

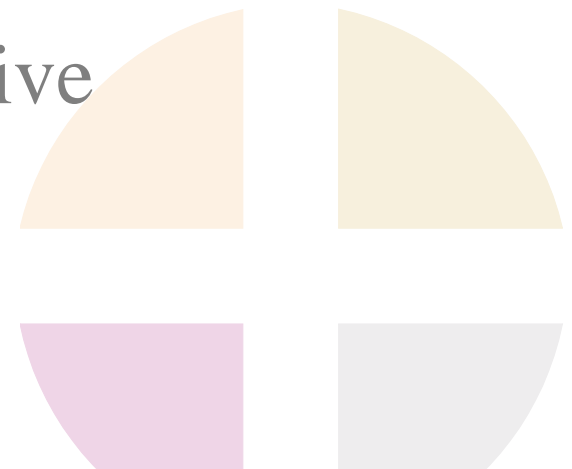


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PROFESSIONAL LIABILITY UNDERWRITING SOCIETY

# Broker E&O Claims

An Insurer's perspective



*Your source for professional liability education and networking.*



# Disclaimer

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# Overview

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- E&O Insurance is mandatory – without it a broker cannot operate
- E&O Premium is a significant expense for a brokerage
- The environment in which brokers operate continues to change
- Broker E&O Insurance is a volatile line of business



## Claim Exposure - Current State

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- Insurer / Broker relationships
- Broker Duty of Care and Client Relationships
- Policy Holder expectations
- Strength of the Plaintiffs bar
- Complexity of the environment in which Brokers operate

- Limits
  - Insurance to value (Commercial Property)
  - Liability Limit (Automobile & GL)
- Exposure Assessment
  - Business Interruption, Professional Liability
  - Building by-laws, Change in exposure
- Binding Authority
- Processing Error



# Claim Frequency

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- About one in eight brokers are expected to incur an E&O claim each year
- Recommendation error 16%
- Exposure assessment error 21%
- Policy issuance/renewal error 28%
- Personal Lines 40%

- Industry Consolidation – Insurers and Brokers
- Broker's need for efficiency
- Climate Change
- Regulatory
- Emerging exposures
- New Insurance Products

- The environment in which brokers operate is becoming much more complex
- The premium volume to cover losses is shrinking
- Implementation and adherence to industry best practices and robust office procedures is essential