Medical Malpractice Insurance

Harvard Medical School
March 6, 2012
Jack King, President, PIAM
What’s the Purpose of Medical Malpractice Insurance?

• Malpractice pays for an “injury” to another party
• Also pays for legal defense and other costs to defend you (expert witnesses)
• Protects you and your family against claims you could not afford to pay yourself
• Legally required in most states
Common Malpractice Policy Limits

- $1 Million / $3 Million
- $2 Million / $6 Million
- $5 Million / $10 Million

- 1st Amount: Maximum Amount per Claim
- 2nd Amount: Maximum Amount for All Claims During Policy Year
Claims Made vs. Occurrence

• All policies have a starting date and an ending date.

• The key difference between Claims Made & Occurrence is what happens if an unreported incident occurs during the policy period and a claim is made after the policy ends?
Claims Made Coverage

- Most common type of coverage in the US
- Costs the least to start off…
- Pays claims if an incident occurs & claim is made during the policy period.
- If unreported incident occurs during the policy period & claim is made after policy ends: No Coverage…Unless You Get a “Tail”
- Tails continue coverage after the policy ends.
Occurrence Coverage

- Less common except in the Northeast
- Occurrence often costs more in the beginning
- Occurrence pays for claims that occur if the policy was in effect when the incident occurred…. Tail coverage is built in
- With Occurrence, no need to buy a tail when the policy ends.
Costs: Claims Made vs. Occurrence

Internal Medicine: $1M/3M Base Premiums

- **Occurrence**
- **Traditional Claims Made**

Year 1 Year 2 Year 3 Year 4 Year 5

- $0
- $2,000
- $4,000
- $6,000
- $8,000
- $10,000
- $12,000
- $14,000
Special Added Coverages (Endorsements)

- Sexual Misconduct
- Professional Licensing Issues
- Locum Tenens
- Billing Fraud & Abuse
- Data Breach-Loss of Personal or Healthcare-Related Information
Applying for a New Position? Ask These Malpractice Questions:

• Who is paying for my medical malpractice insurance?

• Will there be a malpractice “tail” needed when I leave?

• If so, who pays for the tail?
Questions?