
ERRORS & OMISSIONS

RISK MANAGEMENT ALERT

Your new hires: what's their E&O loss prevention culture?

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

Virtually every agency is dealing with the need to bring on new staff. This could be due to some staff retirements or staff that left the agency for one of many reasons. As new staff join your agency, there is definitely a need to provide them with training on such items as your agency system, your procedures, the carriers, and the details of the job responsibilities. Obviously, the goal is to get the new staff member up to speed as quickly as possible so they can begin to contribute.

One area that may not get the attention it deserves is E&O loss prevention. If the new staff member has some insurance experience, it may be assumed that they understand what E&O is all about and what is necessary to minimize the potential for E&O claims to occur. Quite honestly, this is a dangerous assumption to make. Just because they worked in another agency does not mean that E&O was understood and valued to the level that your agency does. In addition, if they are a “rookie” in the business, there is a good chance they are completely unfamiliar with the concept of E&O and, thus, uneducated on the key issues that drive a strong E&O loss prevention culture.

As your agency experiences the anticipated turnover, ensuring that these new hires get the proper E&O education and guidance becomes even more vital. Without question, your firm's E&O loss prevention culture will be heavily influenced by the level of E&O training these new staff received upon joining your agency. Items to consider include:

Provide an E&O overview. As new staff are brought on, it would be beneficial for the agency to dedicate some time on the subject of E&O and emphasize that by adhering to various best practices, E&O claims can be avoided. Depending on the size and structure of the agency, consider having each respective department manager (Personal Lines, Commercial Lines, Benefits, etc.) provide the new staff with the necessary information. It is suggested to provide the new staff with details of the expected procedures as it is possible that your agency has different expectations than the new staff's prior employer.

Then periodically (preferably monthly), meet with the new staff to give them a refresher on E&O overall or possibly specific issues such as documentation, managing workloads, exposure analysis, etc. While the issue of “document, document, document” has been part of the E&O loss prevention mantra for years, don't assume your new staff fully understand the value of a high level of documentation. Share your agency's expectations for documentation with the new staff.

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Contact your state association or E&O carrier. Both of these organizations probably have resources/articles/educational seminars they can provide (some may be for a fee) to get the new employee “up to speed.”

Add an E&O discussion in your agency staff meetings. The more your new staff hear about E&O loss prevention, the more they will understand it and be committed to the cause. In staff meetings, address issues such as the finer points of specific coverages or how to handle various inquiries from customers.

Your agency system. Consistency is a key word when dealing with E&O. This means that there is a common way that various procedures are performed within the agency. Even if you hire a new employee that has knowledge of your agency system, it is important to understand that your agency might use the system differently than how the new staff member used the system at their previous employer. This is where having a written procedures manual that details the use of the system will play a vital role.

Audit the work of the new staff. It is suggested to perform some extensive auditing of the new staff to determine if they are meeting the agency’s expectations. The quicker any issues are identified, the quicker that further training can be provided.

Bottom line, dedicate time early on to provide your new employees with a solid overview of your E&O loss prevention culture. This will play a key role in ensuring a bright future for your agency.

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