AAPM PROFESSIONAL LIABILITY INSURANCE PROGRAM

Is It Really Necessary?

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Disclosure

- Speaker is NOT a licensed insurance professional
- Speaker is NOT promoting or selling any insurance product or service
- Speaker is a clinical medical physicist

Objectives

- Professional Liability Insurance – Concepts and Definitions
- PLI Program Coverage – Consulting vs Non-Consulting Physicist
- Forms of Coverage – Claims-made Form and Occurrence form
- Claims/Expense Data Review for AAPM PLI

- Speaker is a volunteer member of AAPM’s Insurance Subcommittee, which helps in managing a number of endorsed insurance products, including the Professional Liability Insurance (PLI) through Mercer Consumer.
- The AAPM receives royalties from the sale of endorsed insurance products.
INSURANCE

Coverage by contract, where one party undertakes to indemnify another, against loss by a specified contingency or peril.

Risk

- Sick or Injured
- Disability
- Damaged Vehicle
- Error or Omission in Professional Practice

Tool

- Health Insurance
- Disability Insurance
- Automobile Insurance
- Professional Liability Insurance

Liability Insurance

- Indemnifies the insured against legal liability to a third party arising out of:
  - Bodily Injury
  - Personal Injury
  - Property Damage to the third party

- Indemnify = secure against loss
- “Third Party” insurance

Anatomy of an Insurance Policy

- Insured
- Premium
- Deductible
- Territory
- Coverage
- Liability Limit
- Time Period
- Claim vs Incident

- Insurance Contract
  - Policy
  - Endorsements
  - Declaration
  - Exclusions
AAPM’s PLI Program

- Insured
  - Available to AAPM members only (student, associate and corresponding members not eligible).

- Coverage
  - Covered Incident
  - Coverage Limit
  - Policy Period

AAPM’s PLI Program

- Insured
  - Individual
    - Employed Non-consulting
    - Self Employed consulting
      - Full time
      - Part time
    - Business
      - Sole Proprietorship – Owner
      - Partnership – Active Partners
      - Other – Active Owners and Officers
      - Can include
        - Physicist Employees
        - Other professional employees

AAPM’s PLI Program

- Coverage: claims for an Incident that resulted in:
  - Bodily Injury
  - Personal Injury
  - Property Damage

- Incident: any act or omission in the rendering of (or failure to render) services by the insured in the conduct of the professional occupation

AAPM’s PLI Program

- Coverage Limits: $X / $Y
  - $X = limit for each Incident.
  - $Y = total aggregate limit for all damages.
  - Property Damage endorsement limit.

- Policy Period:
  - Claims-made form.
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Claims-Made Form

- Covers liability claims that are made during the policy period for covered incidents that occur on or after the policy effective date (prior acts date – for tail coverage) AND BEFORE THE END OF THE POLICY PERIOD.

- Highly sensitive to both:
  - When the incident occurs
  - When the claim is made

Occurrence Form

- Covers liability claims that are made for covered incidents that occur during the policy period - REGARDLESS OF WHEN THE CLAIM IS MADE.

- Highly sensitive to:
  - When the incident occurs

- Completely insensitive to:
  - When the claim is made

Example

- Scenario #1: Covered under both Claims-Made and Occurrence Form
- Scenario #2: Covered under Occurrence Form ONLY
Claims-Made: Extended Reporting

- Continuous Coverage After Retirement/Policy End Date

Policy Start Date  
Incident Date  
Policy End Date Retirement  
Claim Date  
Extended Reporting Period

Claims-Made: Tail/Prior Acts

- Continuous Coverage When Changing Policies

Effective Policy Start Date in the Past  
Incident Date  
Change Policy Date  
Claim Date  
Policy End Date

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AAPM’s PLI Program Employment Status

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<th>Year</th>
<th>% Non-Consulting</th>
<th>% Consulting</th>
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<tr>
<td>2013</td>
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AAPM’s PLI Program Claims and Expense Data

Underwriter Perspective

- PLI Losses tend to be large and infrequent.
- Claims are often filed and settled many years after the incident on which the claim is based.
- Challenge – confirmation of proper policy underwriting and pricing is a long multi-year process.

For Further Information

- Mercer Consumer:
  - www.personal-plans.com/aapm/
  - 800-705-9408

- Presentations by David Jordan – AAPM Virtual Library.
  - Session: Professional Liability and Risk Management in Medical Physics Practice
  - 2013 AAPM Spring Clinical meeting.
  - 2013 AAPM Annual Meeting

- Presentations by Anas Orfali and Graham Fuller – AAPM Virtual Library.
  - Session: AAPM Professional Liability Insurance Update
  - 2015 AAPM Annual Meeting

- AAPM Newsletter Article – July/August 2015
  - Professional vs. Commercial General Liability Insurance.
Acknowledgement

• David Jordan
• Marcia Velting

Risk vs Reward

Questions?