

Hard to Place Physicians & Surgeons

Professional liability insurance (malpractice) for physicians and surgeons is customarily written on either a claims-made or occurrence basis. Basic liability limits are usually \$1 million per incident, with a \$3 million policy aggregate (the maximum amount the policy will pay during the policy period). Excess limits are generally available, either on an individual basis or through a healthcare facility, such as a hospital.

Typically, a physician or surgeon is considered hard to place because coverage is not available to them in the standard market (also known as the admitted market), thus the practitioner is placed in the non-standard market (also known as the surplus lines market). Surplus lines carriers do not file their rates or policy form with the State's insurance department nor would the State's Guarantee Fund pay for claims should the surplus lines carrier become distressed or insolvent.

A practitioner will be placed in the surplus lines market for any of the following reasons:

- claims issues
- licensure issues
- gap in insurance coverage
- alcohol/drug issues
- nature of procedures performed

So what determines your rate in the first place?

1. Nature of Your Practice

Some medical specialties carry a far greater litigation risk, so are priced significantly higher than others. For instance, a general practitioner will pay a far lower premium than a general surgeon, who in turn will pay a lower premium than a neurosurgeon. Some insurance companies are more comfortable with certain practice profiles than others.

2. Location of Your Practice

Where a physician practices impacts his or her premium significantly. Depending on jurisdiction, courts and juries frequently deliver vastly different verdicts. For instance, using NY as a state example: doctors who practice in Nassau or Suffolk Counties (NY) pay higher premiums than those in Upstate NY.

3. Board Certification

Physicians who have achieved board certification in their specialty stand in high regard with underwriters. The higher the risk profile of the specialty, the more important certification becomes. While there are a number of organizations conferring post-graduate certifications, underwriters commonly look to the American Board of Medical Specialties.

4. Full Time versus Part Time

How many hours a physician practices each week is also a factor in pricing the policy. Generally, 20 or more hours per week is considered full time; under 20 hours is considered part time.

5. Recent Graduate/New Practitioner

Most insurance companies offer substantial discounts to physicians just beginning their practice. These discounts usually disappear after a few years.

6. Claims History

Claims history is a critical factor in the underwriting decision. Underwriters understand the increasingly litigious environment in the United States. They realize that many doctors have had some degree of claims experience. An underwriter will review "frequency" and "severity." Frequency is how many claims you have had; severity is how much was paid to both defend and/or settle the claim. Depending upon specialty, there may be a frequency issue, though most actions should ultimately be either dismissed without payment or settled for nominal amounts. However, frequent claims can also serve as a red flag to an underwriter. High-value claims are looked at very carefully, and are often analyzed by the carrier's claims department before a decision to insure is made.

Medical professional liability is a complex subject. The right policy for you may not be the right policy for the doctor practicing down the hall. We would be happy to discuss your particular situation with you.

As a physician or surgeon, your professional reputation and your assets are at stake. The professional relationships we have built with our insurance carriers can help protect you in an increasingly litigious environment