The client is advised to report the claim directly to the carrier,** a note is made in the file, and this is further memorialized in writing to the client with details on how to report the claim.

POLICY CHANGE REQUESTS

BAD:



- **Request is taken over the phone and not memorialized back to the client in writing.**
- **Request is not made with the carrier, or the request is made, but not followed up on** until the change is complete.
- **The client is not advised in writing that the change is not in place** until confirmed by the carrier.

GOOD:



- **A written request for the policy change is provided by the client and saved in the client file.** The client is advised in writing that the change is not in effect until the carrier confirms coverage.
- **The change request is taken over the phone and also memorialized in writing back to the client.** The client is advised in writing that the change is not in effect until the carrier confirms coverage.

CLAIM EXAMPLES

GOOD DOCUMENTATION

The client requested that the agent obtain coverage for a vacation property. The agent secured coverage with the fair plan. The vacation property suffered water damage from frozen pipes. Coverage was not available for water damage through the fair plan policy. The client brought suit alleging failure to procure coverage in the standard market similar to their prior policy.



This claim was closed without indemnity payment because the agent advised the client in writing that:

- they were unable to procure coverage in the standard market,
- coverage was placed in the fair plan,
- coverage was limited, and
- it was specifically noted that coverage did not extend to water damage.

BAD DOCUMENTATION

- A client contacted the agent with a notice of potential claim. The agent advised they do not accept claims and provided the information to the client to submit the claim to the carrier. The client contacted the agent 2 additional times attempting to submit the claim and was advised each time that they needed to submit it to the carrier. However, the client was only advised of this verbally and no note of the interaction was made. This claim paid more than \$100,000.
- A client requested Builders Risk Coverage on a renovation project to cover the structures and renovations. Coverage was obtained for renovations only. The agent advised the client that the coverage was for renovations only during a phone call. The phone call was not documented, and the client claimed they were not advised. We anticipate paying in excess of \$100,000.
- The agent secured insurance for a client's seasonal home with a surplus lines carrier who does not automatically renew coverage. A premium quote was provided to the agent at the second renewal. The agent indicated that a CSR provided the quote to the client, but the client stated they never received it. Sometime after the policy expired, the client had a loss involving pipes freezing and causing extensive water damage. There was no documentation in the agency file to show that the quote was provided to the client or followed up on. This loss paid \$52,000.



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