

E&O: Roadmap to Policy Analysis

Six Hour Outline

Course Description

This course is designed to guide experienced professionals step by step through the process of reading policy language, applying a basic coverage analysis to look for possible gaps in coverage, and understanding advanced coverage issues. It will explain what to look for in terms of wording, punctuation, and formatting, including negative and positive implications of specific wording. In addition, the course will address E&O loss control issues and help the agency look at ways to obtain and retain business.

Learning Objectives

Upon completion of this course, the student should be able to

- understand important contract features in general as well as those specific to insurance policies and how they may or may not affect coverage;
- know the general sections of a policy, their purpose, how they can be modified, and the importance of each;
- understand how the sections of a policy interact and explain how they work together to determine coverage;
- explain the importance of each area of special interest and how they can affect coverage;
- understand and explain how a program of insurance should be coordinated and why it is important; and
- understand how all the above impact errors and omissions (E&O) loss control, new sales, and retention of existing business.

Outline

- I. Introduction (15 minutes)
- II. Understanding the Native Language (50 minutes)
 - A. Contract basics
 1. Offer and acceptance
 2. Consideration
 3. Legal capacity
 4. Legal purpose
 - B. Other legal terminology
 - C. Unique characteristics of insurance contracts
 1. Principle of indemnity
 2. Insurable interest
 3. Unilateral contract

4. Conditional Contract
5. Personal Contract
6. Contract of Adhesion
7. Aleatory Contract
8. Subrogation
9. Doctrine of good faith

III. Landmarks in the insurance contract and their importance (50 minutes)

- A. Standard versus nonstandard policies
- B. Policy format
 1. Declarations
 2. Insuring agreement
 3. Covered property
 4. Covered perils
 5. Exclusions
 6. Definitions
 7. Conditions
 8. Endorsements
- C. Package policies
 1. Commercial package policies
 2. ISO Businessowners policy

IV. Connecting the dots (75 minutes)

- A. Considerations for coverage and policy analysis
 1. Who is an insured
 2. Insuring agreement
 3. Exclusions and limitations
 4. Definitions
 5. Conditions
 6. Endorsements
 7. The importance of punctuation

V. Landmarks of special interest (60 minutes)

- A. Insurance valuation

B. Insurance to value and related terms

1. Insurable value
2. Overinsurance
3. How insurers encourage insurance to value
4. Factors that affect insurable value

C. Named insured

1. Named insured versus first named insured and other insureds
2. Additional insured
 - a. What is additional insured status
 - b. Reasons for requiring additional insured status

VI. Coordinating an insurance program (50 minutes)

- A. Purpose and importance
- B. Proper analysis using a risk management approach
 1. Risk identification
 2. Risk management techniques
- C. Identifying and addressing coverage gaps
- D. Addressing overlaps and conflicts
- E. Recommendations