



We KNOW

for Insurance Agents



Utica National Insurance Group®



Sample policy and procedures manual

The following template for a Policy and Procedures Manual sets out a range of provisions that could be included and/or customized as appropriate for your operation/business.

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Table of Contents

Overview—4

Introduction—5

Agency mission statement—6

Organizational structure of agency—6

Agency background—6

Profile of agency personnel—8

Organizational chart—9

Professional associations to which agency belongs—10

Office procedures—11

Activities requiring licensure—11

Agency forms—12

Sample forms policy—12

Zoom (and other video communication tools)—12

Sexual harassment policy—13

Audits—14

Binders—14

Business hours—15

Cancellation and/or nonrenewal follow-up—15

Certificates of insurance—16

Correspondence—17

Customer office visits—17

Customer relations creed—18

Endorsements—19

Errors and omissions insurance—19

Files—20

Location of important resources—21

Mail—21

Office camera and film usage—22

Ordering supplies and equipment—23

Privacy—23
Rating manuals—23
Rubber stamps—23
Suspense system/expiration system—24
System protection and security—24
 Phone—25
Violent Crime Control and Law Enforcement Act—26
Underwriting authority—27
Visitors/solicitations (nonbusiness-related)—27

Company directory—27

A WORKING MODEL

Developed by Professional Insurance Agents of New York, New Jersey, Connecticut, New Hampshire and Vermont with the assistance of The Carolina Association of Professional Insurance Agents and PIA Services Corp. E&O Committee.

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What is an agency procedures manual and why do I need one?

An agency procedures manual is a document which sets forth the policies and procedures your agency will follow in handling your day-to-day insurance and office transactions. It covers such generic business operations as how to answer the phone, plus more insurance-oriented procedures such as processing insurance applications. An agency procedures manual is a vital tool for every agency, large or small. A carefully drafted procedures manual which is consistently followed by agency personnel will not only help agencies reduce errors and omissions exposures, but is an important training tool for new employees and a source of ensuring the highest level of service to your customers.

How to use this resource kit

PIA recognizes the importance and value of a carefully drafted agency procedures manual, so as an exclusive membership benefit, PIA has developed a guide for its members which provides valuable information on how to create a procedures manual which fits your agency's needs. In addition, PIA has provided sample procedures manual language. Since your business is unique, it is not expected nor intended that you use this sample language verbatim, but only as a valuable tool to assist you in drafting a manual tailored to your own agency's specific needs.

The manual is divided into several topic sections. A discussion of each topic is included under each section and is designed to give you information about why you might want to include this particular subject area in your manual and to alert you to other concerns which may be relevant. Following the discussion is a sample policy which you may consult to develop your own.

Some basic drafting do's and don'ts

Keep in mind that the basic goal of a procedures manual is to establish and communicate procedures that your agency staff can follow easily. Therefore, your manual should be easy to read. To accomplish this, keep the tone personal.

Consider a format for your manual which can easily be revised. Since changes in staff, rules and procedures are likely to occur, manuals should be capable of modification without having to reprint it in its entirety. A loose-leaf format may be conducive to easy revisions.

Diary a regular annual review of your procedures manual and assign responsibility for this function. In addition, use the training of new employees as a reality check. Ask trainers and new employees to identify any areas where actual agency practices diverge from those in your manual, and adjust the manual accordingly.

Introduction

An introduction to the purpose of your agency's procedures manual should be provided so employees understand its function and importance. In the introduction you can outline the main sections which are covered in your manual.

Sample introduction

The insurance industry is a business that is interesting, fascinating, constantly changing and growing. Those of us who represent the industry look upon ourselves as being committed to a service-oriented profession. Rather than being 9-to-5 job holders, we are traveling along exciting career paths and providing our customers with insurance options to allow them to protect themselves or their businesses financially, which can make a real difference in people's lives.

Welcome to the (agency name). This manual has been designed so you can understand our policies and management objectives. It will enable you to take part in the team effort necessary to operate our agency. Our future is dependent on all individual efforts, working together toward our common purpose. This agency's success depends on clearly defined goals and a commitment to the activities specifically designed to meet those goals. As a result, it is necessary to establish procedures that must be followed and a method to monitor these procedures, so we know if we are "on the right track." It is the responsibility of each of us to learn, to understand and to adhere to these policies so we can provide prompt, accurate, courteous service to our clients, company people and each other, while achieving personal success in the process.

The manual is divided into the following sections:

- introduction;
- agency mission statement;
- organizational structure of our agency;
- policies and procedures (listed alphabetically by topic); and
- company directory.

