
ERRORS & OMISSIONS

RISK MANAGEMENT ALERT

Timely, Accurate and Complete Claim Reporting: Ensure that Your Agency is Prepared to Handle Incoming COVID-19-related Claims

by **Thomas Casella**, JD, MBA, SCLA

Senior Risk Management Specialist, Utica National Insurance Group¹

In the midst of the COVID-19 pandemic, claims for Business Interruption, Workers Compensation and various General Liability matters are already being reported, and this trend is expected to continue for the foreseeable future. If your agency is one that offers the service of reporting claims to insurance carriers on behalf of its customers, then you will need to be especially vigilant during this time as the claim activity is anticipated to increase exponentially. If you are not an agency that offers this service to its customers, you need to make this clear, in writing, and advise your customers to report all claims directly to the appropriate carrier.

To avoid E&O exposure on the increased influx of COVID-19-related claims being reported to you by your customers, you will need to:

Avoid making comments to your customers regarding coverage. Customers may ask whether a particular claim is covered, and it is natural to want to provide information based on your years of experience; however, it is not the agent's role to determine coverage. You may not have all the information at the time the claim is initially tendered, and there may be changes in legislation that could impact a carrier's coverage position. You should merely take the customer's information and forward it to the carrier for a coverage determination.

Forward all claim information in a timely manner. Do not delay forwarding claim information from the customer to the carrier as this may result in a denial of the claim and an E&O exposure for your agency. This applies to all information including initial claim details as well as further information, reports, etc. Immediate forwarding is optimal, but you should not have longer than a 24-hour turnaround on claim information provided by your customer.

Ensure the information provided by the customer is relayed in its entirety to the carrier. Do not paraphrase, interpret or otherwise alter claim information provided by your customers. The claim information you receive is what should be forwarded to the carrier. Any deviation that results in reduced, or a denial of, coverage will be an E&O exposure for your agency. Additionally, if you request clarification or additional documentation, ensure that this is documented and forwarded once it is received.

Report claims to all appropriate carriers. There may be a number of policies that may respond to a given claim. To avoid exposure for a failure to report a claim to a particular carrier in a timely manner, make sure you report the claim to each carrier that may potentially have coverage for a particular claim.

Ensure that excess carriers are provided notice of the claim. Whether the umbrella or excess coverage is with the same carrier or not, report the claim to each policy that may have coverage. Do not assume that because a carrier has both the underlying and excess coverage that both policies are triggered when the claim is reported to the carrier on the underlying policy. You need to notify the carrier of each policy that may be triggered to avoid an E&O issue for failure to report or untimely reporting.

While public and private entities, healthcare workers and first responders, and private citizens contribute to move forward during this pandemic, you will need to do the same. Be mindful and vigilant in your business practices and submit all claim information received by your agency customers in a timely, accurate and complete manner to reduce the risk of E&O exposure.

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