

Medical Malpractice Presentation

The background is a solid teal color with a subtle gradient. At the bottom right, there is a dark teal silhouette of a mountain range.

Why Medical Malpractice Insurance?

- ◆ Pays for “injury” to another party.
- ◆ Pays for legal expenses.
- ◆ Protects you and your family for claims you could not afford to pay.
- ◆ Legally required in most states.

Factors Affecting Today's Malpractice Premiums

Increasing Jury Awards	"Failure to Detect & Diagnose" Claims Skyrocketing	"Hard" Insurance Market Across All Lines
Artificially Low Premiums in the mid '90s	Sophistication of Plaintiff's Bar	Carriers' Fear of Rating Bureau Downgrades

Common Insurance Limits

- ◆ \$1 Million \ \$3 Million
\$2 Million \ \$6 Million
- ◆ 1st Amount =
Maximum Amount per Claim
- ◆ 2nd Amount =
Maximum Amount for
All Claims per Year

Claims-Made vs Occurrence

- ◆ Claims-made costs less to start off, then gets more expensive over first 5 years.
- ◆ Claims-made pays for claims that take place if the policy was in effect when the claim was made.
- ◆ At end of coverage, need to buy “tail” coverage for claims that might occur when policy period is over.

Occurrence Coverage

- ◆ Occurrence costs the most when starting off.
- ◆ Most common coverage in Massachusetts and several other states, mostly in Northeast.
- ◆ Occurrence coverage pays for claims that occur if the policy was in effect when the claim occurred.
- ◆ No need for “tail” coverage at policy end.

Special Endorsements

- ◆ Contractual Liability
- ◆ Sexual Misconduct
- ◆ Professional Conduct Review
- ◆ Locum Tenens
- ◆ Billing Fraud & Abuse

The New Medical Malpractice Insurance Realities

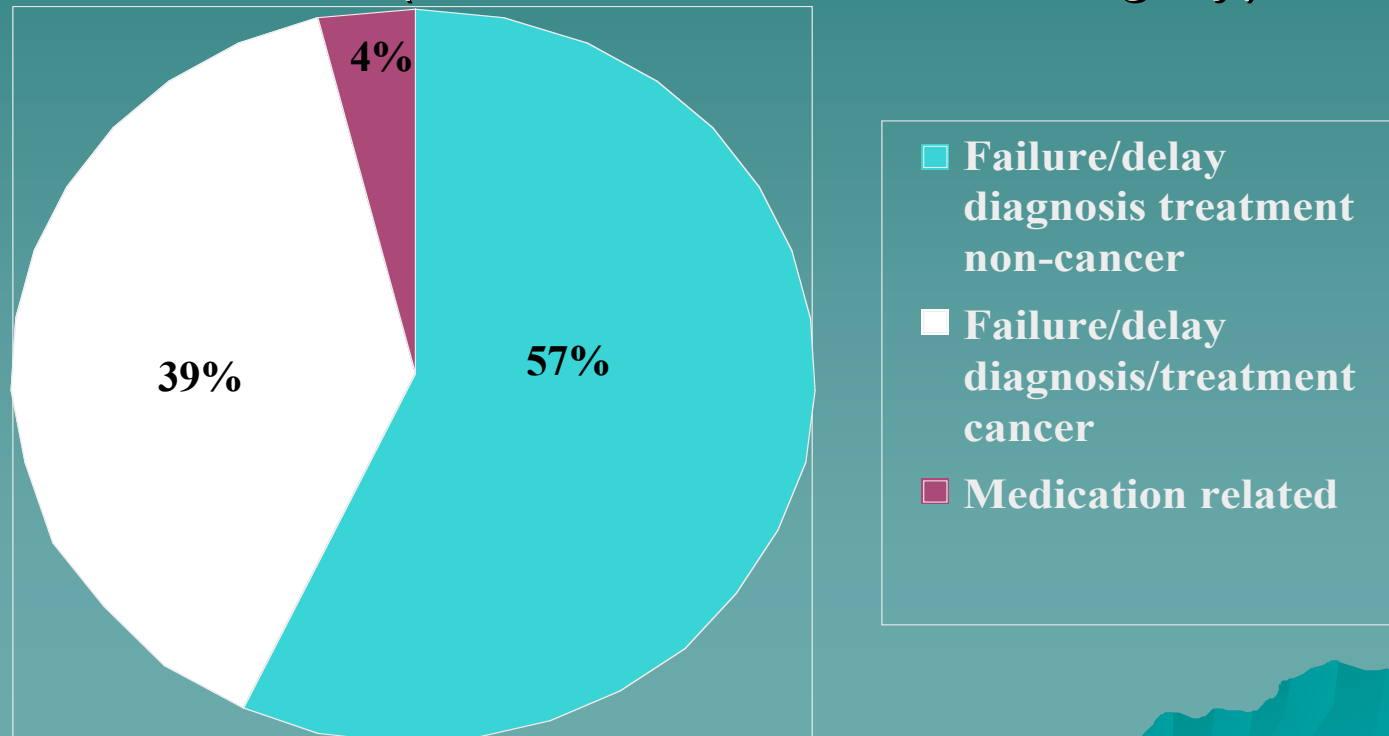
- ◆ Premiums are going to continue to get more expensive.
- ◆ Doctors who have claims will pay much more for medical malpractice insurance than those that don't.
- ◆ Risk Management is going to become more important than ever:
 - To lessen the likelihood of a claim.
 - As a defense if you wind up in court.
 - Bottom-line: to practice good medicine.

Facts About The Current Medical Malpractice Market

- ◆ Number of claims has been increasing.
- ◆ Severity (jury awards and settlements) of claims going up significantly.
- ◆ The number of \$1Million+ claims at an all time high.
- ◆ Result: Medical malpractice premiums are escalating & coverage is becoming more difficult to acquire.

Reducing Risk Within the Practice Reasons for Claims Paid in 2000

(Internal Medicine/No Surgery)



Source: ProMutualGroup 2000 Large Loss Review

Things to Consider

- ◆ Know and understand what type of insurance you are buying or is being bought for you.
(Occurrence vs Claims-Made)
- ◆ Medical Malpractice is going to be an increasing cost of your business overhead.
- ◆ Consider higher limits and sleep better at night.
- ◆ Risk management, Risk management, etc.