

# **Virginia**

## **Regulatory Hot Tip 2009 –4**

*Professional Insurance Agents Association of Virginia and DC, Inc.*

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### **With Whom Are You Really Doing Business?**

Lately, I have been seeing a trend among my business clients, including those involved in the insurance industry, which troubles me. Perhaps it is a sign of the economic times, with everyone working harder than ever, but I tend to actually believe that it is really borne out of laziness. That disturbing trend is that, increasingly, people seem to be doing business with people or organizations without first learning with whom they are actually dealing.

Regardless of the reason for this trend, I want to ask you the following question: As you go through your day, ***do you know with whom are you really doing business?***

Of course, this question really relates to all aspects of your life, but it can take on a particular urgency in business. When you are working with clients, who are they? What are their full names? Are you really doing business with the individual sitting in front of you, or does he or she represent a joint venture, a corporation or some other entity? How do you know for sure? Who are those brokers, be they surplus lines or other folks, with whom you do business? What is their business philosophy, and are they insured for their work? How can you tell?

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Additionally, who are you? For those of you who are corporations or limited liability companies, do you review and insure that your annual reports to the State Corporation Commission are accurate, or do you just put those documents in line for payment each year without looking at them? I can assure you that when it comes to being able to establish “who you are,” these are important papers and they deserve some of your attention. More than a quick glance!

You ask why you need to answer these questions, and there are many answers: (i) to make sure that insurance policies you put in place reflect the proper insured’s name, (ii) to make sure that you do know who you are doing business with, be it a landlord, a repair person, a website developer, (iii) to make sure that the folks you are relying on for your business needs are indeed themselves professionally licensed, where appropriate, properly insured, as well as a host of other things that you should want to know about them, (iv) to make sure that you have someone to stand behind that insurance program you are writing, the website, the tradesman you are dealing with, (v) that it is good business practice to know with whom you are working, and (vi) to assist those trying to assist you, be it your accountant, attorney, or whomever to give you the best advice that they can impart, with the most accurate information available.

I know that these questions seem silly when they are just laid out on a piece of paper, but they can prove to be critical if (when) something goes awry, especially in these transitional times. Take the extra minute! Otherwise, you may find yourself expending a lot of time, effort, and money toward executing a contract only to discover that the person you thought you would be working with under such contract is not even the person with whom you have any type of contractual relationship. Make sure you know with whom you are doing business! Ask for proof. Believe me, no one will be offended, and you will soon gain a reputation for being a careful business person.