

MEDICAL PROFESSIONAL Liability Insurance

Information provided by KaMMCO
in partnership with Rural Health Education and Services,
The University of Kansas Medical Center



How much insurance is enough?

The question “How much insurance is enough insurance?” as it pertains to medical professional liability insurance is far more complicated than it used to be. Outside influences such as the legal climate, media exposure and efforts to lower health care expenditures are reasons why health care professionals and facilities should periodically analyze insurance needs and key factors impacting those needs.

In Kansas, certain health care providers (physicians, hospitals, CRNAs, and others as defined by K.S.A. 40-3401) are required to carry basic coverage. This basic coverage provides \$200,000 in coverage per claim, and \$600,000 in coverage annual aggregate limits, and is available from insurance carriers authorized to write business in Kansas, risk retention groups, and qualified self-funded programs. Defined health care providers are also required to select a layer of coverage from the Health Care Stabilization Fund (HCSF) to supplement basic coverage. Together, these two layers make up the professional liability coverage for the majority of Kansas physicians and hospitals.

When concerned with the possibility of facing future claims which might exceed the aforementioned coverage, it is common to consider the purchase of additional insurance, such as excess or umbrella coverage. Such coverage is provided by the purchase of an additional policy. The additional coverage becomes payable only after the required coverage is exhausted. Most companies sell excess coverage in \$1M layers. Each layer will come with a distinct effective date, or when the policy is issued, and a retroactive date, referring to the earliest date that something may occur in order to trigger coverage. Keep in mind that additional insurance cannot be purchased to cover existing claims.

For physicians and other individual health care professionals, the decision to purchase additional coverage is a personal one. The following information is intended to assist you in analyzing your insurance needs and a number of the key factors worth considering as you determine to what degree your hospital is capable of bearing the risk and/or recovering from an unfavorable judgment, should there be one.

Specialty

- Level of risk affiliated with your discipline, determined primarily by frequency and severity of claims in this area.
- Do you perform procedures which have a higher likelihood of resulting in a high damage award should there be a claim?

Income

- Earnings potential now and in the future.
- Exposed assets
- Second home, automobile, recreation vehicles, etc.

Medical Professional Liability Insurance

Personal financial responsibilities

- Family obligations — how might your monthly budget, savings for child's education, etc. be impacted?
- Assets/retirement funds
- Some retirement funds may not be subject to execution.
- Do you perform procedures which have a higher likelihood of resulting in a high damage award should there be a claim?

Geographic location

- Population density.
- Provide care for high exposure groups such as pro-athletes, etc.?

Litigious community

- Extensive media coverage on jury awards?
- Active trial lawyers association or Plaintiffs' Bar?

Ability to handle stress

- What is your "sleep factor?" Do you worry excessively; have you experienced a claim/trial previously?
- Do you perform procedures which have a higher likelihood of resulting in a high damage award should there be a claim?
- Impact to reputation as a health care professional?
- Family support.

Tort laws/caps

- What does the current legislative landscape look like?
- Are there any cases pending which could result in a change in the law or which could impact caps on non-economic damages?

Services available through insurance provider

- Loss Prevention education and resources;
- Practice Management services;
- Litigation support programs;
- Claims philosophy and services;
- Advocacy efforts on the behalf of health care professionals.

Cost of the coverage

- Affordability of additional insurance premiums.
- Impact of malpractice settlements on future premiums.

In summary, the best response we have for the question "How much insurance is enough insurance?" is to recommend each individual periodically review the coverage in effect, the risks and risk tolerance through a method similar to the reviews provided here, then make an informed decision.

Please feel free to contact KaMMCO Underwriting Department at 1.800.232.2259 if you have questions.