

# Helpful Hints

FOR COMPLETING AN E&O APPLICATION FOR A NEW INDEPENDENT INSURANCE

Your Dedicated  
**E&O Partner**

The following hints are intended for the Westport Insurance Corporation application if you are applying for E&O coverage for a new independent insurance agency. Please read the instructions carefully as this will help move the application through the underwriting process in the most efficient manner.

**Resume and Business Plan:** We will need a current resume for each active owner and/or manager of the agency as well as a business plan. A resume will provide the underwriter with some history of your experience in the insurance industry. A business plan is not only an important tool for the E&O underwriting process, but also nearly every successful agency started with a clear vision and sound business plan. Besides knowing what you want and how you intend to accomplish it, a business plan is essential for solid company relationships especially for a new agency with no track record.

## Question

### 1. Applicant's Legal Entity

- 1(a). If the agency is a sole proprietorship, indicate the name of the agency and the name of the owner. If the agency is formed as anything other than a sole proprietorship, indicate the full, legal name of the agency.
- 1(d). Leave blank the question regarding "agent active directory ID no."
- 1(e). The "Date entity established" will be the date you began or intend to begin operating your agency.

**Captive Agents:** The quote for your new independent agency will generally include a retroactive date of inception. This means you will not have prior acts coverage for "wrongful acts" before the effective date of your new policy. It is important that you contact your expiring E&O carrier for explanations of tail coverage.

1. a. Agency's Legal Entity Name: (proposed First Named Insured) \_\_\_\_\_

b. Organization Type:  Individual  Partnership  Corporation  LLC  Other: \_\_\_\_\_

c. Federal Employer/Tax ID No.: \_\_\_\_\_

d. Is the agency a member of the state independent insurance agents' association? .....  Yes  No  
If Yes, provide agency active directory ID No.: \_\_\_\_\_

e. Date entity established\*: \_\_\_\_/\_\_\_\_/\_\_\_\_ (month/day/year)  
*\*If less than 3 years, attach resume and business plan*

f. Is coverage requested for any majority owned additional insurance agency entities or trade names (DBA entities) that should be listed on the policy? .....  Yes  No  
If Yes, complete the Additional Entity Supplement for all entities not currently listed on your current Westport policy.

### 6. Premiums and Commissions for "Last 12 Months" & "Next 12 Months"

The figures for the last 12 months will be "\$0" for a new agency or a captive agent starting a new independent agency.

It is important that the figures listed for the next 12 months are good estimates for what you believe your agency will achieve over the next year. Please remember that the P&C commissions are usually 10% - 15% of the P&C premiums.

	Last 12 Months	Next 12 Months (Estimated)
6. a. Total P&C new & renewal premiums written annually .....	\$ _____	\$ _____
b. Total P&C new & renewal annual commissions .....	\$ _____	\$ _____
c. Total Life and A&H new & renewal annual commissions	\$ _____	\$ _____



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## Helpful Hints (continued, 2 of 3)

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### 7. Number of Personnel

Do not count an individual twice. If an individual classifies for more than one category, find the one that best fits.

7. a. Number of Personnel: *(each individual should be counted only once)*

	Full-Time	Part-Time
Active Owners, Officers, Partners		
Licensed Employee Solicitors, Brokers, Agents		
Licensed CSR's		
Non-Licensed CSR's		
Other Licensed Employees (Including Clerical)		
Non-Licensed Employees (Including Clerical)		
Exclusive, Non-Employee Producers		
Non-Exclusive, Non-Employee Producers		
<b>TOTAL STAFF:</b>		

**Tip:** An **exclusive, non-employee producer** is an independent contractor who places business only through your agency using the agency's staff and physical facilities. A **nonexclusive, nonemployee producer** is an independent contractor who does not use agency facilities you and who occasionally places business with your agency as well as other agencies or with his/her own companies.

### 8. Type and Percentage of Insurance Placed

This section must be completed. For a new agency, use estimated percentages for the next 12 months. The total for P&C Commercial lines and Personal Lines should be 100% (not 200%).

If you have any figures listed for question 6(c) – total gross annual Life and A&H commissions – you must complete the type of percentage of insurance placed for Life Insurance and A&H Insurance. Again, the total for these two categories must be 100%.

