

Big “I” Professional Liability Deductible Reduction Feature Examples



The **DEDUCTIBLE REDUCTION** is a unique coverage feature included with your Swiss Re Corporate Solutions Insurance Agents and Brokers Professional Liability Coverage. The coverage has a dual benefit where it not only reduces the severity of an E&O claim, but also saves your agency thousands in deductible costs. Below are five examples where policyholders were able to take advantage of their policy's deductible reduction feature. Please refer to your Westport or First Specialty Insurance Corporation Policy Form for details. The examples are for illustration purposes only and should not be construed as actual claim events.

Example 1

Prior to renewal, an Account Manager (AM) met with a customer and reviewed their exposures using a coverage checklist. During the conversation, the AM discussed increasing the underlying homeowners & auto limits. The AM offered an umbrella policy as a cost-effective way of increasing liability limits on both policies. The client declined both options due to the premium and signed the checklist acknowledging the coverages were available.

Following an at-fault automobile accident with another vehicle, the client caused significantly more bodily injury damage than had coverage available on their auto policy. With the client's personal assets exposed, they filed a suit against the agency for providing inadequate limits of liability. An E&O claim was submitted to Swiss Re Corporate Solutions and because of the AM's use of a coverage checklist, signed by the client and included in the file, this is an example of a policy holder taking advantage of their policy's Deductible Reduction feature.

Example 2

A store owner had a disagreement with an employee who was ultimately terminated. A few months later, as a cost cutting measure, the store owner decided to not renew his Employment Practices Liability (EPL) policy. The agency's CSR spoke with the store owner and advised him of his need to purchase an Extended Reporting Period (ERP) endorsement and proceeded to document the file. Following the conversation, the CSR mailed a letter explaining the purpose of an ERP, as well as the terms and conditions of purchasing the endorsement. A few days prior to expiration of the Basic Extended Reporting Period, the CSR emailed the store owner yet another reminder. Irritated with the number of letters and emails the store owner received from the agency, he quickly replied to the email saying, "I don't want to buy any more insurance!"

A few months later, the terminated employee filed a suit for wrongful termination. The store owner contacted his EPL carrier and was enraged to find out he would not have coverage for this event. He claimed he was never instructed regarding the purpose of the ERP endorsement. Faced with a lawsuit of his own, he filed a suit against the agency for failing to secure an ERP endorsement. An E&O Claim was submitted to Swiss Re Corporate Solutions; due to the agency's thorough documentation of the ERP offer to the store owner this policyholder was able to take advantage of the policy's Deductible Reduction feature.

Example 3

A producer wrote a Commercial General Liability policy for a Petroleum Storage Equipment Company whose business activities involved sales and servicing of petroleum storage equipment. The producer was aware of the customer's exposure to a pollution event and offered various pollution coverage options during the sales transaction. All offered additional coverages were ultimately declined by the customer. The producer documented the agency management system with the conversation and follow up email, both of which confirmed the offer and declination of the pollution coverages.

A few of months later, a sizable pollution loss occurred, and a suit was filed against the Petroleum Storage Equipment Company. Soon after the company realized they were uninsured for this exposure, they filed suit against the agency for failure to provide pollution coverage. An E&O claim was submitted to Swiss Re Corporate solutions and the Deductible Reduction feature was utilized based on the follow up email sent to the customer confirming coverage was offered and rejected.

Example 4

Following an accident with an Underinsured Motorist, a customer filed a suit alleging that the agency completed and electronically signed the

Uninsured/Underinsured (UM/UIM) Motorist coverage rejection portion of the application AND failed to advise the importance of this coverage.

An E&O Claim was filed with Swiss Re Corporate Solutions. During the Claims Examiner's review an e-signature authentication form was located which documented the date, time, email and IP address when the policy application documents were emailed to the customer. The agency also had documentation indicating when the insured signed and returned the documents electronically, documents which included the client's completed UM/UIM coverage rejection form. A coverage checklist was used by the agency that further indicates UM/UIM coverage was discussed and a note in the Agency's Management System confirms the coverage was discussed at length and ultimately rejected due to cost. Because of the multiple documents and recorded discussion in the customers file, this is another example of a policy holder taking advantage of their policy's Deductible Reduction feature.

Example 5

An agent received a claim letter from a customer alleging the agency did not duplicate a prior policy's retroactive date, leaving the customer uninsured for a storage tank system. Included in the agency's customer file was the initial coverage offer for the tank system and a written email confirmation with the word "DECLINING" retroactive coverage for the storage tank in capital letters.

The claim letter was submitted to Swiss Re Corporate Solutions; based on the agency's file including the offer letter and email confirmation, this policyholder was able to take advantage of their policy's Deductible Reduction feature.



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