



## CNA HealthPro

### Name That Professional Corporation!

If you are like most dentists, you have organized your business as a sole proprietorship, a professional association, a corporation or some combination of these entities. It is very important that these business structures be named in your professional liability policy.

As you may know, a legal entity may be added to your policy as a “named insured,” providing coverage under its own set of limits (for a small additional premium), or under limits it shares with you, the dentist (for no additional charge). To ensure proper coverage, it is imperative that you assist your insurance agent by providing him or her with complete information regarding such entities.

Why? Because business structures are vulnerable to claims of *vicarious liability* – that is, liability resulting from the wrongful actions of others. This exposure is based on the fact that others – employees, partners and independent contractors – do work in the name of or on behalf of the entity. While a professional association or corporation does not engage in the clinical practice of dentistry, it may still be named in a malpractice lawsuit. And in managed care environments, the concept of vicarious liability has been increasingly used by courts to hold entities liable for the acts of employed professionals.

Similarly, even though an entity may cease to exist, its associated liabilities do not necessarily dissolve along with it. It is important to *continue to list* the former entity on your insurance policy year in and year out. Just as you, the dentist, can be sued today for a procedure you performed years ago, a claim can name a practice entity you used in the past and have since discontinued.

It is, therefore, vitally important not only to advise your agent of any changes in your business structure, but also to maintain proper coverage for your former entities as well.

What can you do to protect yourself? First, check your professional liability policy and make sure that it names any business entity you may have established for your dental practice. Also, be sure to consult with your insurance representative, along with your accountant and attorney, when considering changes to your business structure.

By keeping your insurance agent fully informed about your practice’s current and past business structure, you can help prevent any potential gaps in your professional liability coverage.

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