



Brown & Brown of California, Inc.
dba Cita Insurance Services

10 Ways to Avoid E&O Claims

1 Put It In Writing

- ▶ Review your notes from meetings or telephone conversations with your clients.
- ▶ Summarize main points and responsibilities. Answer: *Who* is responsible to do *what* by *when*?
- ▶ Use two-part paper for notes; send one part to client.
- ▶ Always date and initial your notes.
- ▶ Maintain a telephone log of all calls.
- ▶ Make sure that members of your family know how to take messages in a professional and accurate manner.

2 Listen To The Client

- ▶ Don't ask leading questions so that the response is simply what you want to hear, or need to hear, to write a policy.
- ▶ Promptly handle problems or complaints.
- ▶ Summarize the client's needs. Confirm your summary with client.

3 Don't Assume Anything

- ▶ When co-brokering business with colleagues, confirm each person's responsibilities.
- ▶ Ask other brokers for evidence of their E & O insurance.
- ▶ Don't skip any questions, or answer any questions yourself, when filling out an application for friends or neighbors.
- ▶ Make sure you can deliver when you promise, "Don't worry, I'll take care of everything."

4 Don't Generalize

- ▶ Avoid saying common statements like, "This policy is just as good as the old one," "Everyone covered by the old plan is covered by the new one."
- ▶ Avoid using phrases like, "For all your insurance needs."
- ▶ Be specific.

5 Stay In Your Area of Expertise

- ▶ Know your products thoroughly.
- ▶ Have all proper licenses.
- ▶ Consult with experts on law, accounting, real estate, etc.
- ▶ If you choose to broker business, do it with companies whose products you know.

6 Do Your Own Due Diligence

- ▶ Investigate the financial standing of any company whose products you are selling, if you are not selling through your primary company.
- ▶ Check on the company's reputation for denying claims or underwriting "after the fact."
- ▶ Check reputation of MGAs, and wholesalers.

7 Standardize Policies & Procedures

- ▶ Set up a manual of all routinely-followed procedures. Keep a manual on every employee's desk.
- ▶ Document, in writing, each employee's scope of authority.
- ▶ Develop checklists to insure the timely completion of tasks.
- ▶ Set up and maintain a diary system.
- ▶ Set up a forms manual with instructions outlining when to use standard letters, memos, meeting reports, etc.
- ▶ Set up a procedure for handling checks.
- ▶ Devise a system to learn about complaints/comments, so that you are aware of problems immediately.
- ▶ Use 2-part telephone memos and note forms. Mail one part to the client with notes confirming your discussion.

8 Train Your Staff

- ▶ Devise a training checklist for new employees.
- ▶ Document employee's file regarding completed training, include dates of training, subject matter, grades, etc.
- ▶ Hold staff meetings every one to two weeks. Have a written meeting agenda, keep minutes and record attendees' names. Keep this information, and handouts, in your meeting file.
- ▶ Train employees on policies and procedures listed in manual, and on company products and underwriting guidelines.
- ▶ Emphasize loss prevention.

9 Stay Current

- ▶ Designate one person to maintain files on changes in Federal and State laws that affect your business.
- ▶ Keep track of all staff license renewal dates.
- ▶ Subscribe to trade journals and maintain a library.
- ▶ Attend professional meetings regularly.
- ▶ Participate at professional conventions.

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Think Defensively

- ▶ Maintain a defensive, professional attitude.
- ▶ Learn from other professionals such as doctors. Get a second opinion, have a witness present, etc.
- ▶ Prepare for possible court cases five years into future.
- ▶ Carefully store files and telephone logs, maintain ex-employees' addresses and phone numbers for possible reference, etc.



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