



TO: State Executives/CEO's; E&O Program Managers  
FROM: Christopher J. Boggs, CPCU, ARM, ALCM, LPCS, AAI, APA, CWCA, CRIS, AINS  
Executive Director Risk Management & Education  
DATE: March 25, 2020  
RE: Follow-up to Claim Denials Directives from Carriers

On March 23, 2020, we sent notification that some carriers have asked agents to deny claims on the insurance company's behalf. We recommended that agents not deny claims for several reasons enumerated within that notice.

Yesterday one of our state associations forwarded an email one of its member agencies received from an insurance carrier. The email read, in part:

*We are being inundated with claims for loss of business income from the coronavirus and the civil authority.... We cannot keep up with all the claims that are coming in so we are hoping the agents can also help us when they are directly approached by the insured.*

We understand the insurance carriers' situation; the glut of claims will certainly tax the system. Time spent on these claims will likely slow response to other claims. Now is a tough time for carriers. However, we cannot and will not withdraw our original recommendation. When a member's insured presents them with a claim, the agent should not deny it on behalf of the carrier.

Because we understand the increased workload on the carriers, we would like to offer an alternative approach. If/when a carrier makes a similar request, the agent should:

- Require the insurance carrier put any blanket denial on company letterhead stating the specific reasons coverage likely does not apply (lack of property damage, etc.). This letter must be **signed** by a representative of the carrier (underwriter, underwriting manager, etc.). If the letter is **not signed** by a carrier representative, submit all claims;
- Make copies of the letter to present to clients when they report a business income/civil authority loss and have the insured document (by signature or initials) they received or read the letter;
- Ask the client if they still want to submit the claim. If the client requests the claim be filed, file the claim. If the client decides to not make a claim, don't make the claim. Don't give an opinion of what to do; the client must make the decision. Remember the articles available on Big I's resource page; and
- Regardless the client's decision to file or not file, document the response in writing with the client's signature on the final directive.

Agents are working hard to balance their contractual duties to their carriers, their service duty to clients, and the regulatory requirements under which they operate. We will continue to work with you to serve our members during this unprecedented time.