

Understanding CRNA Malpractice Insurance

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Limits of Liability

- Per Occurrence
- Aggregate



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Limits Of Liability

Per Occurrence Limit Examples

Limit Per Occurrence	Amount Settled	Amount Paid
\$100,000	\$63,000	\$63,000
\$100,000	\$107,000	\$100,000



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Limits Of Liability

Per Occurrence Limit: \$100,000
 Aggregate Limit: \$300,000

Amount Settled	Amount Paid	Amount Remaining
\$63,000	\$63,000	\$237,000
\$107,000	\$100,000	\$137,000



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Limits Of Liability Usual and Customary

State	Per Occurrence	Aggregate
Florida	\$250,000	\$750,000
Michigan	\$200,000	\$600,000
Texas	\$200,000	\$600,000
All Other	\$1,000,000	\$3,000,000



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Limits of Liability Patient Compensation Fund States

State	Per Occurrence	Aggregate
Indiana	\$250,000	\$750,000
Kansas	\$200,000	\$600,000
Louisiana	\$100,000	\$300,000
Nebraska	\$500,000	\$1,000,000
New Mexico	\$200,000	\$600,000
Wisconsin	\$1,000,000	\$3,000,000



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Nebraska Patient Compensation Fund

Provider	Per Occurrence	Aggregate
Insurance Company	\$500,000	\$1,000,000
NE PCF	\$1,750,000	N/A
	\$2,250,000	



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Forms Of Liability Insurance

- Occurrence
- Claims Made



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Occurrence Form How It Works:

If a malpractice incident occurs during the policy period, the claim would be covered **regardless** of when the claim is reported.



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Occurrence Form Claim Example 1

Policy Period: 1/1/18 to 1/1/19

Incident: 3/16/18

Reported: 5/5/18

OUTCOME: Claim **is** covered, incident occurred **during** the policy period.



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Occurrence Form Claim Example 2

Policy Period: 1/1/18 to 1/1/19

Incident: 8/28/18

Reported: 6/3/19

OUTCOME: Claim **is** covered, because incident occurred **during** policy period.



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Claims-Made Form How It Works:

If a malpractice incident occurs during the policy period, the claim would only be covered if it is also reported **during** the policy period.



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Claims-Made Form

Claim Example 1

Policy Period: 1/1/18 to 1/1/19

Incident: 3/16/18

Reported: 5/5/18

OUTCOME: Claim **is** covered, incident occurred and claim reported **during** the policy period.



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Claims-Made Form

Claim Example 2

Policy Period: 1/1/18 to 1/1/19

Incident: 8/28/18

Reported: 6/3/19

OUTCOME: Claim is **not** covered. Even though incident occurred **during** the policy period, it was not reported until **after** the policy expired.



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Claims-Made Form Extended Reporting Period Endorsement

- 1. Called a "Tail"
- 2. Allows reporting after policy period has ended



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Claims-Made Form Claim Example 2A

Policy Period: 1/1/18 to 1/1/19

Incident: 8/28/18

"Tail" Purchased: 2/1/19

Reported: 6/3/19

OUTCOME: Claim **is** covered, because incident occurred during policy period and, while the claim was not reported during policy period, the insured had unlimited time to report the incident.



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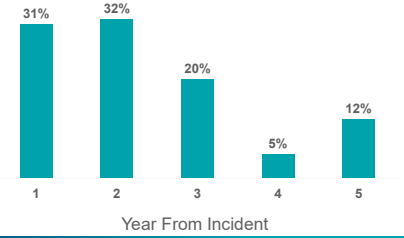
Claims-Made Form Rationale For Claims-Made

1. Claims aren't reported immediately for some professions.
2. Premium reflects few claims expected in the first few years.
3. As the likelihood of reported claims increase, so does the premium.



