



FIDUCIARY DUTY

TEACHING YOUR CLIENTS ABOUT RISK

Presented by: Michael Bricker, MBA, LUTCF

The objective of *Fiduciary Duty: Teaching Your Clients About Risk* is to explore the evolving nature of general practice fiduciary duty. The expansion of the role of an insurance licensee to that of risk manager is discussed including available tools and resources.



Training Objective

A background image of three business professionals in a meeting. An older man with grey hair is on the left, a woman is in the middle, and a younger man is on the right. They are seated around a wooden table with water glasses, a white mug, and a smartphone. The scene is brightly lit, likely from a large window in the background.

Consumer Expectations

Lesson One

Consumer Perception

Factors shaping public attitudes
regarding the insurance industry

Sales and service

Claims experience

Public policy



Consumer Perception

9/28/93

1993 HEALTH CARE PROPOSAL

First Lady Hillary Rodham Clinton chaired President Clinton's Task Force on National Health Care Reform.

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Media Coverage

Natural disasters

Underwriting

Professional liability

Fraud and scandals



Consumer Perception



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- JOB RELATED INJURIES
- BURN INJURIES
- SEVERE HEAD & BRAIN INJURIES
- NURSING HOME NEGLIGENCE
- ASBESTOS RELATED DISEASES
- DRUG RECALLS
- ALL PERSONAL INJURIES



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Media Coverage

Public perception of our industry can be gauged by top consumer complaints

Delays

Denial of claims

Unsatisfactory settlement offers

Source: NAIC Complaint Database System, March 2017



Consumer Perception

Professional Liability Trends

Claims filed by

Insured

Claimants

Policyholders

Insurers



Professional Liability Trends

70% of E&O claims can be classified in the following three categories

Failure to obtain adequate coverage

Misrepresentations

Delays in processing



Professional Liability Trends

High Risk Exposures

Agents who do not specialize or
generalists

Agents who also offer securities
products

Agencies in mergers or acquisitions



High Risk Exposures

Agents who do not require clients to sign for policy changes and other acknowledgments

Agents who do not have an effective backup system for information



High Risk Exposures

Best Practices

Ensure agent and staff spend appropriate time to determine clients needs and expectations of coverage

Recommendation and disclosure documentation



Best Practices

Proper understanding of the fiduciary
duty of a risk management professional

Avoid offering 'one size fits all'
coverage

Periodic account review



Best Practices

Undue Preferential Treatment

Agent over policyholder

Policyholder over insurer

Policyholder over policyholder

Insurer over insurer

Product over product



Undue Preferential Treatment

A background image showing three business professionals in a meeting. An older man with grey hair is on the left, a woman is in the middle, and a younger man is on the right. They are seated around a wooden table with water glasses, a white mug, and papers. The scene is brightly lit, likely from a window in the background.

