



California Attending Physicians  
Insurance Agency

## **Medical Liability Insurance Symposium**

University of Antelope Valley

Stephen Lim

[www.capiarm.com](http://www.capiarm.com)



California Attending Physicians  
Insurance Agency

# Symposium Structure

1. About CAPIA
2. What is Insurance
3. Professional Liability Insurance
4. The Insurance Marketplace
5. Your Point of Contact

# About Us

Healthcare Provider Focused Brokers

- A Health Care Liabilities focused Agency serving California, Arizona & Nevada
- Focus on Mitigation & Prevention by utilizing resources and continuing our own education
- Family Owned & Operated, Locally-ish Operated



# What is Insurance?

A practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.

- 1. Insurance is a Contract, Used to Hedge Risk of Financial Loss to Benefit Society**
- 2. Insurance is a Mechanism**
  - 1. Risk**
  - 2. Transfer**
  - 3. Pooling**

# How Insurance Benefits Society

- 1. Pays for Your Losses and Potential Lost Income**
- 2. Manages Cash Flow Uncertainty & Utilizing Resources Efficiently**
- 3. To Comply with Legal, Regulatory, or Employment Requirements**
- 4. Promote Risk Control Activities**
- 5. Reducing Social Burden**

# Insurance is a Mechanism

by which risk is transferred by a person or business to an insurer, which reimburses the insured person or business for covered losses and provides for the sharing of losses among all insureds. This sharing is possible because the insurer collects a pool of all of the premiums paid by customers into a fund from which it pays losses.



# The Mechanisms of Insurance

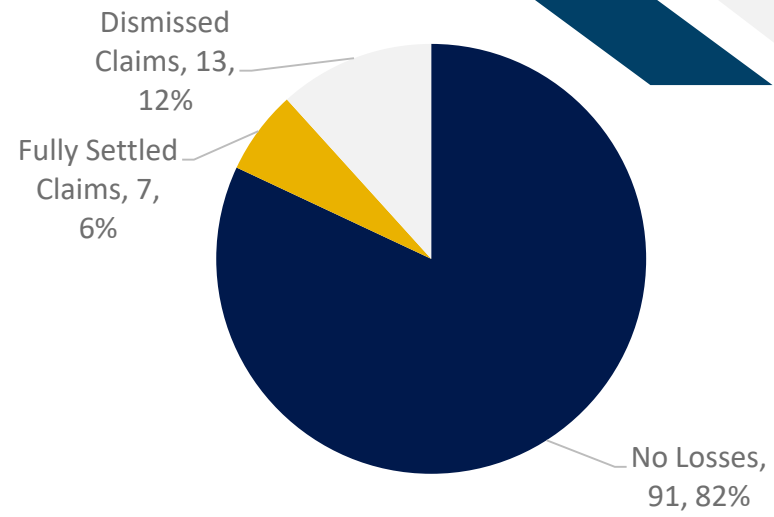
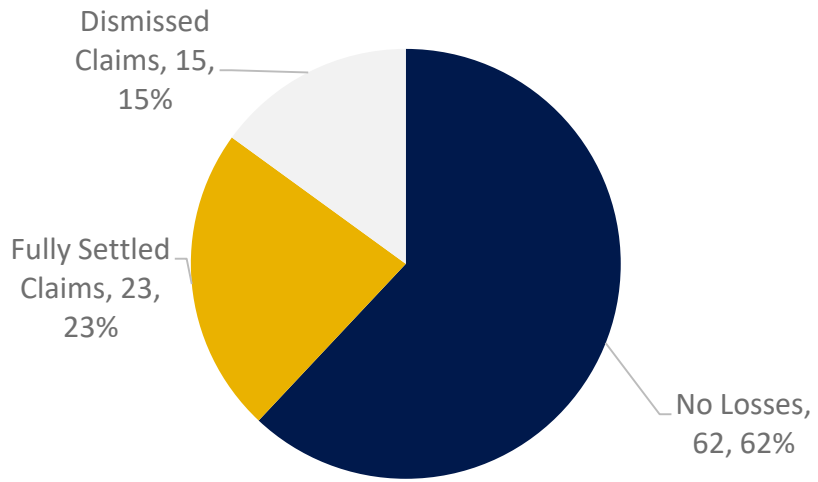
- 1. Risk** – The what ifs, the unknown, the uncertainty
- 2. Transfer** – Transferring unanticipated consequences to an insurance company reducing the amount of the unknown
- 3. Pooling** - The insurance company combining all of the money collected from customers into a fund, growing it by investing and using it to pay losses as they occur. Pooling means that all insureds share the costs of each other's losses.

