
ERRORS & OMISSIONS

RISK MANAGEMENT ALERT

Is staff training one of your top issues?

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If it isn't, it should be. Fast forward your agency 5 years and ask yourself how many of your current staff will have retired. How many positions will you need to fill? For many agencies, this is a significant number. Every day, it seems that agencies are struggling to find "tomorrow's staff." When you find them, how will your agency train them to handle their respective responsibilities and duties?

Due to the challenges of finding staff with the desired insurance experience, there has been a shift in the approach. Many agencies are now focusing on hiring individuals with the proper skill set and then teaching them insurance. This may appear to be a significant undertaking, but with a solid focus on training, agencies using this approach are having tremendous success.

In addition, let's not presume that today's employees have received all of the training they need. In some cases, the scenario "here's your desk, these are your files, any questions?" may be more the norm than the exception. Most employees would welcome the opportunity to receive additional training.

Training definitely covers a lot of areas including, but not limited to, technical knowledge, sales training, customer service, automation and the proper use of the agency systems. While all of these are important, let's focus on technical proficiency.

Over the years, exposure analysis coupled with product knowledge has ranked #1 among the most common cause of E&O claims. It is important to realize that agency staff can be held liable for what they say and what they put in writing. Therefore, if they were to provide a client with incorrect information and the client suffers an uninsured loss due to this incorrect information, the agency could find themselves facing an E&O matter. Factor in how many times clients are asking your agency staff questions on coverages, and this correlates to a significant issue for most agencies.

Ensuring that your sales staff are knowledgeable on the products they are selling is obviously important. A number of years ago, a study revealed that cyber insurance was not being properly discussed with clients. The general feeling was that producers were not addressing cyber coverage was because they didn't fully understand it and were hesitant to bring up the issue for fear of being asked questions they did not know the answer to.

Many agencies look to handle training by having staff members perform some training in addition to all of their other responsibilities. This clearly has its drawbacks and has often resulted in a less-than-thorough outcome. The best approach is to have a dedicated person that "owns" the issue. This should result in a more comprehensive approach to staff training.

It would be worthwhile for agencies to evaluate the technical knowledge of their sales staff. Some have done this using either a test or a mock sales presentation where the staff are asked coverage questions. This approach should determine what coverages the staff needs additional training on. The training could then be done via a number of approaches:

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- A classroom environment where a specific type of coverage/type of business is discussed and the exposures dissected. Use of an agency “expert” is one approach. Another option is look to carriers/wholesalers for this training;
- Your state agents’ association. Many have education departments that hold training sessions on various topics;
- Industry training organizations; or
- Exposure Analysis software products available in the industry.

Many agencies have found success through establishing divisions based on specific industries such as real estate, construction, not-for-profit, etc. This type of structure results in a staff that’s totally knowledgeable on the issues of those industries as well as the coverage needs of those clients.

Another approach is to focus on specific lines of business such as D&O, EPL, E&O, cyber, etc. These coverages are more complex. They are often on a claims-made basis which, when not properly handled, cause a fair amount of E&O claims.

Various prognosticators are stating that the need to educate clients is going to grow in importance. To ensure clients are properly educated requires staff who are knowledgeable in the subject matter. Bottom line, staff training could very well be the key to determining the future success of your agency. It should also greatly minimize the potential for your agency to face an E&O claim.

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