The Insurance Risk Manager

Lesson Two

Fiduciary Duty

To the client as principal

Historically satisfied by fulfilling role as sales and service representative

Full and fair disclosure of product benefits, limitations and exclusions



Fiduciary Duty

Reasonable post-sale service

Policy changes

Claims reporting

Billing support

Trends in case law are expanding

fiduciary duty to that of a risk manager



Fiduciary Duty

Risk Management

Risk Identification

Possibility of financial loss

Risk Analysis

Probability of financial loss

Risk Recommendation



Risk Management

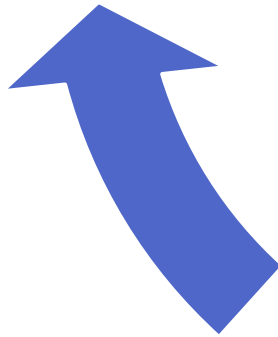
**Risk
Identification**



Risk Analysis



**Risk
Recommendation**



Risk Management



Risk Identification

Uncovering the client's exposure to financial loss

Asking questions

Application

Inspection

Risk Identification

Risk Analysis

Risk Recommendation

Risk Identification



Premature Death

Chronic Care

Superannuation

Unemployment

Disability Income

Divorce

Medical Expense

Bankruptcy

Dreaded Disease

Identity Theft



Risk Identification

Fire

Earthquake

Windstorm

Disappearance

Rain

Power outage

Malicious mischief

Theft

Water

Electrical overload

Sinkhole collapse

Terrorism



Risk Identification

Individual activities

Automobile

Premises

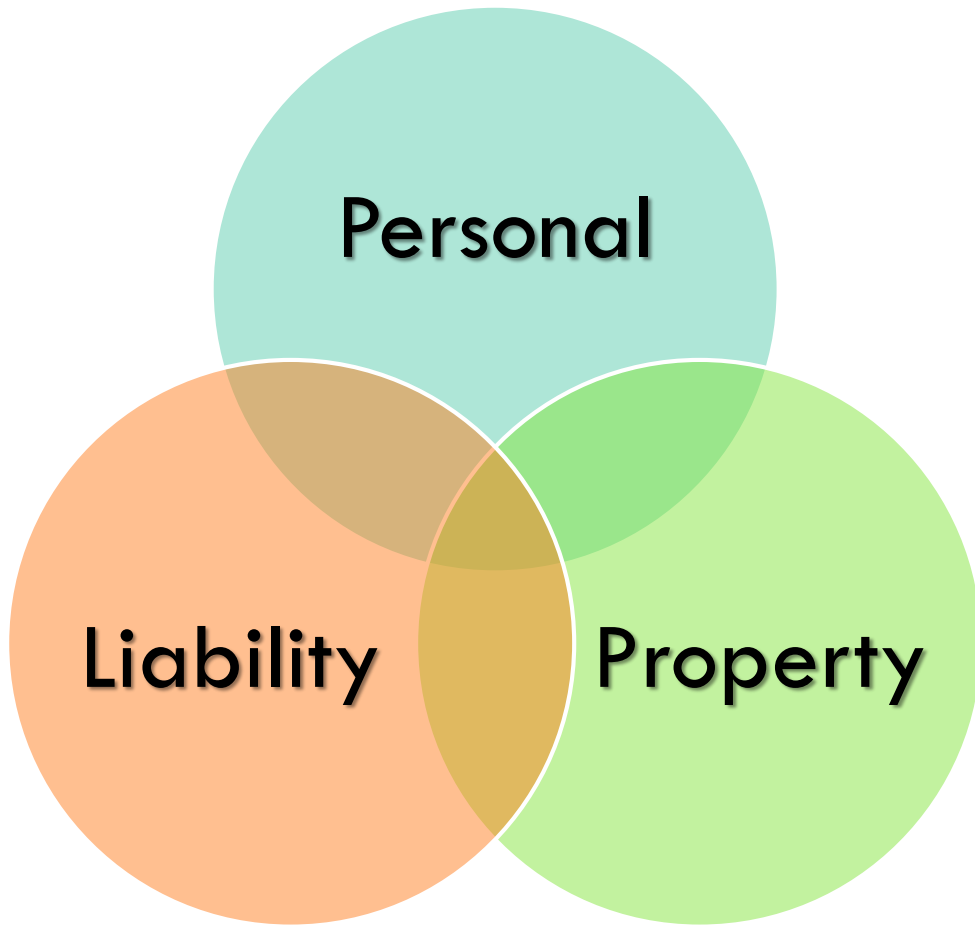
Product

Operations

Contractual



Risk Identification



XYX Insurance Agency

Insurance Needs Checklist

- Life Insurance
- Homeowners Insurance
- | Business Insurance
- | Personal Articles Insurance
- | Disability Insurance
- L Automobile Insurance
- Long Term Care Insurance
- Medical Expense Insurance
- Flood Insurance
- Crop Insurance
- Renters Insurance
- | Accident Insurance
- | Dreaded Disease Insurance
- | Not Interested at this Time

Client Signature _____

_____ Date



Presentation Tools

Risk Analysis

Priority of coverage

Frequency (%)

Severity (\$)