# Law of Large Numbers

A Very Scientific Guessing Game

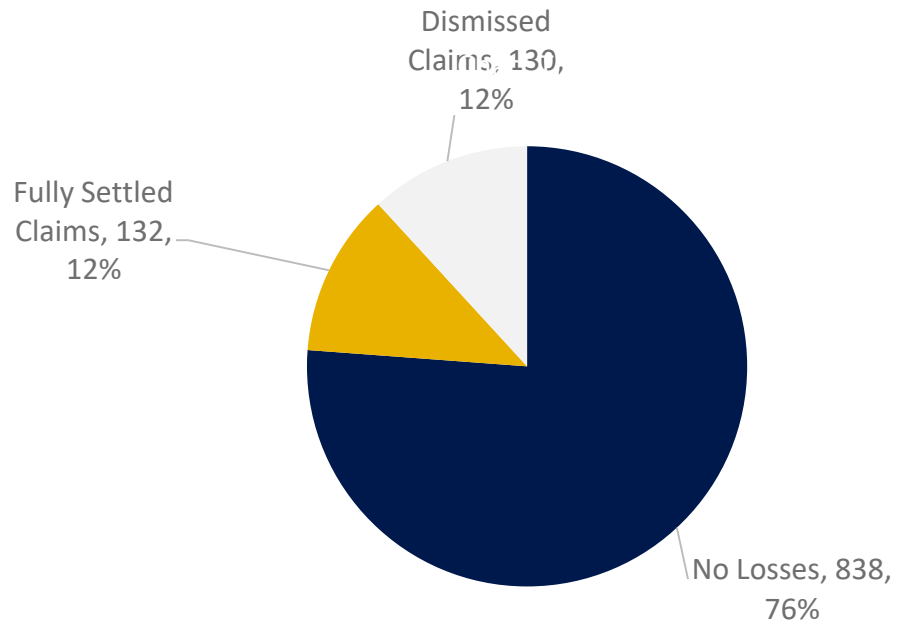
The law of large numbers is a mathematical principle stating that as the number of homogeneous, independent exposure units in a group increases, the relative accuracy of predictions about future outcomes of the group (such as losses to that same group) also increases.





■ No Losses ■ Fully Settled Claims ■ Dismissed Claims ■

■ No Losses ■ Fully Settled Claims ■ Dismissed Claims ■



■ No Losses ■ Fully Settled Claims ■ Dismissed Claims ■

# Components of Insurance

1. **Premium** - How much will YOU pay to transfer risk?
2. **Policy Limit** - What is the maximum amount the insurance company will pay, each time and throughout the year
3. **Deductible** – What is the amount YOU will pay to begin indemnification of said losses

**Indemnify** - Indemnity is considered to be a contractual agreement between two parties whereby one party agrees to pay for potential losses or damages caused by another party.

**Aggregate** - The aggregate limit is the maximum amount an insurer will pay for covered losses during a policy period.

# Different Types of Insurance

- Property & Casualty (Liability)
- Health Insurance
- Life Insurance
- Surplus Lines Broker
- Cargo Shippers' Agent
- Bail Agent/Permittee/Solicitor
- & More...



# The Insurance Policy – DICE\*E

Declarations Page

Insuring Agreement

Conditions

Exclusions

\*Endorsements





## Declarations

### PHYSICIANS/SURGEONS PROFESSIONAL LIABILITY POLICY

**YOUR PROFESSIONAL LIABILITY INSURANCE IS WRITTEN ON A "CLAIMS-MADE AND REPORTED" BASIS AND PROVIDES COVERAGE FOR THOSE CLAIMS WHICH ARE THE RESULTS OF MEDICAL INCIDENTS OCCURRING ON OR AFTER THE PRIOR ACTS DATE STATED ON THE DECLARATIONS AND WHICH ARE FIRST MADE AGAINST YOU WHILE THIS INSURANCE IS IN FORCE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AGAINST YOU AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT, AN EXTENDED REPORTING PERIOD APPLIES.**

AGENCY BRANCH: 970 POLICY NUMBER: NSD [REDACTED] ISSUE DATE: 5/13/2019 New Business

AGENT/PRODUCER No: 035094	Insurance is Provided By:
[REDACTED]	Columbia Casualty Company 151 N. Franklin St., Chicago, IL 60606
	A Stock Insurance Company, herein referred to as we, us or our.

