

**DIRECT
BENEFITS**

**Direct Benefits
AGENT ERRORS AND
OMMISSION PROGRAM**

8/2/11

PROGRAM OVERVIEW

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Overview of today's call

- **General Overview**
 - What is E and O?
 - Types of Coverage
 - Important Policy provisions

- **Why Agents should carry E and O?**
 - Trends in E and O Claims
 - Types of claims

- **DBI Errors and Omissions Program Details**
 - Coverage options and rates
 - How to enroll
 - Ongoing services / claims – Roll of the MGA Insurance Group

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Who is MGA?

- Delivering insurance products and benefits to independent contractors for over 25 years
- 20+ years in the Agent E&O business
 - Aon Affinity Corporation
- Historical loss ratio allows for unique E&O program development
 - 3 strong key carrier relationships – including CNA
- Client Sponsors Include
 - Largest Voluntary E&O program in the industry
 - 35 Prominent L&H companies
- We are the program administrator – providing a Dedicated Service Center
 - 15 Licensed CSR's

What is E and O?

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- E&O insurance is a specific form of professional services liability insurance written for the insurance practitioner. It is also written for many other professions including mortgage lenders, real estate agents, business consultants and other professionals.
- It covers the agent for an **unintentional** Error or Omission when dealing with the sale and servicing of certain types of Insurance products

3 Key components

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- Coverage of the in-force policy (what is covered and what is excluded)
- Prior Acts Date or Retroactive Date of Inception
- Extended Reporting Period (ERP).

The Program

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- Competitive rate structures
- Easy payment options
- Underwriting questions
- Comprehensive coverage on a **claims made basis**

Claims made provision

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- All E&O insurance policy forms are referred to as ***claims-made***. In a claims-made policy, coverage is triggered if a claim is made during the policy period for an error or omission that occurred after the policy's retroactive date (prior acts coverage date). IE – DATE COVERAGE WENT INTO EFFECT.

Prior Acts Coverage

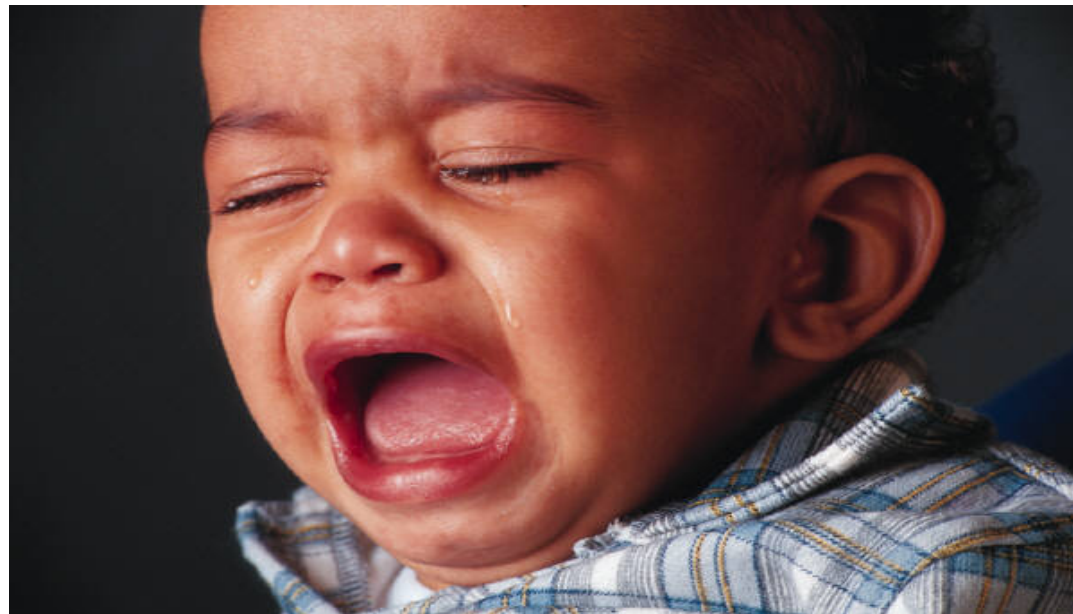
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- A comprehensive E&O plan offers prior acts protection.
 - The DBI program offers prior acts coverage beginning with the original date of continuous E&O coverage (with this program or with another carrier).

Why carry E and O?

