

# ERRORS & OMISSIONS

## RISK MANAGEMENT ALERT

### Is Your Agency “Good” or “Lucky” Regarding E&O?

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When it comes to agencies’ exposure to an errors-and-omissions (E&O) claim, relying on luck is not suggested. **It is best to design and implement a plan, and then strengthen it every year by adding a new loss prevention measure or building upon the ones already in place.**

Building blocks for a strong program include:

**Documentation of the conversations with the clients.** The documentation should be in the agency system and the essence of the discussions should be memorialized in a document back to the client.

**Exposure analysis checklists/questionnaires.** Since exposures change, a review of the exposures should be done when the risk first becomes a client and then each year (at a minimum every other year) using a questionnaire that is sent out to the clients or done in a face-to-face environment.

**Solid marketing efforts.** Ensure applications reflect the current exposures and that all carrier and wholesaler proposals are reviewed to compare the coverage requested with the coverages proposed.

**Adherence to securing written confirmation.** Do this for purchase decisions and mid-term changes.

**Policy checking.** The policies being issued by your carriers and wholesalers are not always perfect. They should be checked to compare the policy to the coverages requested by the client.

**A solid commitment to education and training.** Too often, E&O claims develop because of incorrect information being provided to the client. Clients rely on your knowledge, so ensure that the appropriate staff has the necessary training.

**Adhering to solid E&O practices will help increase your chances of success. Being “good” doesn’t just happen. It takes hard work and personal commitment – and then you can enjoy the many benefits a strong program brings.**



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