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Agent's questions about Errors and Omissions, and how E&O losses can be prevented.

Q: Does using professional designations or letters behind our names create more E&O exposure?

Jon, Minnesota

A: Jon, this has been a question raised by many insurance professionals upon receiving a new designation: *"Now that I have a designation, should I be afraid to use it?"*

Let's all agree, it is not always easy to obtain a designation. I think part of the answer may lie in why we obtained the designation in the first place. For most of us, it was a challenge of personal growth, wanting to be the best we can be. It may also have been a desire to elevate our performance and knowledge, thereby creating more opportunities for increased income. (Nothing wrong with that). But I think many would agree that one of the reasons we pursued a designation was to learn all we could in order to do a better job for our clients. We wanted to be in a better position to answer their questions, and to help them find the best insurance and risk management solutions. Regardless of the motivation, the result was that we ended up with more knowledge and professionalism.

So, it is not surprising that when someone is faced with an E&O claim, the opposing side will argue that their knowledge and education have created a higher expectation of their performance. The real question is: Did they use their professional designation to influence the customer to expect more from them than from an agent without the designation? If so, then their actions may have actually "raised the bar" on their performance.

Some agents will use their designation in advertising, and brag that the designation makes them a better agent. Some will include a page in their proposal and imply that the designation means that a customer will be better protected. In cases such as these, the agent or agency has raised the bar on themselves, and on the customer's expectation. This is certain to be a consideration in an E&O claim against that agent or agency. Agencies should avoid this type of advertising or any exaggeration of expertise and knowledge.

There is good reason to be proud of obtaining your designation. Hang that framed certificate in your office, and post an announcement in the local newspaper or Chamber of Commerce news. It is appropriate to use the designation letters behind your name in correspondence and business cards. When asked by others, explain what the designation means and stands for. Some designation programs even offer brochures which you can hand out. However, common sense would dictate that including a brochure about your professional designation in a proposal for insurance coverage might raise the customer's expectation in a sales transaction.

There is one other side to this designation discussion, and that is the agent who knowingly creates a higher expectation because they truly believe that their knowledge and expertise should hold them to a higher standard. If that agent is exceptional in the service provided to their clients, they are probably also taking above average steps to avoid E&O exposure. That doesn't mean that they are invulnerable to an E&O claim. Those agents need to recognize that in reality, they probably will be held to a higher standard and need to be prepared to address their actions at that level.

Be proud of your designation and don't be afraid to use the letters behind your name. But temper that pride with the reality that the way you use the designation could raise a customer's expectations.

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