We urge you to share any ideas you might have for improving any procedure set forth in this manual.

Agent mission statement

Many businesses have developed a mission statement. A mission statement sets forth the goals and objectives of your agency, as well as your agency's business philosophy. A properly worded mission statement can be the foundation for assessing needs, determining objectives, setting goals, and making the daily decisions that will propel an individual, a business, or an organization toward success. It describes what they are trying to accomplish and what they value. It explains "who we are, what we do, where we're headed."

Sample mission statement

(Agency name) is a professional organization dedicated to providing a *variety of valuable insurance options to our customers.*

TO PROVIDE our clients with educated, knowledgeable, and personal service to keep them as long-term, satisfied customers.

TO MAINTAIN a professional and efficient work environment which helps each person to achieve his or her personal goals.

TO DEAL with the public fairly and honestly and to be a respected member of the community.

TO EARN a profit which fuels progress and provides each of us a desirable income.

TO EARN a profit for and do the best job possible for the insurance companies we represent.

Organizational structure of agency

Agency background

In order to help orient new employees, a section in a procedures manual which provides some background information on your agency is very helpful. Employees want and need to know about the structure and nature of your organization. This information will give them "the big picture" about the organization in which they are employed.

Sample agency background

Agency history

(Agency name) was founded by **(founder's name)** in **(year)**. From our beginning in **(location)**, we have enjoyed a steady growth over the years and have become recognized as one of the leading agencies in the area. We have earned our reputation for professionalism by making ourselves available to our customers and addressing their needs as requested.

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Nature of Agency

An insurance agency is a service-oriented entity that represents one or more insurance companies, for which it sells insurance policies (written contracts between individuals and companies, providing protection against the possibility of loss, in return for consideration—called the premium).

The insurance agent or member of the agency staff generally completes an application containing information on the insured, which is then submitted to an insurance company for approval. However, the customer must review all of the contents of the application and sign the application, thereby authenticating all of the answers therein. AN AGENT SHOULD NEVER SIGN AN APPLICATION ON BEHALF OF AN AGENCY CUSTOMER.

After the application is received by the company, it is reviewed by an underwriter, one who reviews the application to determine insurability (if the company may want to provide the requested insurance).

The company, in turn, issues a policy, which lists what is covered by insurance, provided the insured complies with certain conditions outlined in the policy, and what is not covered (exclusions). The insurance agent is responsible for the collection of the premium, except when the premium is billed directly by the insurance company (this is called direct-billing). The insurance agency receives a percentage of the premium (commission) as pay for its services. When the insurance agency is responsible for collecting the premium, (this is called agency-billing) the agent often retains the commission percentage and is responsible to forward the remaining premium to the insurance company. (This may vary depending on each particular company practice.) It is very important that the commissions be kept separate from the premiums. The practice of keeping the commissions and premiums in the same bank account is called commingling, and it is against insurance law.

Type of business entity

(Name of agency) operates as a () corporation, () sole proprietorship, () partnership, () limited liability company, under the Laws of the state of (state). The agency holds insurance licenses in (states).

Locations

The main office is located in (location). We operate branch offices in (insert all locations).

Owners, officers, directors

The names and titles of all shareholders, officers, and directors (if a corporation), partners, (if a partnership) or members and managers (if a limited liability company) and any sublicensees listed on the organization's license should be inserted here. Be sure to include both active and inactive names with a note as to the ones who are inactive. (For instance, the senior partner has retired, but is still an owner. He/She should be listed as an inactive owner, so that a new employee will understand his/her status.)

Profile of agency personnel

To help all your staff better understand how your agency operates, it is useful to include a listing of the different job positions in your agency. This is one particular area of your manual which may be likely to change as your agency changes over time.

Sample profile of agency personnel

Personal Lines Customer Service Representative: The personal lines CSR provides service to personal lines accounts (personal insurance for clients such as, but not limited to, personal automobile, homeowners, boats, umbrellas, etc.) including assisting customers in making coverage changes and to provide the available options for coverages and limits to allow the agency customer to make an informed decision regarding their personal or business exposure and risk appetite. The personal lines CSR must be familiar with company guidelines and underwriting, knowledgeable in personal lines coverages and must maintain a good rapport with clients and company underwriters. The personal lines CSR assists producers in soliciting new business and developing existing accounts.

