



## CNA HealthPro

### Claims Made Coverage: Today's Limits for Last Year's Incidents

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Some questions to consider:

- Do you know what malpractice limits you will need if a patient you treat today sues you years from now?
- Do you know the financial stability and ratings of the insurance company providing your malpractice coverage?
- Are you certain that your current carrier will continue to provide malpractice insurance coverage in the years ahead?

Unless you possess a reliable crystal ball that can give accurate answers to these questions, I encourage you to get a claims-made dental malpractice policy.

The primary benefit of the claims made policy is the ability to reevaluate both your limits and your insurance company on an annual basis. While we can help you purchase adequate coverage for today based on the current claims climate in your area, we have no way of predicting the liability climate of the future. Only a claims made policy allows you to increase your limits for prior events effective immediately and, should you change carriers, to have your new carrier provide coverage for past incidents.

Suppose you treat Mrs. Jones today while your malpractice limit is \$1 million per claim. You learn in 2002 that malpractice claims are increasing in severity, and raise your limit to \$2 million per claim. In 2004, a claim is asserted against you alleging failure to diagnose Mrs. Jones' oral cancer during an appointment in December 2000. Which policy limit do you want to protect you?

With a claims made policy, your \$2 million limit would be recognized since the *claim was made* after the new limit was in force. If you had an occurrence policy, your limit would only be \$1 million because the event that led to the claim *occurred* before you raised your policy limit.

A claims made policy can also protect in the event that you switch from an insurance carrier that later becomes insolvent. If you have an occurrence policy, the insolvent company would be responsible for coverage of past adverse events, even if you have since moved to a financially stronger insurer. A claims made policy would make your current insurer responsible.

Another important aspect of a claims made policy is that premiums are lower than occurrence premiums in the first years, providing a critical cash flow benefit when it is needed most.

If you cancel or non-renew your claims made policy, you will be offered an Extended Reporting Period Endorsement (ERP), more commonly referred to as "tail coverage." This endorsement, necessary whenever a claims made policy is canceled, allows you to report to your prior insurance company, after the policy period has ended, a claim arising from a dental incident that occurred between the prior acts date and the termination of the policy.

You may be required to pay an additional premium for the ERP. However, the PPP waives this additional premium if you retire at age 55 with 10 continuous years insured with CNA (or at age 56 with nine years insured, 57 with eight years, 58 with seven years, 59 with six years or age 60 with five years). The premium is also waived in cases of total and permanent disability or death, in which case the ERP is provided to your estate.

If you are canceling your policy to change insurance carriers, a better option may be to obtain Prior Acts Coverage from your new carrier. Prior Acts Coverage protects against claims arising from incidents that occurred before the effective date of a new policy. There may be an additional premium for Prior Acts Coverage; however, it is usually less than the premium for the Extended Reporting Period Endorsement.

Now that you know the facts, it's easy to see how the claims made coverage offered by the Professional Protector Plan gives you the flexible protection you need to secure your future.

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