

Having the Right Professional and Personal Insurance Coverage: How Much Coverage Is Enough?

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How much professional and personal insurance coverage is enough? This is a question often asked by physicians. As high-income professionals, you have the most to lose if you are not properly protected, and you have more varied exposures than the average person. In addition, being a high-income professional makes you more likely to be involved in a professional or personal liability lawsuit. With the recent development of MDsConnect.net, you can get helpful information to answer your insurance coverage questions in real time.

When making decisions about your insurance coverage, consider obtaining opinions from your trusted advisors, eg, an attorney, insurance professional, practice consultant, accountant, or financial consultant. It is well worth the time to review insurance matters with a professional who has experience working specifically with physicians who take the time to evaluate the various exposures they have and who know the right questions to ask. This allows you to get to the root of the matter quickly and helps to reduce headaches in the future.

Professional Liability

When deciding the amount and type of professional liability coverage you need for your

practice, it is important to look at the decision from several perspectives.

Does My Hospital Require Me to Have a Liability Limit?

Liability insurance is the basic requirement for you to maintain your practice privileges, and required limits vary from state to state. Consider this a minimum starting point for any physician.

What Type of Procedures Are Being Performed in Your Practice and Who Is Performing Them?

The types as well as the number of procedures being performed in practices continue to increase across the United States. In addition, practices are using “physician extenders” (physician assistants, nurse practitioners) to do more. Do these professionals warrant their own limits of liability? Should they share under the entity’s liability limits? The options of how best to cover these individuals vary by carrier; thus, you should seek the advice of a professional who has the ability to access a number of insurance companies to find the option with which you are most comfortable.

Are You Performing Services That May Not Be Covered by Your Insurance Plan?

Today, physicians are taking on more activities to help increase their revenue. Depending on your professional liability policy, some or all of those activities may not be covered. Typically, a policy provides protection to a physician for professional services rendered “to a patient of the insured.”

The following activities may not be covered by your current policy: expert witness testimony, independent medical file review, case management, and compliance consulting. Often a physician needs a consultant’s professional liability policy or a director’s and officer’s liability policy to ensure all their activities are covered from threat of litigation.

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Dr. Torok is owner, MDs Connect, LLC. Ms. Calame and Mr. Pannitto report no conflict of interest in relation to this article.

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What Is the “Climate” for Professional Liability in Your State?

Do you have established and proven tort reform? Do you have access to statistical information regarding claim trends in your state? Your county? Your city? And for your particular specialty? Knowing the climate will help you determine higher limits should be considered. Much of the claim data is available online and through medical societies and other sites.

What Level of Coverage Are You Comfortable Carrying?

It is likely that the various types of coverage as well as the levels of coverage limits you need are available to you. The coverage you are comfortable carrying and what you think your practice revenue allows you to carry ultimately will be your guide.

Personal Lines Insurance

One question that professionals should consider in addition to “Am I covered professionally by my insurance?” is “Am I as *personally* insured as I should be?” Professional and personal insurance coverage go hand-in-hand to ensure that you are doing all that you can to protect yourself in the event of a loss situation.

Your Home and Automobile Coverage

How much insurance coverage is enough? That answer differs from person to person, but we suggest you consider your total assets as a starting point. What type of homeowner’s insurance do you have? The industry’s standard policy forms have changed over time; thus, if you have had the same coverage for many years, you may not have been offered the newer broader homeowners policy comprehensive form 5, or HO5. While both older (HO3) and newer policy forms provide “open peril” coverage on the structure of your home, the HO5 also provides open peril coverage on its contents. The HO3 is named a perils policy, and therefore is more limiting.

“Named perils” means that only those perils named in the policy language are covered; whereas “open perils” means that everything is covered unless it is specifically excluded. You can see that this could be important in a loss situation if the contents of your house are valuable.

Has My Contents Insurance Coverage Kept Up With Me?

Another question you should ask is do you have an “inland marine” insurance schedule? Inland marine policies cover contents that have only limited coverage on a

standard home policy. Policies have set limits of coverage for certain types of contents, such as jewelry, furs, guns, silverware, and fine arts. Be sure you schedule these contents to avoid an unpleasant surprise at the time of a loss situation. Ask yourself if you have all the policy endorsements you need. We suggest reviewing endorsements with your agent, and asking him or her if you have replacement cost coverage on both your home *and* its contents.

Other Additional Coverage Options

Do you have identity theft? Does your policy include equipment breakdown? What about a sewer backup endorsement, and the limit of the coverage? For example, finished basements usually need more insurance coverage than the \$5000 limit that most people carry.

Is It a Hobby or a Business?

There typically are business exclusions in a homeowner’s policy. Problems arise when the insured person defines an activity as a “hobby” but the insurance company defines it as a business and therefore excludes coverage. You can see how this can cause a problem for you. If the loss is denied on a home insurance policy, it is almost certain that it will be denied on an umbrella policy as well. *Please*, call your agent about your hobby or side business. Let the agent help you determine if you have an exposure that leaves a gap in your coverage, and allow him or her to provide you with a quote if you need an additional policy or coverage.

Umbrella Liability Insurance

Umbrella liability insurance is the liability coverage that picks up where your basic home and automobile liability coverage stops. Why is an umbrella policy important? The fact is that the frequency and costs of lawsuits have increased dramatically in the past decade. The additional layer of liability protection provided by an umbrella policy can be invaluable. This type of policy is cost efficient when you compare its premium to the coverage limit you are purchasing.

Conclusion

As a result of the dramatically increasing frequency and costs of lawsuits, having the right professional and personal insurance coverage is imperative to reducing and limiting your liability. Cultivate a relationship with an agent who can ensure that all of your potential gaps in your professional and personal liability insurance policies are covered. ■