

## **E&O Insurance Requirements with Regence**

### **What is E&O insurance?**

E&O insurance refers to “errors and omissions” insurance, or “professional liability” insurance. This type of insurance generally covers you from negligent acts, errors or omissions arising from your activities in conducting your business as an agent or broker.

### **Why is E&O insurance important?**

E&O insurance helps protect you from lawsuits that might result from a mistake made in conducting your business. Because insurance can involve claims for high dollar amounts, having adequate insurance helps protect your other assets in the event of a suit.

### **What is Regence’s E&O requirement?**

Regence requires any insurance agency or stand alone agents with whom Regence contracts to be covered by an E&O policy issued in the name of the insurance agency or stand alone agent with whom Regence Contracts. There is an additional requirement that each of the insurance agency’s authorized producers also at all times be covered under an E&O policy. In that case, the E&O policy covering the insurance agency’s authorized producers can either be coverage as an “additional insured” under the insurance agency’s policy, or coverage under a separate E&O policy issued in the name of the individual authorized producer.

### **What amount of E&O insurance is required?**

E&O insurance is offered in the marketplace for various amounts, and the amount that you need depends on the amount of business you undertake, the amount of other assets you have that you may wish to protect. You should carefully consider the amount that is right for you. In order to contract with Regence, Regence requires a minimum of one million dollars (\$1,000,000) per occurrence.

### **In whose name should the E&O policy be issued?**

Regence requires any individual or business entity that Regence appoints to be covered by an E&O insurance policy issued in the name of that individual or business entity. For example, if insurance agent “John Smith” would like to be appointed under an agent agreement with Regence, Regence requires that the E&O policy be issued in the name of “John Smith”. Similarly, if insurance agent “John Smith” has set up a separate business called “John

Smith Insurance Agency”, Regence requires that the E&O policy be issued in the name of “John Smith Insurance Agency”. In that case, “John Smith” would also be required to be covered under an E&O policy since John Smith would be an authorized producer of the “John Smith Insurance Agency”. The E&O policy must always be issued in the name of the person with whom Regence contracts, and in cases where the contracting agency is a separate business entity, then E&O coverage must also be obtained for each authorized producer of the separate business entity.

### **What should I submit to Regence to demonstrate coverage?**

You should submit an insurance certificate or “ACORD” form. Regence looks at the form to confirm that: (1) the insurance policy is issued in the exact same name of the person (or business entity) with whom Regence has a contract, and (2) that the insurance policy was issued in the sufficient amounts.

### **I am the sole owner of an agency. Doesn’t my individual E&O coverage already cover the acts of my agency?**

Some E&O policies may cover some of the acts of a business entity of which you are the sole owner. However, if you would like the business entity to be the person with whom Regence contracts and appoints, to meet Regence’s requirements, you must obtain E&O insurance issued in the name of the entity, as well as E&O coverage for yourself as the authorized producer of the business entity.

### **I am named as an “additional insured” under a policy issued to an agency. Can I individually be appointed to Regence?**

To meet Regence’s requirements, the insurance policy must be issued in the name of the person with whom Regence contracts. If Regence directly contracts with you as a stand alone agent, a policy issued to an agency would not meet Regence’s requirements because the policy would be in the name of the agency instead of your name individually. If you wish to contract directly with Regence, you must be covered under a policy issued in your name. If you write your business through an agency, and that agency contracts with Regence, then an E&O policy must be issued in the name of the agency, and that policy can name you as an “additional insured.”

### **Where can I go for more information.**

Regence is ready to help you understand this requirement, and answer your questions. For help, please contact the Regence agent desk at (503) 225-4960 or toll free at 1(800) 452-7278 x 4960.