

MARKETPLACE DEFICIENCIES

Rockwood Programs serves as the national administrator for comprehensive life agents and brokers errors and omissions (E&O program). Our experience in the marketplace reveals three major deficiencies in other similar products:

- 1 Many agents do not carry professional liability insurance. Recent studies show that nearly 40% of those eligible fail to purchase the coverage.
- 2 Some carrier-sponsored plans limit coverage only to the products sold on their behalf. Compounding this issue, the insurance protection is not portable...these policies cancel when the agent terminates his/her relationship with the company.
- 3 Many programs available today are simply deviations of policies written for Property and Casualty agents. These policies do not address the unique exposures faced by Life/A&H insurance professionals.

CLAIMS STATISTICS

What are the types of allegations usually brought against Life/A&H agents and brokers?

Claims Frequency by Error Type

| | |
|--------------------------------|-----|
| Failure to Explain..... | 38% |
| Disclosure Error | 18% |
| Policy Change Error..... | 9% |
| Security/Finance Product | 8% |
| Insolvencies..... | 8% |
| Premium Error | 8% |
| Other | 6% |
| Office Error | 4% |
| Cancelled Error | 4% |
| Delay Error | 4% |
| Tax Loss Penalties..... | 3% |

Claims Frequency by Product

| | |
|-----------------------------|------|
| Individual Life..... | 29% |
| Group A&H..... | 24% |
| Individual A&H..... | 23% |
| Group Life..... | 7% |
| Individual Disability | 6% |
| Individual Annuities..... | 5.5% |
| Pension..... | 3% |
| Group Disability..... | 3% |
| Financial Product | 3% |
| Beneficiary Error..... | 2% |
| Other | 2% |

Source: Advisor Today–April 2000 with permission

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