Commercial Lines Customer Service Representative: The commercial lines CSR services commercial lines accounts including assisting customers in making coverage changes and to provide the available options for coverages and limits to allow the agency customer to make an informed decision regarding their personal or business exposure and risk appetite. The commercial lines CSR must be familiar with company guidelines and underwriting, knowledgeable in commercial lines coverages and must maintain a good rapport with clients and company underwriters. The commercial lines CSR assists producers in soliciting new business and developing existing accounts.

Personal Lines Manager: Oversees and manages all agency personal lines operations, including financial, sales and service operations. Is responsible for human resource management of the personal lines team.

Commercial Lines Manager: Oversees and manages all agency commercial lines operations, including financial, sales and service operations. Is responsible for human resource management of the commercial lines team.

Claims Representative: The claims representative provides clients and third parties with assistance in reporting and monitoring the claims process for personal and commercial lines claims. The claims representative works with our insurance carriers to assist the company with its claims activities.

Accountant/Bookkeeper: The accountant/bookkeeper accurately processes the daily financial transactions of the agency (including premium billing and collection) and maintains complete and accurate financial records for the agency, monitors delinquent accounts, and answers customers' questions regarding billing issues.

Receptionist/Secretary: This position is very consumer-oriented. The receptionist/secretary is in constant contact with insureds and other members of the community. Frequently, the receptionist gives the public its first impression of the agency. Besides the technical skills required for the job, an outgoing and friendly personality is a must.

Commercial Lines Producer: This is a sales-oriented position requiring advanced communication skills, a thorough knowledge of the commercial lines insurance products available through this agency, and proven ability to pursue and close sales. The producer actively solicits new commercial lines accounts and provides service to existing accounts.

Personal Lines Producer: This is a sales-oriented position requiring advanced communication skills, a thorough knowledge of the personal lines insurance products available through this agency, and proven ability to pursue and close sales. The producer actively solicits new personal lines accounts and provides service to existing accounts.

Organizational chart

Like your agency's background and the profile of agency personnel, an organizational chart can help employees understand how your agency operates. An organizational chart which clearly identifies supervisors and managers provides vital information on which employees report to whom.

Keep in mind when creating your organizational chart that many agency personnel are responsible for more than one job function. Your chart should reflect these dual roles.

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Sample organizational chart

Professional associations to which agency belongs

You may wish to include a list of the names, addresses and phone numbers of the professional associations to which our agency belongs. Employees often can obtain vital resources from these professional associations.

Sample professional associations list

Professional Insurance Agents of New York State Inc.
25 Chamberlain St.
P.O. Box 997
Glenmont, NY 12077-0997
Phone: (800) 424-4244
Fax: (888) 225-6935
Email: pia@pia.org
Web address: pia.org/NY/

Professional Insurance Agents of New Jersey Inc.
25 Chamberlain St.
P.O. Box 997
Glenmont, NY 12077-0997
Phone: (800) 424-4244
Fax: (888) 225-6935
Email: pia@pia.org
Web address: pia.org/NJ/

Professional Insurance Agents of Connecticut Inc.
25 Chamberlain St.
P.O. Box 997
Glenmont, NY 12077-0997
Phone: (800) 424-4244
Fax: (888) 225-6935
Email: pia@pia.org
Web address: pia.org/CT/

Professional Insurance Agents of New Hampshire Inc.
25 Chamberlain St.
P.O. Box 997
Glenmont, NY 12077-0997
Phone: (800) 424-4244
Fax: (888) 225-6935
Email: pia@pia.org
Web address: pia.org/NH/

Professional Insurance Agents of Vermont Inc.
25 Chamberlain St.
P.O. Box 997
Glenmont, NY 12077-0997
Phone: (800) 424-4244
Fax: (888) 225-6935
Email: pia@pia.org
Web address: pia.org/VT/

National Association of Professional Insurance Agents
419 N. Lee St.
Alexandria, VA 22314
Phone: (703) 836-9340
Fax: (703) 836-4933
Email: danaman@pianational.org
Web address: www.pianational.org

(Any associations that the agency belongs to should be listed.)

Office procedures

Activities requiring licensure

Unlicensed personnel should understand what insurance activities cannot be undertaken without a license so that your agency is not exposed to disciplinary action. To ensure employees understand what activities require a license, you may wish to include your state's law on this subject.

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Sample licensing laws

It is important that unlicensed personnel understand the types of activities which they may not perform without an insurance producer's license. So that our agency does not violate any insurance licensing laws, we have set forth the pertinent laws of our state (insert applicable state law) which discuss the types of activities which require licensure. If you have any questions whether you may engage in a particular activity without a license, you should speak with (designated person).