Amount of coverage

Total dollar losses

Risk
Identification

Risk Analysis

Risk
Recommendation

Risk Analysis



Personal loss exposure

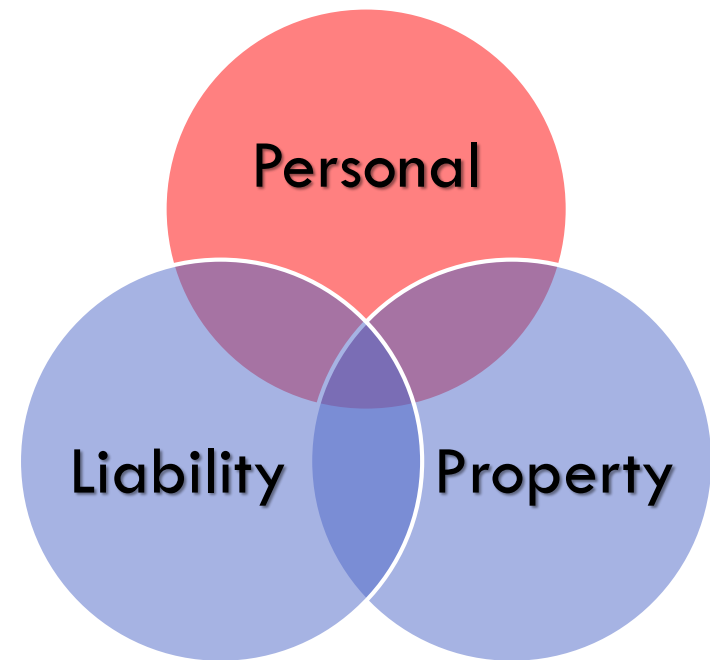
Current and future income needs

Emergency funding

Debt service

Education funding

Last expenses



Risk Analysis

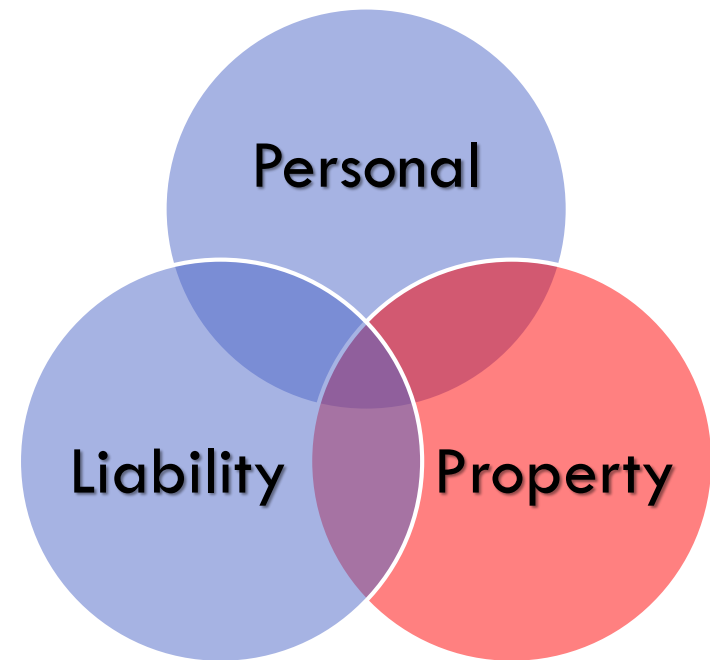
Property loss exposure

Repair or replacement cost

Debris removal

Loss of use expenses

Loss of income



Risk Analysis

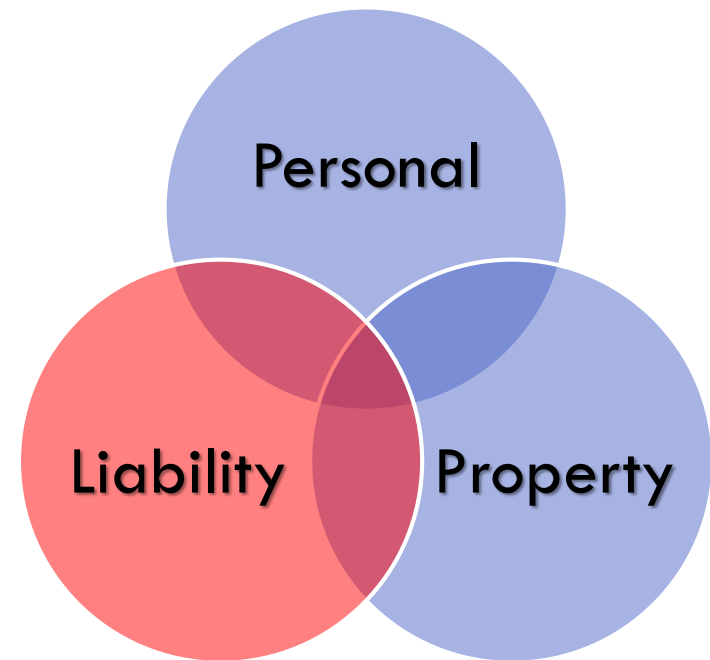
Liability loss exposure

Real assets

Income

Personal property

Savings



Risk Analysis

Knowledge Resources

Provide information and data for
analyzing risk exposure and
determining coverage needs

Frequency (%)

Severity (\$)



Knowledge Resources



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The resiliency innovation challenge

A world without TRIA: Incalculable risk

The Terrorism Risk Insurance Act (TRIA) expires at the end of 2020 but insurers are already grappling with the possibility of a world without TRIA. While the private market for terrorism insurance has grown, there are doubts whether the industry can write terrorism insurance without a federal backstop.

