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Technical Advisory

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SUBJECT: Avoid The E&O "Vacation Gap"

BACKGROUND: Everyone needs a vacation…especially everyone in insurance these days! However, as e-mail becomes increasingly central to agency communications with insureds, as well as with underwriters, there is a potential E&O gap that could occur when that much-needed vacation finally comes.

MAIN POINTS: A recent E&O case illustrates the problem. The agency principal left the office, and was going to be out of town for a number of days. Shortly thereafter, a commercial insured e-mailed the principal a request to add a newly purchased vehicle to the Business Auto Policy. The agent and insured routinely communicated via e-mail, and in the past, coverage changes were always made in a timely manner through e-mail.

However, the principal was out of the office for a longer period of time than expected, due to a subsequent family emergency, and no action was taken on the insured's request. A short time later, the vehicle was involved in an accident, causing over $250,000 in bodily injuries. After the claim was denied by the carrier, the insured successfully sued the agency.

Experts recommend three possible solutions that could avoid such gaps, in situations where agencies and insureds regularly conduct business with e-mail.
(1) The agency staff can check e-mail from off-site. While most people would hardly consider this a "vacation," it is one way to minimize any lapses in communications.
(2) Someone else in the agency can be designated to check the e-mail of staff that will be out of the office for an extended period of time. This procedure is not unusual with faxes and regular mail, so having someone check the e-mail of an absent staff person is a natural extension of what is frequently done with other forms of communication.
(3) Most e-mail programs have an "auto reply" or "out of office reply" feature. This allows a person who is going to be out of the office to compose a specific message which is automatically sent back to anyone who sends an e-mail

(similar to a voice mail greeting). The message should include the phone number or e-mail address of the agency person who is handling business for the absent staff. Many experts also recommend adding a statement that coverage cannot be bound, or policy changes made, via e-mail, when the "auto reply" function is activated.

NECESSARY ACTION: Agencies should already have written guidelines on e-mail procedures, as well as general computer usage. It is recommended that the guidelines include a procedure for handling e-mail while a staff person is going to be out of the office for more than a day or two.