8. a. Type and Percentage of Insurance Placed (complete Current Year if different from Prior Year):

Commercial Lines (% of Total P&C Premiums)	Current Year	Life Insurance & Annuities (% of Total Life/A&H Commissions)	Current Year
Commercial Auto	%	Annuities - Non-Variable	%
BOP/CGL/Package	%	Annuities - Variable	%
Umbrella/Excess	%	Credit Life	%
Property Coverage	%	Group	%
Crop Coverage	%	Individual	%
Workers Compensation	%	Other (list)	%
Flood	%		%
Wet Marine	%		%
Livestock Mortality	%	<b>A &amp; H Insurance</b>	%
Medical Malpractice	%	Group - Carrier Insured	%
Professional Liability Non-Medical	%	Group - Self-Insured	%
Aviation	%	HMO/PO/DSP	%
Bonds - Surety/Contract	%	Individual	%
Bonds - Other	%	Disability - Individual	%
Long-Haul Trucking	%	Disability - Group	%
Other (list)	%	Other (list)	%
	%		%
<b>TOTAL COMMERCIAL LINES:</b>	%	<b>TOTAL Life, Annuities, A&amp;H</b>	<b>100%</b>
<b>Personal Lines</b>			
Auto - Standard	%		
Auto - Non-Standard	%		
Auto - Assigned Risk	%		
Homeowners & Standard Fire	%		
Non-Standard Fire/FAIR Plan	%		
Watercraft	%		
Umbrella	%		
Flood	%		
Farmowners	%		
Other (list)	%		
	%		
<b>TOTAL PERSONAL LINES:</b>	%		
<b>TOTAL COMMERCIAL + PERSONAL</b>	<b>100%</b>		

b. Does the agency place insurance in more than 3 non-resident states?  Yes  No

If Yes, do the agency personnel have more than 3 years experience placing coverages in those states?  Yes  No

c. For all lines of business, what is the approximate number of policies in force? \_\_\_\_\_

Life Total + A&H Total = 100%

Commercial Total + Personal Total = 100%

**9. Top Five Property & Casualty Insurance Carriers**

- 9(a). List the top five carriers you have either formed contracts with or plan to form contracts with over the next 12 months. Indicate the number of years represented (“0” is acceptable) and the estimated annual premium volume for each carrier.
- 9(b1). Must be completed. Use estimations for the next 12 months. If there will be no placement by your agency with carriers rated less than B +, not rated or non-admitted, indicate “Not Applicable”.
- 9(b2). Must be completed. Will your agency implement a procedure to notify policyholders of carrier’s rating or adverse changes?

**Tip:** The entities listed for Question 9(a) are carriers you will place business with directly – not through an MGA, broker or other retail agency companies.

9. a. List the top 5 agency-contracted Property & Casualty Insurance Carriers by annual premium:

Complete Name of Insurance Carrier	Years Represented	Annual Premium
		\$
		\$
		\$
		\$
		\$

b. (1) Indicate approximate amount of business agency places with carriers that are:  
 Rated less than B+ by AM Best: \_\_\_\_\_%      Non-Admitted: \_\_\_\_\_%  
 Not Rated (NR) by AM Best: \_\_\_\_\_%       if “Not Applicable”

(2) Does the agency have a procedure to notify policyholders of carrier’s rating or adverse change? .....  Yes  No

**10. 10a: Percentage of Property & Casualty Business Placed.**

For (1) indicate the estimated percentage of business you will place directly with carriers. For (2) indicate the estimated percentage of business you will place through wholesalers (MGAs, surplus lines agents, other agents and brokers). Ignore the other options, unless you are licensed as an MGA.

10. a. Percentage of Property & Casualty business placed:

(1) Directly with carriers (other than as a broker, MGA, or surplus lines broker) ..... %  
 (2) Through any other third party (i.e. a wholesaler, surplus lines broker, other retail agencies) ..... %  
 (3) As a broker (including surplus lines) ..... %  
 (4) As an MGA ..... %  
 Number of sub-producers? \_\_\_\_\_ TOTAL: 100%

Are E&O Certificates of Insurance required from all sub-producers?  Yes  No

b. List agency's top 5 Property & Casualty Brokers, MGA's or Intermediaries by annual premium: (✓ if “None” )

Name of Broker, MGA or Intermediary Through	Annual Premium
	\$
	\$
	\$
	\$
	\$

- 10b. Top Five Brokers, MGAs or Intermediaries. List the top five entities you have either placed business with or plan to place business with over the next 12 months. Also include the estimated annual premium volume for each entity listed.

**Tip:** The total of the estimated premiums volume for question 9(a) and 10(b) should generally equal the premium figure listed in question 6(a). It should never exceed the premium figure listed in question 6(a).

**18. Office Procedures for all locations**

Each question must be answered “yes” or “no,” indicating whether or not your agency will implement the listed procedure listed over the next 12 months.