Agency forms

Agencies often perform functions which require the use of forms. Additionally, agencies often correspond with customers on similar issues which lend themselves to the use of form letters. Your agency may have developed form letters to be used for certain purposes and may use standardized forms for particular functions. You may wish to include your policy on the use of forms and form letters in your procedures manual.

Sample forms policy

You should utilize the ACORD forms whenever possible. In addition, our agency has developed forms and form letters for use in the following circumstances:

- welcoming new customers to the agency;
- requesting additional information;
- acknowledging receipt of a claim;
- broker of record letters;
- acknowledging a policy change; and
- itemizing coverage and limits options as requested by the customer.

Samples of these form letters are provided in the manual's appendix. Developing new forms or form letters unique to the agency is encouraged where you identify a need; these must be approved by your manager before use.

Zoom (and other video communication tools)

Some clients might want to talk with staff, especially agents, via Zoom or other video communication tools instead of coming into your office. You should have a procedure in place, much like when a client wants to speak with an agent via phone or in person.

Sample Zoom policy

- Zoom should only be used for work-related matters, similarly to the phone.
- Any client requesting to meet with an agent to discuss their policy, adding coverage, filing a claim, or writing a new policy needs to make an appointment with [designated person]. If a client calls and requests an immediate Zoom with an agent, see if the agent is available, but try to do this only if it is an emergency or time-sensitive issue.
- After setting the Zoom meeting date/time, [designated person] will send a Zoom meeting invite to the agent and the customer with the date/time clearly indicated along with a link to the meeting.

Sexual harassment policy

Some states (like New York and Connecticut) require employers to have a sexual harassment policy in place along with a training for employees about how to prevent and report sexual harassment. However, regardless of whether it is required by state law or regulation, it is a good idea to have such a policy in place for your agency.

Information to have in your policy includes:

- a prohibition of sexual harassment;
- provide examples of unlawful sexual harassment prohibited in the workplace;
- information on relevant federal and state laws regarding workplace harassment, including judicial remedies available to victims of sexual harassment and a statement that there may be applicable local laws as well (Note: New York City has local laws that may apply);
- a complaint form;
- a procedure for timely and confidential investigations of complaints that guarantees due process for all parties;
- information for employees regarding their rights of redress and all the available forums for adjudicating sexual harassment complaints administratively and judicially;
- a clear statement that sexual harassment is considered a form of employee misconduct and sanctions will be enforced against individuals engaging in sexual harassment. Sanctions will be enforced against supervisory and managerial personnel who knowingly allow such behavior to continue; and
- a clear statement that retaliation against individuals who complain of sexual harassment or who testify or assist with any investigation or proceeding is unlawful.

Audits

A policy on the processing of audits may be included in your manual.

Sample audit policy

An audit is the final premium calculation made on certain types of policies (i.e., general liability, Workers' Compensation, etc.). These policies are issued initially with a deposit premium determined by estimated payroll, sales receipts, or some other unit basis, and the audit determines the final premium to be paid by the insured.

The audit must be reviewed within twenty-four (24) hours of receipt in the office and any required premium billing to the insured must leave our office within two (2) working days.

Check the appropriate insurance company contract or guidelines to determine how each company requires us to handle uncollectible audits. Some companies allow us to turn over uncollectible audits to them within thirty (30) days without any obligation to our agency. Therefore, it is imperative that an appropriate suspense be placed on the collection of audits.

Uncollectible audits must be discussed with management prior to returning them to the insurance company. Documentation should be maintained on the date uncollectible audits are returned to the company.

Binders

Since binders are proof that coverage has been effected and, in fact, are contracts of insurance, a policy on issuing binders is important information to be included in your procedures manual.

Sample binder issuance policy

A binder is evidence of temporary coverage authorized by the agency until such time as the policy is issued by the insurer and received by the agency. A copy of the binder must go to the insurance company and the insured on the date of issue. The binder must be recorded in the binder log, suspended for expiration, and reissued, if necessary. The binder log is a form we use to record and control the disposition of binders. A binder is given a numerical assignment and listed in the log, which helps us keep track of the expiration dates of all binders issued. Binders shall not be issued for any company for which you have no contract or for which you have no binding authority. Care must be taken not to issue a binder in excess of the binding authority granted in the company contract. If you have any questions on binding authority for any given company, consult (designated person).

Invoices shall be issued for the estimated premium to be delivered with the binder. Remember, the binder is proof of the coverage which the insured has purchased.

Business hours

The normal business hours of your office is an important piece of information for employees. Since the starting and finishing times for your exempt employees will probably not be the same as for your nonexempt employees, a general statement of office hours will suffice. You may include more detailed information in your employee handbook or personnel manual.