WHITE PAPER



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ARTICLE



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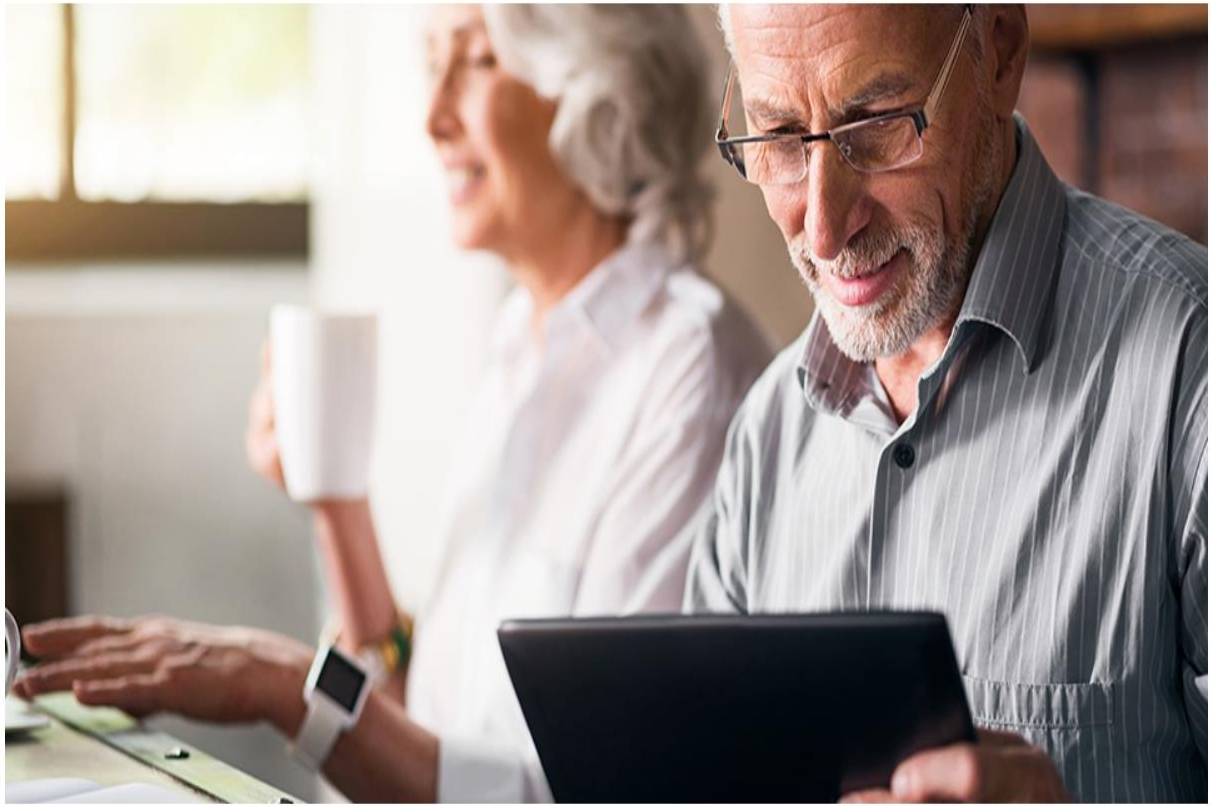
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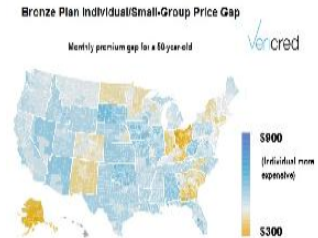
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NEWS

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ALLISON BELL | JANUARY 08, 2020

Employer demand for individual coverage HRAs may depend partly on the group-individual price gradient, the firm says.



Trending Stories

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F&G says it has outgrown its current offices.