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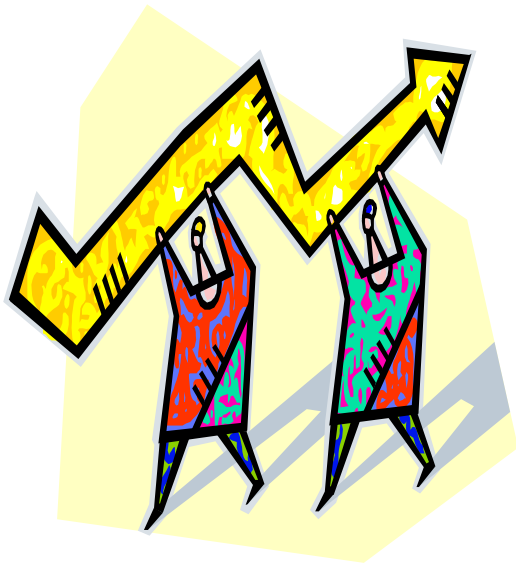
- 1 in 7 insurance professionals will be named in some type of E&O claim at some point in their insurance careers.



Claim activity

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- Increases when economy is down
- 15% increase per year last 3 years



20% projected increase 2012
and beyond

Why carry E and O?

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- The average claim is settled for an amount in excess of \$20,000, and this figure **does not include the cost of legal representation – which can vary from nominal to over \$100,000 on average.**



DBI program

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- Covers Defense costs paid as a first dollar benefit. No deductible.

The plans program attorneys will coordinate defense and handle negotiations to resolve, settle or try the case in your Defense.



HTH E & O Program

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- **Competitive premiums with two liability limit options**
 - **\$1,000,000 per claim /\$1,000,000 annual aggregate limit**
 - **\$1,000,000 per claim /\$2,000,000 annual aggregate limit**

The Carrier

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- **Backed by A rated carrier**

The HTH program policy is insured by CNA Insurance Company: an outstanding insurance company rated A (Excellent) by AM Best.

Prior acts coverage

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- Prior acts coverage back to first date of continuous E&O coverage

Defense costs

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- First dollar defense costs are provided and are within the limits of liability

What is covered

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- Coverage includes life, accident and health, disability income activities as well as mutual funds, variable products, universal life, annuities, employee benefit plans and managed health care organizations

What does the plan NOT cover?

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- They DO NOT cover **property and casualty** product sales/servicing, or the sale/servicing of individual stocks, bonds or other investment vehicles (Series 7 activities).

Who is covered?

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- Individual agent program... but
- Provides coverage for your administrative, clerical and support personnel while they are acting on your behalf.
- Provides coverage for any affiliated corporation, partnership or agency for their liability arising out of the individual insured's professional services

Payment options

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- **Pay in full by check or Credit Card**
 - **Monthly payment options**
 - **Pay by credit card**
 - **or electronic funds transfer (EFT) with low monthly payments available.**

On-Line Enrollment & Servicing

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- All DBI agents will have full online enrollment. In addition, they will have access to E&O brochures, policy details, on-line enrollment forms and certificates of insurance.

www.mg-eo.com/DBI

- 15 licensed CSR's available
8 am- 6 pm EST.

877 -524-0265

The screenshot shows the NAPA Benefits website interface. At the top, there is a navigation bar with links for Home, Contact Us, My E&O Certificate, and FAQs. Below the navigation bar is a banner image featuring two medical professionals, a scale of justice, a family, and a house. The main content area is divided into several sections:

- NAPA Benefits**: A vertical menu listing various insurance products: Errors & Omissions, Health Insurance, Individual Life, Group Life & AD&D, Dental Plans, Vision Plans, AirMed, Home & Auto, and NAPA Rewards.
- Welcome!**: A text block stating: "Since 1989, NAPA has been providing Independent Insurance Agents with direct access to a complete line of insurance benefit solutions and services. Whether you are looking for Errors & Omissions insurance, Life insurance, Health insurance, Homeowners insurance or Auto insurance... this site is designed to be your one-stop for all of your benefit needs!"
- Errors & Omissions - Your Group Plan**: A text block explaining the importance of proper communication: "As a sales agent, you understand the challenge of properly and thoroughly communicating the details of the products you sell. This process is critical to the success of the companies you represent as well as to the success of your own personal business."
- Current Policyholders**: A section with two links: "Change My Account Info" and "Get My E&O Certificate".

Below the "Current Policyholders" section, there is a warning: "Being named in a lawsuit filed by one of your clients can be devastating, both personally and professionally. The damage to your reputation and finances can be beyond repair if a claim is not handled professionally and promptly. Don't put yourself, your business or your family at risk - secure your Errors & Omissions coverage today!"

Web Enrollment

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- From the DBI web site or
- MGA-eo.com/DBI

