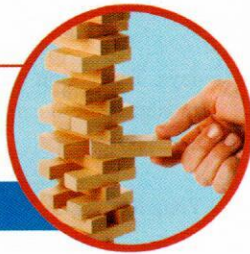




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ERRORS & OMISSIONS

RISK MANAGEMENT ALERT



5 Tips for Reducing E&O Exposures When Moving a Client's Claims-Made Coverage to a New Carrier

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Utica National often sees Agents' Errors & Omissions (E&O) claims from insureds as the result of errors when moving a client's claims-made policy to a new carrier. This usually occurs when a carrier decides to non-renew a risk and the agency must find a market to write replacement coverage. When securing replacement coverage for claims-made risks, there are several issues to address before coverage is written with a new carrier:

- 1 If the expiring claims-made policy is written on a claims-made-and-reported basis, advise your client to submit all potential claims to the prior carrier to avoid a potential late notice situation.** Most claims made and reported policies require an insured to report losses during the policy period or within 60 days after the policy expires. Prior to placing the new claims made policy, confirm in writing that the insured has reported all known claims or incidents to the prior carrier. In addition, ensure that the claim report to the prior carrier complies with all requirements outlined in the policy. When in doubt, put your client in direct communication with the carrier to discuss the claims or incidents that are being reported.
- 2 Confirm that retroactive dates on the expiring and replacement policies are the same.** Ideally, replacement coverage on a claims-made policy will not contain any retro date. However, if a retro date is applied to the replacement claims-made policy, advise your client of the implications of the retro date. In addition, report all known claims and incidents to the prior claims-made carrier.
- 3 Offer tail coverage to your client if an insurer will not mirror the retroactive date on an expiring policy.**
- 4 Make sure the client reviews and signs the new application before submitting a risk to a wholesale broker or carrier.** This will help to ensure that all known claims and incidents are properly disclosed and reported.
- 5 If the replacement policy does not mirror the prior policy, provide your insured with a specimen form of the new policy and highlight the coverage differences.** Discussions regarding form differences should also be memorialized in writing.

Following these simple steps will reduce your E&O exposures when moving a client's claims-made coverage to a new carrier.

The material contained in this article is for informational purposes only and is not for purposes of providing legal advice. You should contact your attorney to obtain advice with respect to any particular issue or problem.



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