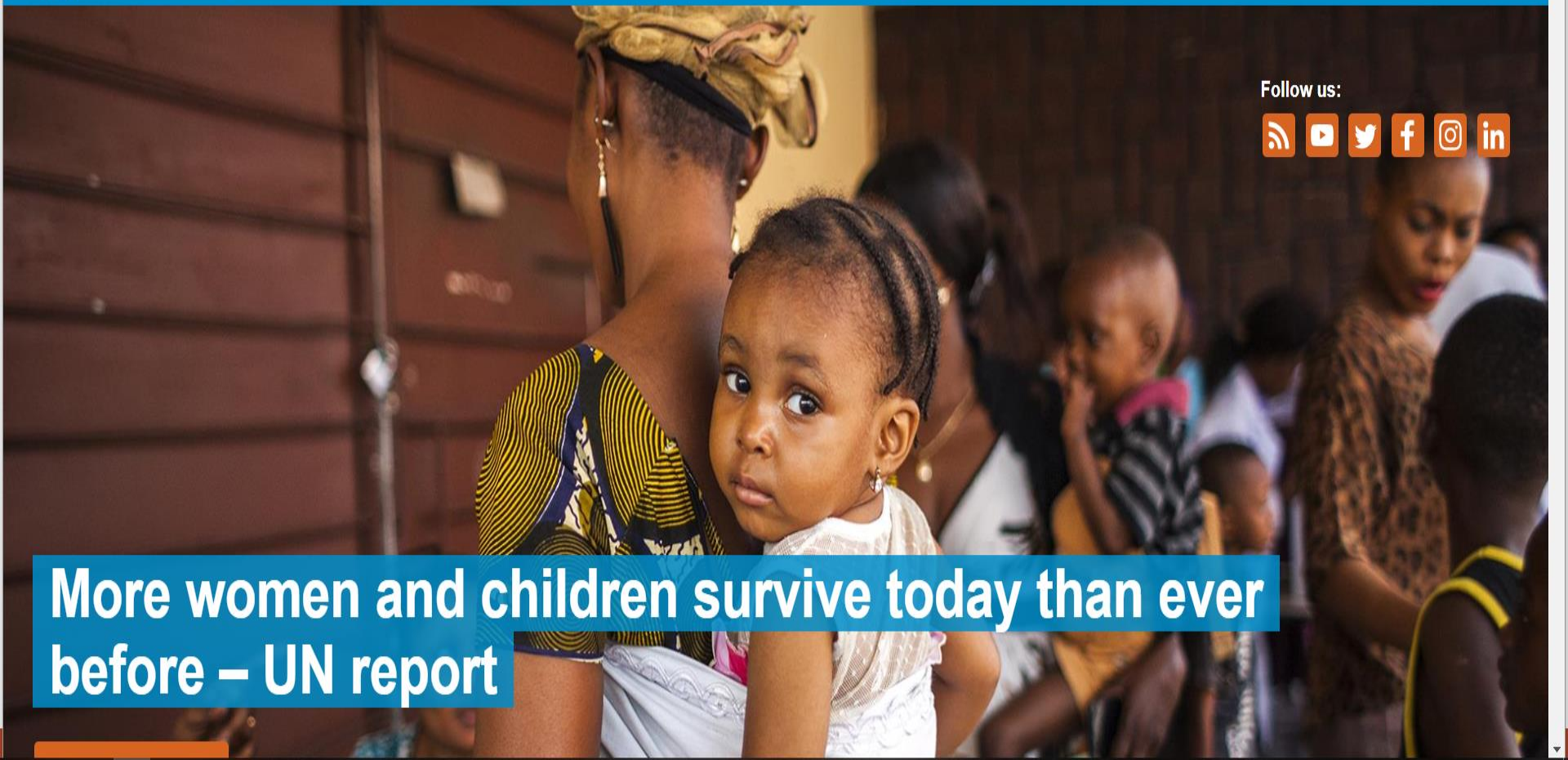




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Influenza (Flu)

