

# ERRORS & OMISSIONS

## RISK MANAGEMENT ALERT

### Read the Policies You're Selling

by **Curt Pearsall, CPCU, AIAF, CPIA**  
President – Pearsall Associates, Inc. and Consultant  
to the Utica National E&O Program



**Don't assume that you know the intricacies of every industry policy.** There is no standardization in the management liability segment – E&O, D&O, EPL, Cyber, etc. – and the differences can be even more drastic in the Excess & Surplus Lines market. Every carrier wants to differentiate themselves in their policies to look more attractive or exclude an issue they have concerns about.

**Your staff needs to be confident that they understand exactly what coverage the policies they are selling/proposing really provide.** Ideally, the carrier proposal outlines any “additional” limitations/exclusions. However, it might not. This is one reason it is vital to read/review the policies you are selling and note the coverage provided/excluded.

**It is common for limitations and exclusions to find their way into policies – and some can be significant.** For example, Umbrellas are often thought of as “follow form” over the underlying, yet some forms state if the underlying coverage is not at the proper limit, the umbrella will not respond at all if there's a major liability claim. Differences can include unique coverage grants that make the coverage more expansive.

#### TAKEAWAYS

- **Read the policies you're selling and understand what's covered and what's not.** Knowing policy language is an important part of the selling equation.
- **Knowing this up front could help you sell more insurance,** rather than finding out when there's a loss that no coverage was in place for something.
- **Show your true value by bringing to a prospect's attention any gap in their current coverage dealing with a significant part of the prospect's business.**

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