1. NAMED INSURED and ADDRESS: [REDACTED] Paramount, CA 90723	
2. INSURED ORGANIZATION: [REDACTED]	
3. MEDICAL SPECIALTY: Family Practice including Pre-Natal & Circumcisions - No Surgery, No Ob	SPECIALTY CODE: <del>80406</del>
4. POLICY PERIOD: From: 6/1/2019 To: 6/1/2020 (12:01 a.m. Standard time at the address shown in item 1.)	
5. LIMITS OF LIABILITY: \$ 1,000,000 each claim (damages and claim expenses) \$ 3,000,000 Aggregate (damages and claim expenses)	
6. DEDUCTIBLE: \$ 0 each claim (inclusive of claim expenses)	
7. PRIOR ACTS DATE: 1/1/2004	
8. TOTAL PREMIUM: \$ [REDACTED]	CA Surplus Lines Tax & Fee Breakdown 3% State Tax: \$ [REDACTED] .200% Stamping Fee: \$ [REDACTED]

---

## INSURING AGREEMENT

If **you** pay the premium for this coverage, **we** will pay damages for **bodily injury** and **property damage** for which an **insured person** becomes legally responsible because of an accident.

Damages include prejudgment interest awarded against an **insured person**.

**We** will settle or defend, at **our** option, any claim for damages covered by this Part I. If, however, in the defense of any claim, an **insured person** is entitled by law to independent counsel, and has not waived that right in writing, **we** will provide such counsel. Independent counsel may, however, be chosen by the **insured person** provided that such counsel has the following minimum qualifications:

1. at least five years of experience in civil litigation, including substantial defense experience in the subject at issue in the action; and
2. errors and omissions coverage

We are the stock insurance company designated on the Declarations. We agree with the Insured as follows:

## **I. COVERAGE AGREEMENTS**

### **A. Insuring Agreement**

We will pay those sums in excess of the deductible and within the Limits of Liability that the Insured becomes legally obligated to pay as damages because of a covered claim by reason of a medical incident in the rendering or failure to render professional services by the Insured or by anyone for whom the Insured is liable, provided that:

1. such claim is both first made against the Insured and reported in writing to us during the policy period; and
2. the medical incident occurs on or after the prior acts date shown in the Declarations and prior to the end of the policy period; and
3. such claim is reported to us, in accordance with Section VI, paragraph C., below, during the policy period or any Extended Reporting Period we provide under Section V– EXTENDED REPORTING PERIOD; and
4. prior to the inception date of the policy period, no Insured had knowledge of, or should have known, of any circumstances which might have resulted in a claim; and
5. the medical incident, or any related medical incident has not been the subject of any notice given under any prior policy.

Claim expenses are within and reduce the Limits of Liability.

### **B. Duty to Defend**

We have the right and will defend any claim to which this insurance applies, even if any of the charges of such claim are groundless, false or fraudulent. We have the right to appoint counsel and to make such investigation and defense of any claim as we feel appropriate. We have the right to negotiate and settle any suit or claim. Our payment of the Limit of Liability ends our duty to defend or settle.

# The Medical Protective Company®

A STOCK INSURANCE COMPANY

5814 Reed Road, Fort Wayne, Indiana 46835

Strength. Defense. Solutions. Since 1899.

## *MULTI-SPECIALTY HEALTHCARE PROFESSIONAL MASTER POLICY GENERAL CONDITIONS*

---

Each condition contained in this form, or in any attached form, is a separate and distinct condition precedent to coverage. Please read and review each condition carefully.

These General Conditions apply to all Insuring Agreements selected under this Policy. **Failure to abide by a condition by an Insured may result in the denial of coverage.**

A. Coverage Territory

This Policy shall apply to an **event** anywhere in the world, as long as the Insured had prior approval to provide such **professional services** from the appropriate governmental authorities and the **Company**, provided the **claim** is **first made** and **suit** is brought within the **Coverage Territory**.

