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From the Legal Corner



Q: How do you avoid problems when switching policies at renewal time?

A: One of the most fertile areas for errors and omissions claims against insurance agents is when the agency switches a client from one insurer to another at renewal time. Policy terms and conditions can differ from company to company, and an endorsement offered by one company may not be offered, or offered with different restrictions by another.

It is mission-critical to advise a client that his coverage transition is not “apples to apples.” To avoid errors and omissions claims, agents should undertake a careful review of policy coverages when switching a client from one insurance company for a different company. Most importantly, agents should point out to the client in writing any material differences in the new policy.

This critical process should also leave behind it a substantial paper trail, both to assist recollection and protect the agency from errors and omissions exposure.

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