



# April Loss Prevention Tip

## Assuming A Higher Duty of Care

### Claim Scenario

An agent drove to his client's house to pick up the premium check every month since client was always late paying the premium on his variable life insurance policy. The client always paid the minimum premium and as a result, there was no cash value in the policy so no automatic premium loan could be taken to make the premium payment in the event that a premium payment was missed. The agent forgot to pick up the check one month and the policy lapsed. In order to reinstate the policy, the claimant must attest that there has been no material change in his health. However, the claimant has been diagnosed with cancer and is now uninsurable. The claimant alleges that the agent created a duty by driving to his house and picking up the premium check every month and he relied on this practice to his detriment.

### Risk Prevention Tip:

Good customer service and expanding the duty of care an agent owes a client can collide. Never assume liability that doesn't fall within the ordinary care an agent owes a client. If you are already in a situation like this, do not stop without notifying the client in writing of your intentions.

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