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Claims-Made Form When Malpractice Claims Are Reported



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Claims-Made Form Premium Costs

State: Nebraska
 Company: Medical Protective Insurance Company
 Employment: Full-Time, Self-Employed CRNA
 Limits: \$500,000/\$1,000,000

Year	Premium Cost
2018	\$1,245
2019	\$1,810
2020	\$2,150
2021	\$2,240
2022	\$2,263
2023	-

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Nebraska Patient Compensation Fund

Premiums

Year	Provider		Total
	MedPro	NE PCF*	
1	\$1,245	\$498	\$1,743
2	\$1,810	\$724	\$2,534
3	\$2,150	\$860	\$3,010
4	\$2,240	\$896	\$3,136
5	\$2,263	\$905	\$3,168

* 40%

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Claims-Made Form Retroactive Date

1. Date claims-made coverage is first purchased.
2. Does not change upon renewal.
3. Claims that occur and are reported after retroactive date are covered.

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Claims-Made Form Claim Example 2A

Policy Period: 1/1/18 to 1/1/19

Incident: 8/28/18

"Tail" Purchased: 2/1/19

Reported: 6/3/19

OUTCOME: Claim **is** covered, because incident occurred during policy period and, while the claim was not reported during policy period, the insured had unlimited time to report the incident.



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Claims-Made Form Claim Example 2B

Policy Period: 1/1/18 to 1/1/19

Incident: 8/28/18

Policy Renewed: 1/1/19 to 1/1/20

Reported: 6/3/19

OUTCOME: Claim **is** covered, because the policy has been renewed, the policy's Retroactive Date is 1/1/18 and the policy does not expire until 1/1/20. The claim was made (6/3/19) during the coverage period.



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Claims-Made Form Premium Costs

State: Nebraska

Limits: \$500,000/\$1,000,000

Company: Medical Protective Insurance Company

Employment: Full-Time, Self-Employed CRNA

Effective Date	Retroactive Date	Expiration Date	Coverage (Years)	Premium
1/1/18	1/1/18	1/1/19	1	\$1,743
1/1/19	1/1/18	1/1/20	2	\$2,534
1/1/20	1/1/18	1/1/21	3	\$3,010
1/1/21	1/1/18	1/1/22	4	\$3,136
1/1/22	1/1/18	1/1/23	5	\$3,168



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**Claims-Made Form
Extended Reporting Period Endorsement**

- 1. Called a "Tail"
- 2. Allows reporting after policy period has ended
- 3. There is a cost



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**Claims-Made Form
"Tail Charges"**

Year	Policy Premium	% of Premium For "Tail"	"Tail" Coverage
1	\$1,743	100%	\$1,743
2	\$2,534	100%	\$2,534
3	\$3,010	100%	\$3,010
4	\$3,136	100%	\$3,136
5	\$3,168	100%	\$3,168



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Occurrence Coverage

Occurrence premiums are generally equivalent to 102% of a fifth-year (mature) claims-made premium.

Fifth-Year, Claims-Made Premium: \$3,168
Estimated Occurrence Premium: \$3,231*

Difference: \$63

* \$2,308 + \$923 (40%) = \$3,231



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Claims-Made Coverage
Total Cost for 1 Year of Coverage

Year of Coverage	Premium
Year 1	\$1,743
Tail (100% of Yr 1)	\$1,743
TOTAL	\$3,486

(Estimated Occurrence Cost: \$3,231 and a savings of \$255.)



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Claims-Made Coverage
Total Cost for 3 Years of Coverage

Year of Coverage	Premium
Year 1	\$1,743
Year 2	\$2,534
Year 3	\$3,010
Tail (100% of Yr 3)	\$3,010
TOTAL	\$10,297

(Estimated Occurrence Cost: \$3,231 X 3 = \$9,693 and a savings of \$604).



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Claims-Made Coverage
Total Cost for 5 Years of Coverage

Year of Coverage	Premium
Year 1	\$1,743
Year 2	\$2,534
Year 3	\$3,010
Year 4	\$3,136
Year 5	\$3,168
Tail (100% of Yr 5)	\$3,168
TOTAL	\$16,759

(Estimated Occurrence Cost: \$3,231 X 5 = \$16,155 and a savings of \$604).