B. Reporting Requirements: Duties in the Event of a **Potential Claim, Claim or Suit**

Our duty to investigate, defend and pay for any **potential claim, claim or suit** is strictly conditioned upon an Insured's compliance with the following reporting requirements:



# The Medical Protective Company®

A STOCK INSURANCE COMPANY

5814 Reed Road, Fort Wayne, Indiana 46835

Strength. Defense. Solutions. Since 1899.

## *MULTI-SPECIALTY HEALTHCARE PROFESSIONAL MASTER POLICY GENERAL EXCLUSIONS*

---

These General Exclusions apply to the following Insuring Agreements as selected under this Policy: Multi-Specialty Healthcare Professional-Master Policy-Professional Liability and Multi-Specialty Healthcare Professional-Master Policy-Workplace Liability.

### *I. EXCLUSIONS*

This Policy shall not apply to any **claim** or **suit** based upon an **event**:

- A. Arising out of an Insured's dishonest, fraudulent, criminal or malicious act, error or omission.
- B. Arising out of an Insured's ownership or operation of a hospital, clinic, or other facility or institution, which provides overnight bed and board; or an Insured's ownership, or other business enterprise not named as an Insured in **your Certificate**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **LOCUM TENENS PHYSICIAN COVERAGE**

This endorsement modifies insurance provided under the following:

### **PHYSICIANS, SURGEONS AND DENTISTS PROFESSIONAL LIABILITY COVERAGE PART**

It is hereby agreed that “insured” as shown under Section II. DEFINITIONS is amended to include the following:

- 5.** Locum Tenens Physicians temporarily employed by, or contracted with the “Named Insured”, but only for a “medical incident” arising out of services provided while the Locum Tenens Physician is serving in the place of the “Named Insured” and not working simultaneously with the “Named Insured”, subject to a maximum of 45 days per “policy period”.

**All other terms and conditions remain unchanged.**

# The Medical Protective Company®

A STOCK INSURANCE COMPANY

5814 Reed Road, Fort Wayne, Indiana 46835

Strength. Defense. Solutions. Since 1899.

## ***MULTI-SPECIALTY HEALTHCARE PROFESSIONAL MASTER POLICY PROCEDURES EXCLUSION ENDORSEMENT***

In consideration of a modification of premium, if any, it is understood and agreed:

The following exclusions are added to the *General Exclusions*:

Arising out of an Insured's performance of any **professional services** in **your** capacity as a certified nurse midwife or nurse-midwife.

Any **claim** or **potential claim** arising from, or in connection with home deliveries.

All other terms and conditions of the Policy remain unchanged.

# Property & Casualty Insurance

Protects for Property Damage and Liability from Services Rendered

## Personal Lines Insurance

- Home Insurance
- Renters Insurance
- Auto Insurance
- Personal Liability Insurance

## Commercial Insurance

- Professional Liability
- General Liability
- Business Owners Policy
- Workers Compensation Insurance
- Employment Practices Liability Insurance
- Cyber Liability Insurance
- Commercial Crime Insurance

# Who Covers Who

Different Responsibilities for Different Policies

Type of Policy	General Liability	Medical Professional Liability	Workers Compensation Insurance	Cyber Liability Insurance
Medical Error	Not Covered	<b>Covered</b>	Not Covered	Not Covered
Damaged patient property during transport	<b>Covered</b>	Not Covered	Not Covered	Not Covered
Employee Injuries	Not Covered	Not Covered	<b>Covered</b>	Not Covered
Computer and Data get Hacked and held for Ransom	Partially covered, sub-limit	Not Covered	Not Covered	<b>Covered</b>

# Professional Liability Insurance

aka, Errors & Omissions, aka professional indemnity insurance, aka medical malpractice insurance – Work directly providing **services** to clients

## E&O for Different Industries

- Medical & Healthcare Systems
- Insurance Agents & Brokers
- Accountants & Tax Preparers
- Technology Professionals
- Real Estate Professionals
- Architects
- Financial Advisors

# What Does it Cover?

Medical Malpractice Insurance

- Liability associated with wrongful practices resulting in bodily injury, medical expenses and property damage
- Attorneys' fees and court costs or Arbitration costs
- Settlement costs
- Punitive and compensatory damages
- Board Actions defense costs
- Vicarious Liability
- Additional Medical Staff or Medical Directors
- Good Samaritan

# What It Does Not Cover?

Medical Malpractice Insurance

- Lifetime Medical Expense Costs
- Fraud or Misrepresentations
- Sexual Misconduct
- Inappropriate alteration of Medical Records
- Claims arising out of deviation from the scope of practice
- Claims from unauthorized MHR



# Professional Liability Insurance

## Different Forms of Coverage

### Occurrence Made

- **Occurrence-based policies are simpler to own.** When you switch insurers, you'll *still have the ability to file claims on your prior work*, unlike with claims-made policies.
- Higher priced policies for higher risk specialties.
- Typically Allied policies are written in Occurrence Made.

