



## CNA HealthPro

### FAQs – Recommended Coverages

**Q.** My previous employer recently retired, and I have purchased his practice. I already have professional liability insurance. What other insurance policies and coverage levels do I need from a business point of view?

**A.** The purchase of a dental practice is a major investment with many financial and risk issues to consider. To determine your precise coverage needs, consult your insurance agent. In general, many dentists with individual practices carry the following types of coverage:

**Property coverage.** Whether you own or rent, it's always necessary to insure the physical contents of your practice. This includes (but is not limited to) operator and office equipment, records, charts, x-rays and furniture. If you own the building, purchase coverage for the physical structure as well. Generally, you should insure to full replacement cost to cover a total loss, with a deductible appropriate for your financial situation. Depending on your location, you may wish to consider flood and earthquake coverage, which are often a good value considering the devastation caused by these natural disasters.

**Fine arts coverage.** Paintings, etchings, statues, tapestries and other bona fide works of art valued individually at more than \$1,000 should be insured on a coverage part called a "fine arts floater." Most insurance contracts limit the amount recoverable for these types of possessions to \$1,000 under the "contents" coverage part. When written on a floater, art objects are insured for their purchase price or appraised value.

**Business interruption.** Business interruption (BI) coverage reimburses lost gross income when your practice (and income) is fully or partially suspended due to a covered cause of loss, such as fire or storm damage. Select a limit that covers that portion of your average daily gross expenses which you cannot afford to cover from your savings. BI coverage allows you to meet your payroll and pay your rent when it is impossible to treat patients.

**General liability.** General liability (GL) insurance covers your legal liability for bodily injury or property damage that occurs on your premises. Landlords and mortgage holders often require you to maintain a minimum limit of \$1 million per occurrence. Make sure you purchase comprehensive GL coverage, which includes product liability, fire and water legal liability, advertising and personal injury liability, and other coverages appropriate for a dental practice.

**ERISA fiduciary liability.** Employee Retiree Income Security Act (ERISA) coverage provides protection for claims arising out of unintentional wrongful acts relating to your administration of an employee pension or welfare plan.

**Employee dishonesty.** This coverage protects you against the wrongful or illegal acts of individuals within your regular employment. For example, if an employee embezzled funds from your practice accounts, employee dishonesty would cover you for the loss of those funds.

**Medical waste legal expense reimbursement.** This form of insurance reimburses you for necessary legal expenses incurred by you if you are named in a civil suit alleging violation of a law or regulation governing the disposal of medical wastes.

**Workers' compensation and employers' liability.** Workers' compensation or employers' liability covers employees' medical expenses and lost wages due to job-related injuries. Coverage, limits, costs and benefits paid are specified by state laws. Employers' liability coverage provides protection for injury and disease outside of state workers' compensation laws.

**Employment practices liability.** This coverage protects you, your corporation or other entity and your supervisory employees against wrongful employment practice claims. This relatively new form of coverage is usually purchased by large organizations, but less expensive versions have been developed for smaller employers.

**Commercial automobile coverage.** If you have a car titled in the name of your practice, it would be wise to have automobile physical damage and liability coverage with a minimum liability limit of \$500,000 per accident. The physical damage portion of commercial automobile is generally written on the actual cash value of the vehicle or the cost of repair, whichever is less.

**Hired and non-owned automobile liability coverage.** Hired automobile coverage protects you from accident claims involving a vehicle not owned by you but used by you for business purposes. Non-owned automobile protects you when one of your employees is involved in an accident while in their own cars conducting your business.

**Commercial umbrella.** A commercial umbrella provides excess liability over your primary liability limits (general liability, employers liability and commercial auto). For example, if you have \$500,000 commercial auto liability coverage and an umbrella with limits of \$1 million, your total auto liability limit would be \$1.5 million. The umbrella limits apply only after the primary limits are exhausted.

*Please note: The examples described here are intended for illustrative purposes only and do not represent actual insurance policy language.*

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