

Utica National's Errors & Omissions

RISK MANAGEMENT ALERT

We KNOW
for Insurance Agents



What to Do When Terminating a Relationship with a Client

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There are times when your agency will want to terminate a relationship with a client. Two main reasons are:

- **The business is unprofitable.** It's often a particular business segment or line of business rather than individual insureds.
- **An insured is difficult to work with.** Maybe they consistently pay poorly, have a history of not disclosing pertinent information needed to place coverage, or are demanding and nothing you do meets their expectations.

WHAT TO DO

Once you've determined that you want to terminate the relationship, HOW DO YOU DO IT?

- **Check with your state's department of insurance and seek legal advice to understand the applicable laws and ensure you comply with them.** The action should never be discriminatory.
- **Confer with your carriers for their guidance. Ask the carrier to non-renew the account, if possible.** While they may decline in instances of individual difficult clients, they may be more willing to work with you if you are moving away from a segment of business and interested in assigning the accounts to another agency.
- **Start the process early to give the client enough time to replace coverage.** Provide them with materials that could assist them in moving the coverage, such as current loss runs.
- **Communicate to the client clearly and in writing why they should seek placement through another agency.** You may want to refer them to other agents that can handle their business. If you choose to refer, be confident about the quality of the agency you refer them to. Referrals to a poor agent could result in E&O claims against your agency.
- **Document everything thoroughly.** It is particularly important to memorialize verbal conversations.



WHAT IF YOU CAN'T TERMINATE THE RELATIONSHIP?

Depending on state laws, you may have to continue servicing a client's account if they refuse to seek coverage elsewhere. In these instances, provide them with timely service, but don't prioritize them over more desirable clients. If they express being unhappy with your service, recommend that they seek an agent in a better position to provide them with the service they desire.

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