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Premium Comparison (Full Time - \$1,000,000/\$3,000,000)

State	1 st Year Claims-Made	Occurrence
South Carolina	\$903	\$1,676
Vermont	\$1,598	\$2,964
Alabama	\$2,809	\$5,210
Illinois	\$4,281	\$7,939
Nevada	\$5,891	\$10,925



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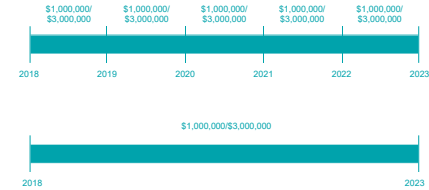
Occurrence Advantages

1. Simplicity
2. No need to buy a “tail”
3. Less expensive
4. A new set of limits every policy year



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Available Limits of Liability



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Who Purchases Your Insurance?

- You
- Your Employer



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Find the Right Policy for You

- Moonlighting
- Part Time
- Full Time
- Slot
- Group or Combination (including MDAs)



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Questions You Need to Ask About Your Insurance Company

1. Am I insured by an *admitted* insurance company?
2. Does my insurance company have a "Secure" Best's rating?
3. Do I have occurrence coverage?
4. If I have claims-made coverage, will I have the opportunity to buy an unlimited tail?



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Types of Insurance Companies

- 1. Admitted Insurance Companies
- 2. Non-Admitted Insurance Companies
- 3. Risk Retention Groups (RRG)



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Admitted Insurance Advantages

- 1. Regulatory Oversight
- 2. State Guarantee Fund Coverage
- 3. Broadest Policy Coverage Forms
- 4. Unlimited Tail Coverage Available



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Non-Admitted Insurance Companies

- 1. Accepts non-standard applicants
- 2. More flexible underwriting guidelines
- 3. Higher premiums
- 4. Reduced Coverage



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Reasons for Denying Coverage

- 1. Claims experience reflects a breach in standard of care
- 2. Substance abuse issue
- 3. Licensure issue
- 4. Unusual risk characteristics



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Non-Admitted/RRG Disadvantages

- 1. No state guarantee fund coverage
- 2. No regulatory oversight
- 3. Coverage limitations and restrictions
 - A. Consent to Settle



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Consent to Settle Part I

“The Insurance Company will not settle any claim without your consent.”



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Consent to Settle Part II

"Insurer shall not settle any claim without the consent of the insured. If, however, the insured refuses to consent to a settlement recommended by insurer and elects to contest the claim or continue legal proceedings, insurer's liability for the claim shall not exceed the amount for which the claim could have been settled, including claim expenses."



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What is your insurance company's financial strength and/or rating?



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Best's Ratings

- Recognized industry leader
- Independent
- First (1898)



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Best's Ratings
Secure Ratings

- Superior: A++, A+
- Excellent: A, A-
- Very Good: B++, B+



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Best's Ratings
Vulnerable Ratings

- Adequate: B, B-
- Fair: C++, C+
- Marginal: C, C-
- Very Vulnerable: D



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Best's Ratings
Example

- Medical Protective Insurance Co.
Best's Rating: A++



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Considerations for Employed CRNAs

1. Do you have anything in writing from your employer?
2. Do you have your own individual limits of liability or do you share them with everyone else on the policy?
3. What happens if there's a claim?



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If There is a Claim, Will Your Employer:

1. Defend your position?
2. Give you a say in the defense of the claim?
3. Let you know what is reported to the National Practitioner Data Bank?



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The National Practitioner Data Bank For Adverse Information On Physicians And Other Health Care Providers

1. Payment made by any professional corporation or business must be reported
2. If a practitioner makes payment from their personal funds, it is not reportable
3. Failure to report may result in a \$10,000 fine



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Claims Considerations

- Approximately 35% of all claims result in indemnity payments.
- Your indemnity losses will be reported to the National Data Bank.
- Even if you “win”, the average claim expenses are over \$20,000.



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Questions You Need to Ask

1. Am I insured by an admitted insurance company?
2. Does my insurance company have a “Secure” Best’s rating?
3. Do I have occurrence coverage?
4. If I have claims-made coverage, will I have the opportunity to buy an unlimited tail?



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ANY QUESTIONS



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