Sample business hours

Our normal office hours are from ___ a.m. to ___ p.m., Monday through Friday. The time between ___ and ___ is known as "quiet time." This time is set aside for all employees to organize their day and they shall not begin to receive phone calls or visitors until ____ . Any employee needing "quiet time" at other times of a day may get approval from (designated person). This is very valuable time and should not be abused by employees by wasting time talking among each other.

Cancellation and/or nonrenewal follow-up

Your agency should adopt a procedure for contacting insureds to discuss replacement coverage when a company sends a customer a cancellation or nonrenewal notice.

Some agencies have even adopted procedures for contacting insureds to remind them to pay the premium when the company issues a cancellation notice for nonpayment of premium. While there may be many valid business reasons for adopting such a procedure, such a practice raises errors and omissions concerns in instances where the practice is not consistently followed. For example, a customer may begin to rely upon his/her agent's reminders to pay a premium. If the agency either decides to stop sending reminders, or forgets to send a reminder, and the customer is canceled and suffers a subsequent loss, the agency could be exposed to an errors and omissions claim.

Therefore, an agency should carefully consider whether to adopt such a practice and if it does, the practice should be consistently followed.

Sample cancellation and/or nonrenewal follow-up

When the agency receives notice that a carrier is going to cancel or nonrenew a customer's account, (designated person) should immediately attempt to contact the insured to discuss replacement coverage. Once contact is made, a follow-up letter should be sent to the insured indicating the course of action which was agreed upon (i.e., agency will effect replacement coverage with "X" company, customer indicated that replacement coverage has already been effected by another agency, etc.) If the insured cannot be contacted by phone within one day of the agency receiving the cancellation or nonrenewal notice, the agency should immediately send a letter to the insured indicating that the agency is searching for replacement coverage or, if appropriate, that replacement coverage has been found with "X" company for a particular premium, and that the insured should immediately call the agency to discuss the matter. You should note in this letter that, while you are attempting to find replacement coverage, the agency cannot guarantee that it will be able to find such coverage or that a gap in coverage will not result. If replacement coverage cannot be found, the insured should be notified in writing.

Certificates of insurance

Improperly issued certificates of insurance are fertile ground for an errors and omissions claim. It is important that your employees understand the purpose of certificates of insurance and the rules pertaining to their issuance.

Sample certificates of insurance procedure

A certificate of insurance is a representation of policy coverage to the certificate holder. As such, it is imperative that all information conveyed be accurate and that the standard ACORD form, without modification, be used. Any deviation from this language or additional requests must be approved by the specific company and properly endorsed upon the policy. The completed certificate of insurance should be mailed to the certificate holder with a cover letter explaining the purpose of the certificate. Copies of the certificate also should be sent to the insured and the insurance company. One copy of the certificate should be kept in the customer's file and should be recorded in the policy certification log. This log records all the certificates issued for a particular insured, summarizes the information contained in the certificate, and identifies several important items to check when issuing renewals.

Correspondence

Preparing correspondence is an important part of the daily operations of an agency. Correspondence often is the only contact (other than the phone) that the agency has with the insured. Therefore, it is vitally important to create a professional image of the agency in any correspondence you send out.

Sample correspondence policy

All correspondence should be brief, but friendly, legible, grammatically correct and dated. All letters should be prepared on agency letterhead. A copy should be retained for the permanent file. All correspondence, other than interoffice communications, must be typewritten. The agency's established form letters should be used where appropriate.

Customer office visits

You may wish to include a policy on how employees should handle customer visits. While the receptionist will generally greet visitors, your entire staff should be aware of this policy in case the receptionist is not available to handle visitors.

Sample customer office visits policy

Greeting customers

Always greet customers with a smile and inquire how you can help them.

Before directing a visitor to someone's office, call the person to be visited to 1) obtain clearance, and/or 2) let the agency representative know that someone is coming to call. Then walk visitor to office (or have him/her wait for escort).

Handling simultaneous customer visits and phone calls

When you are busy with a call and a visitor arrives, acknowledge the visitor's presence by greeting him/her with a smile and a nod to indicate that you will be with him/her as soon as you have finished your call.

When meeting with a visitor, phone calls should not interrupt your conversation, if possible. However, if you must answer the call, excuse yourself first and make the phone conversation as brief as possible. Attempt to call any callers back if a visitor is present.

Customer relations creed

You may wish to include a customer relations creed to emphasize the importance and role of customer relations.

