

L&C UPDATE

O.L.P.B/PR.H

ERRORS & OMISSIONS COVERAGE REQUIREMENT

Effective January 1, 2007

To bring consistency to the approach of Errors & Omissions (E&O) coverage, a set of standards has been developed that applies to all agents contracted with an AIG American General insurer.

Requirement:

All agents contracted with an AIG American General insurer are required to maintain E&O insurance with a minimum coverage of one million dollars (\$1,000,000) per claim while actively contracted and/or appointed with an AIG American General insurer.

- ◆ Each AIG American General agent is responsible for securing E&O insurance with a minimum coverage of \$1,000,000 per claim, and for maintaining continuous coverage while actively contracted with AIG American General.
- ◆ IMO's are responsible for ensuring that subordinate agents have secured and maintain the required coverage.
- ◆ Contracted agents who do not currently carry E&O coverage must secure at least the required coverage *to keep the contract active*.
- ◆ Proof of continuing coverage must be maintained in the agent's records and provided to the company upon request.
- ◆ New agents must secure at least the minimum required amount of E&O coverage prior to appointment.
- ◆ Random compliance audits will be performed to confirm that contracted agents have the required E&O coverage.

Questions about this bulletin or E&O coverage in general may be directed to your Licensing & Commissions Department.

- ◆ IMO's, please call 866-424-4524
- ◆ All others, please call 888-653-5463