Pandemic Influenza



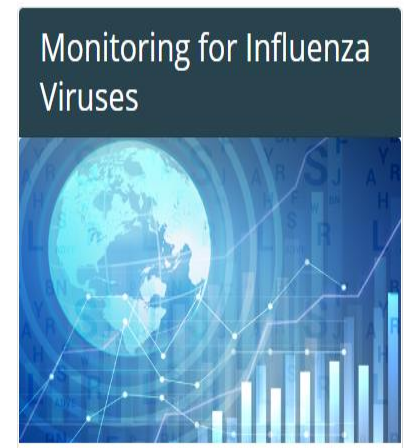
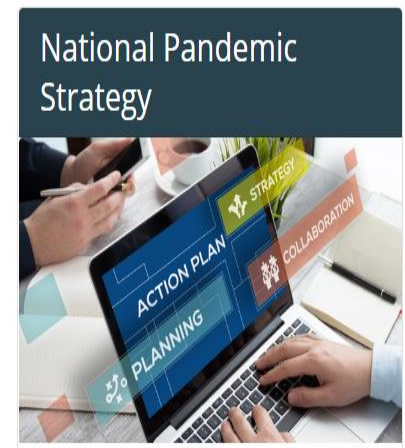
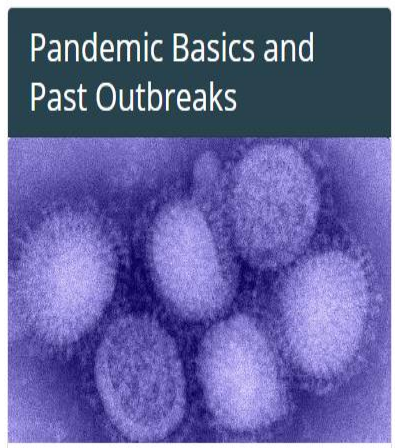
🏠 Pandemic Influenza

- Pandemic Basics +
- Past Pandemics +
- National Pandemic Strategy +
- Monitoring for Influenza Viruses +
- Planning and Preparedness Resources +
- What CDC Does +
- Archived Documents +

Pandemic Influenza

[Español](#)

An influenza pandemic is a global outbreak of a new influenza A virus. Pandemics happen when new (novel) influenza A viruses emerge which are able to infect people easily and spread from person to person in an efficient and sustained way. The United States is NOT currently experiencing an influenza pandemic. [CDC influenza programs protect](#) [1.1 MB, 2 pages, 508] the United States from seasonal influenza and an influenza pandemic, which occurs when a new flu virus emerges that can infect people and spread globally.



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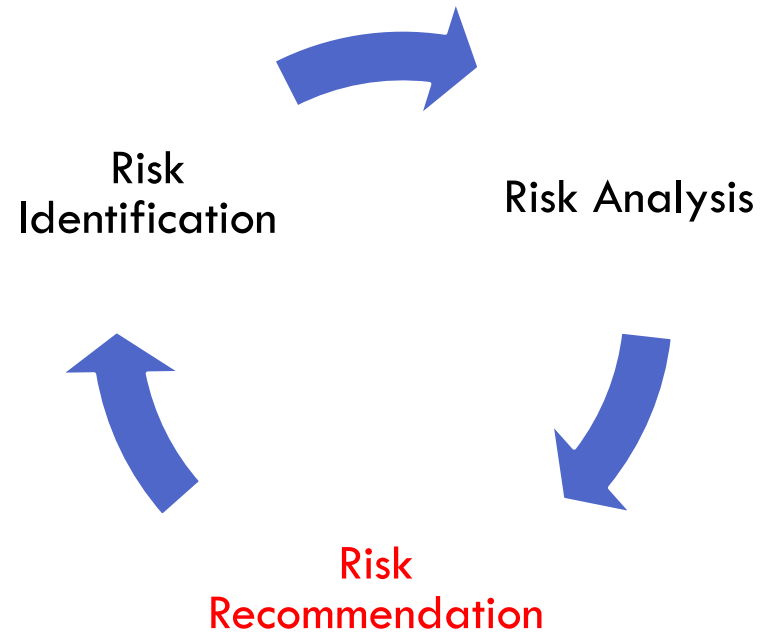
Risk Recommendation

Risk mitigation or reduction

Risk avoidance

Risk transfer

Risk retention



Risk Recommendation

Documentation of the risk management

process

Decision-making

Periodic review

Historical record

Legal defense

Risk Management All-in-One Tool
Client Information Loss Exposure
Recommendations Coverage Needs
Coverage Purchased Policy Limits Accepted/Declined
<i>Client/Agent Signature</i> _____ <i>Date</i> _____



Risk Recommendation

A photograph of three business professionals in a meeting room. An older man with grey hair is on the left, a woman is in the middle, and a younger man is on the right. They are seated around a wooden table with water glasses, a white mug, and a smartphone. A dark blue rectangular box is overlaid on the image, containing the text 'Summary and Conclusion' in white. Below this box is another solid blue rectangular box.

Summary and Conclusion