



Current Articles 1998 –January

If you Quote!!! Make a Note!!!

When a broker reviews a client's insurance requirements, he will often be asked to supply a quotation or make a recommendation for additional coverages. Many times this quotation is given to the client verbally. If the client rejects all or part of your recommendations, write it down! Of course the best method would be to send a letter to the client confirming his decision and outlining the specific coverage which has been declined. In the absence of this letter, put a "note to file", a handwritten memo in the file or note it on the quotation letter or policy declaration page.

If a broker is sued for lack of coverage your E. & O. carrier will review ALL documents in your files including telephone memos, notes on letters, etc. A small note like "Business Interruption" written on a daily could indicate that at the time of the renewal review the broker had discussed this coverage with the client. When the claim occurs several years later and the legal proceedings are even later, such notes can be invaluable to defend the lack of coverage by establishing that a previous discussion took place. Remember if it's the brokers word against the client and there are no notes or letters, the court will probably favour the client's memory of the conversation and proceed against the broker.

Although the broker may provide advice and recommendations, it is the client who must make the final decision as to the coverages that the broker should obtain. However if the claim is not covered some ten or more years after the broker's recommendations, you may have difficulty in remembering your verbal conversations. Note it and keep it in the file. It is evidence that is worth its weight in gold and may save you an E k O claim, to say nothing of your E & O deductible expense.

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