Sample customer relations creed

YOU serve as a positive liaison between the agency and its customers. Keeping in mind that the customer is the person who is responsible for the agency staying in business, you as the person most often contacted serve each customer with the personal attention he/she deserves.

YOU provide a valuable service as an intermediary between the insurance agency and those representing its companies. In addition to keeping the lines of communication open between you and company field persons, adjusters, and underwriters, YOU do your part in underwriting at the agency level.

YOU pay careful attention to filling out applications, attaching the necessary documents, binding coverage, and following the rules and policies of each company represented in the agency.

YOUR attitude is one of friendly helpfulness, enthusiasm, and patience even with those difficult or distraught insureds who enable you to draw upon your inner strength in a professional manner, without losing control of your poise.

YOU understand the value of the insurance industry. In a personal, one-to-one move to improve the image of the industry in the minds of the public, you pass along this understanding of the industry's contribution to the economic development of the nation, and to the peace of mind of individual and business insureds.

Please do not become so preoccupied with agency systems and procedures that you forget why we are here. OUR INSUREDS ARE THE AGENCY'S MAIN CONCERN. Please treat them with courtesy and always with a professional attitude.

Sincerity and a friendly smile are effective ways of continuing your insured's (customer's) trust in you and will encourage them to refer others to the agency. This is how the agency grows, providing job security for you and others. (Speak up if rudeness is observed.)

Endorsements

A procedure for the processing of policy endorsements is an important procedures manual topic.

Sample endorsements policy

An endorsement is a written amendment to an existing insurance policy. Any request to an insurance company to endorse or change a policy must be suspended to insure receipt. Additionally, a letter should be sent to the insured confirming that a policy change was requested and is being processed.

When an endorsement is received from the insurance company, it should be verified for accuracy, and any appropriate premium differences billed immediately if it is an agency-billed account.

Premiums developed by endorsements are collected in accordance with the appropriate insurance company's contract or guidelines.

Errors and omissions insurance

If your agency maintains an errors and omissions liability policy, you may wish to include generic information regarding this policy, as well as a procedure for reporting actual or potential liability claims.

Sample errors and omissions policy

Our daily activities involve the handling or transfer of financial risk of loss for our clients. It is imperative that we do our jobs as accurately as possible to protect the agency from financial loss due to an error or omission by any agency employee. To further protect ourselves from this risk, we are covered by errors and omissions insurance. This information is CONFIDENTIAL and is included here for your information only.

As an employee of our agency you are covered for your errors and omissions committed within the scope of your employment. This does not mean that we can take our jobs for granted. It is your responsibility to do the best job you can and to continue to strive for error-free work.

Reporting of claims: It is imperative that you report any possible or actual claims to (designated person) immediately. (Designated person) will then immediately report the claim to the agency's E&O carrier. Our E&O policy requires notification of possible claims as soon as we become aware of them. Failure to report a claim promptly will jeopardize the agency's coverage/protection.

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Therefore, if you have any reason to believe that a claim might be made against you, the agency, anyone else in the agency, or any of the agency's carriers, you should immediately report this potential claim to (designated person).

Files

An agency needs a workable filing system in order to process paperwork effectively and efficiently. Customer files are usually subdivided into different sections so that information can be easily retrieved. To ensure that all employees properly follow the adopted filing procedure, you may wish to include your filing policy.

Sample filing policy

Our agency uses six-part pressboard file folders to maintain all customer files. The files are organized as follows, from front to back:

Section 1: Correspondence

This includes:

1. agent of record letter; and
2. any correspondence between the agency and the insured, and the agency and the company.

Section 2: Underwriting information

This includes anything used to quote the account such as:

1. quote sheet;
2. motor vehicle records;
3. original application;
4. estimators worksheet;
5. appraisal; and
6. supplemental questionnaire.

Section 3: Claims information

This includes:

1. loss reports;
2. loss correspondence; and
3. loss drafts.

Section 4: Endorsements

This includes:

1. endorsement requests; and
2. copy of the endorsement.

Section 5: Policy documents

This includes:

1. policy;
2. binders;
3. declaration page; and
4. copy of invoice, if agency billed.

Section 6: Documentation

This section should include any notes which are kept by producers or CSRs documenting the date, time, and nature of phone conversations with customers and company representatives which are pertinent to the customer's account.

Location of important resources

You may wish to insert the location of pertinent manuals and other resources used by your agency.

Sample location of important resources

This office utilizes several resource documents and manuals.

COMPANY UNDERWRITING GUIDELINES, are located in the main filing cabinet in the front of the office and are filed alphabetically by company name.