### Claims Made

- **Claims-made policies have lower initial premiums**, but pose problems when you cancel them or switch to an occurrence-based policy.
- Option to purchase Tail Coverage or move carriers with a retroactive date.

# Occurrence Made Coverage

Insurance Company A	Insurance Company B
1/1/2010 Policy Effective Date	1/1/2011 Policy Effective Date



# Claims Made Coverage

Insurance Company A	Insurance Company B	Insurance Company C
1/1/2010 Policy Effective Date	1/1/2011 Policy Effective Date	1/1/2012 Policy Effective Date
1/1/2010 Policy Retroactive Date	1/1/2010 Policy Retroactive Date	1/1/2012 Policy Retroactive Date



# Extended Reporting Period Coverage

Known as Tail Coverage protects any claims arising out of prior acts, set by a retroactive date.

Often only required for a claims-made policy.

Insurance Company A	Insurance Company B		Insurance Company B, or Another Insurance Company
1/1/2010 Policy Effective Date	1/1/2011 Policy Effective Date	12/31/2011 Policy Cancellation Date	Lifetime Coverage for all Prior Acts from 1/1/2010 to 12/31/2011
1/1/2010 Policy Effective Date	1/1/2010 Policy Effective Date		



# Professional Liability Insurance

Tort Law in California

## Statute of Limitations

- California Code of Civil Procedures section 340.5
- **One Year** after the plaintiff discovers, or through the use of reasonable diligence should have discovered, the injury,” or within **Three Years** of the date of the injury, whichever comes first.
- Entitles the defendant healthcare provider to at least 90 days' notice of a patient's intent to file a medical malpractice lawsuit.

# Professional Liability Insurance

Medical Malpractice Insurance for Allied Professionals

## Coverage Highlights

- Coverage options up to \$2 Million Per Claim
- Full Consent to Settle Claims
- License Defense Coverage
- General Liability Available
- Defense Costs in Addition to Liability Limits
- HIPAA Defense Coverage
- 24/7 Coverage Portable Coverage – Take your policy with you if you change jobs
- Do not get \$500k limits \$38 Difference a year

# Professional Liability Insurance

Medical Malpractice Insurance for Allied Professionals

## Current 2019 Rates for Allied Professionals

- Massage Therapist
  - Employed - \$222.00
  - Self-Employed - \$1,075.00
- Medical Assistant
  - Employed - \$102.00
  - Self-Employed - \$102.00

# Professional Liability Insurance

Medical Malpractice Insurance for Allied Professionals

## Current 2019 Rates for Allied Professionals

- Paramedic
  - Employed - \$183.00
  - Self-Employed - \$183.00
- Pharmacy Technician
  - Employed - \$102.00
  - Self-Employed - \$102.00



# The Coverage Marketplace

- Independent Agents and Brokers
  - Experts in multiple companies
  - Multiple Options
  - Dedicated, non-biased position
- Captive Insurance Agents
  - Experts in the company
  - Can only provide one option
- Direct to Company
  - Automated process
  - Toll-Free Phone Number



# The Insurance Companies

- **Medical Protective (MedPro)**, underwritten by CM&F
- **CNA Insurance Company**, underwritten by Nurses Services Organization (NSO), Healthcare Provider Services Organization (HPSO)
- **ProLiability**, by Mercer
- Surplus Lines Carriers
  - Admiral Insurance Company
  - Aspen Insurance Company
  - Hallmark Insurance Company





# California Attending Physicians Insurance Agency

## Your Point of Contact.



Stephanie Herrera



213 394 3884



Stephanie@capiaRM.com



[www.capiaRM.com](http://www.capiaRM.com)

[www.calattendingphysicians.com/uav](http://www.calattendingphysicians.com/uav)