RULES AND RATING MANUALS, RESIDUAL MARKET MANUALS, COMPANY CODE LIST, MAPS, PHONE BOOKS, ZIP CODE REFERENCE AND CITY DIRECTORY are found on the conference table in the back of the office.

OUR AGENCY HANDBOOK, BEST'S RATING GUIDE, FC&S BULLETINS, PIA REPORTERS, and PIA MAGAZINES are located on the bookshelves in the back of the office.

Mail

Processing mail is an important aspect of an agency's operations. That's why you may wish to include in your procedures manual a section on processing incoming and outgoing mail. In a larger office, you may wish to consider having a person from each department be responsible for routing mail within that particular department.

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Sample mail policy

(Designated person) will be responsible for opening and distributing incoming mail.

(Designated person) will be responsible for collecting and processing outgoing mail.

Incoming mail (with the exception of mail addressed "Personal and/or Confidential") should be opened, stamped with the date stamp, and sorted for distribution to the appropriate party. It is important that the agency name and the date received be stamped on the back of each piece of mail received. Envelopes for incoming mail should be kept and stapled to the incoming mail to be sorted and distributed.

Priority, express or special-delivery mail shall be opened and date stamped. A log should be kept at the receptionist desk where the sender, time received, addressee, express mail company, and tracking number should be listed.

Outgoing mail will be collected in the box marked "outgoing mail" located at the desk near the photocopier. At 3:00 p.m. each day the outgoing mail will be collected. It is important that each piece of mail be weighed to avoid paying unnecessary postage or having an insured pay postage due.

Company bulletins, correspondence, and changes in underwriting guidelines should be copied and routed to appropriate agency personnel. The originals should be filed in the "universal" files by (designated person).

Office camera and film usage

Since taking photographs is often an everyday occurrence in an agency, you may want to establish a policy regarding camera and film usage.

Sample camera and film usage policy

Cameras are furnished for your business use only. Cameras are kept locked in the filing cabinet next to the reception desk. When using the camera, please sign it out on the sheet which is kept with the cameras in the filing cabinet. Return it as promptly as possible. Notify (designated person) if more film is necessary. If you take photos with your cell phone, they are to be forward to (designated person) and then appropriately deleted from your personal camera. (Designated person) is responsible for maintain electronic files with this pictures and labeling and storing correctly with appropriate event and date information.

Ordering supplies and equipment

You may wish to include a policy on ordering supplies and equipment.

Sample supplies and equipment ordering policy

Supplies are to be ordered by (designated person). Each employee is responsible for monitoring supplies and forms and notifying (designated person) in writing when it is necessary to reorder.

Privacy

State and federal privacy laws restrict the disclosure to nonaffiliated third parties of nonpublic, personal information that is gathered in connection with insurance transactions. These laws generally require the customer's consent before making these disclosures, unless the disclosure falls under an exception. Most disclosures made for the purpose of facilitating an insurance transaction are permitted under these laws. You should consult the agency's privacy notice or check with the agency principal if you are unsure whether a disclosure is permitted.

Rating manuals

Sample rating manual policy

Each individual is furnished with the appropriate rating and underwriting manuals and is responsible for their updates. Please file revisions IMMEDIATELY upon receipt.

Rubber stamps

Your agency may have rubber stamps (i.e., date stamps, signature stamps) to be used for various functions. You may wish to specify which stamps must be used for which purposes, and who has authority to affix signature stamps.

Sample rubber stamp policy

All incoming mail should be stamped with the date stamp.

Signature stamps may be used for the following purposes (list):

Personnel authorized to apply signature stamp include (list):

Suspense system/expiration system

To ensure that items which require follow-up action receive such attention, some type of a suspense system is necessary. Suspense systems may be arranged chronologically or alphabetically. Under a chronologically arranged system, action items are filed by date so that on a certain date, all action items in the file will be attended to. Under an alphabetical system, information is filed by named insured. Each named insured's file holds dated suspense items. All files are reviewed at certain times (i.e., daily or weekly) to ascertain what items need attention. Suspense files may be subdivided into expiration, binder, and general categories.

Sample suspense system

Our agency uses a chronological suspense system. Filed in the filing cabinet in the back of the office marked "suspense file" are folders for each workday. It is the responsibility of (designated person) to pull the suspense file each day and give it to (designated person) for actions on these items.

Suspense files should be maintained by each customer service representative for their work in progress.

Items that should ALWAYS be suspended:

- new business applications;
- renewal applications;
- binders;
- pending endorsements;
- audits;
- claims; and
- any correspondence requiring a response.

System protection and security

To ensure proper security, everyone needs to keep their passwords secret and take steps for preventative safeguards. Explain to employees what they are permitted and not permitted to do, etc. Who has the passwords to enter a carrier's system? The process has now become so routine that the controls are often overlooked and should remain that of the agency principal.

Phone

Since most business contacts in the agency are conducted over the phone, it is important to convey a professional and courteous demeanor on the phone. You should consider establishing guidelines for phone etiquette, routing calls, taking messages, and your policy on personal phone calls.

Sample phone policy

Answering the phone and general phone etiquette

Answer promptly and greet the caller with a friendly and enthusiastic, "Good morning/afternoon, this is (agency name), (your name) speaking. May I help you?"

Speak clearly and be attentive.

Never lay the phone receiver on your desk with an open line. Always use the hold function and advise customers that you are placing them on hold. Never leave someone on hold for an extended period.

Close your conversation courteously.

Taking phone messages*

If the requested staff member is not available, try to determine if another employee can help the caller. If not, take the following information for a return call:

- name and number of caller (be sure to include the area code);
- date and time of call;
- pertinent information or message; and
- be sure to verify facts by reading the message back to the caller, including the spelling of his or her name, and paying particular attention to any numbers that may be included in the message.

***Advise that coverage cannot be increased, altered, or bound by leaving a message on this messaging system.**

Personal phone calls

Local personal phone calls are permitted only when necessary. Your conversation should be brief, and the number of calls should be held to a minimum.

Routing phone calls

Know your agency's personnel and their responsibilities so that you can refer callers to those representatives who are responsible to handle the individual situations. Otherwise, you run the risk of having to go through several people to obtain the right person. Know where people are so that you don't waste the valuable time of the caller by trying to locate someone who is out of the office.

When someone is out of the office and you plan to connect the caller with another representative of the agency, advise the caller of this fact, giving the name of the person to whom you will be referring the call. This courtesy enables the caller to either agree to being transferred to the new person or to refuse the transfer and to leave his/her number with a message for the person to whom the individual desires to speak.

Documenting phone calls

Documenting all phone calls in an agency is a very important procedure. The receptionist and all agency personnel should maintain an "incoming call" log. The log should document the following information:

- date and time of call;
- name of caller;
- phone number; and
- comments, if any.

In addition, each client file should contain a phone log to document the date, time, and nature of the phone conversation with the client and company representatives which are pertinent to the client's account.

Remember that only those employees whose job function it is to handle insurance policy or coverage inquiries should do so.

Violent Crime Control and Law Enforcement Act

You should refer to the requirements of the Violent Crime Control and Law Enforcement Act that note within the agency policy that "due to requirements contained in federal, state, and contract law, the agency cannot hire or continue to employ anyone with a felony conviction in their background."

Underwriting authority

A carrier appoints an agent and gives them permission to “bind” a specific amount of insurance under the terms of the company rules and requirements. “Binding authority” is agreed on between the company and the agent. An insurance agent may have a variety of different binding authorities with different companies, or products within the company. It is imperative, from an E&O standpoint, that the agent is fully aware of their binding authorities and when restrictions may be initiated. Binding authorities are agreements between carriers and agents.

Visitors/solicitations (nonbusiness-related)

You may want to include a policy regarding nonbusiness-related visitors and solicitations during normal business hours.

Sample visitor and solicitations policy

Visits to the office by friends and relatives should be discouraged during working hours. However, the agency does recognize this will occasionally occur. Please remind your visitor that you are working and, therefore, must make the visit as short as possible. We do not allow outsiders to sell their merchandise in the office. Agency employees selling items to other agency personnel (i.e., Christmas cards, school fundraisers, etc.) should restrict this activity to break or lunch periods.

Company directory

Since your agency employees will have to communicate with companies on many different occasions, you may want to include a directory of the companies your agency represents, their addresses, phone and fax numbers, and email addresses, as well as the key people at the company (such as underwriting and marketing people) with which your agency may need to communicate on various matters.

Sample insurance company directory outline

Name of company:

Company code:

Underwriting/Commercial Lines

Contact person:

Address:

Phone #:

Fax #:

Email address:

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Underwriting/Personal Lines

Contact person:

Address:

Phone #:

Fax #:

Email address:

Claims/Commercial Lines

Contact person:

Address:

Phone #:

Fax #:

Email address:

Claims/Personal Lines

Contact person:

Address:

Phone #:

Fax #:

Email address:

Marketing Representative

Contact person:

Address:

Phone #:

Fax #:

Email address: