

Professional Liability Insurance

A BUYER'S GUIDE for Acupuncturists

MIEC

MIEC

Medical Insurance Exchange of California

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Professional liability insurance protects you against liability arising from health care services you provide to patients. Until about a decade ago, most acupuncturists didn't consider malpractice insurance. With the growth of HMOs, PPOs and comprehensive health care plans, acupuncturist services are now often included for coverage. Health plan credentialing procedures usually require providers to submit evidence of professional liability insurance. Before you decide on a professional liability carrier, ask these questions.



Is the company licensed?

A licensed company must submit its policies, applications and rates for approval by the state Department of Insurance. No changes can be made without state approval. If the company goes bankrupt, a state guarantee fund steps in to provide some financial protection to policyholders. Policies issued by non-admitted (surplus lines) carriers have no such protections or safeguards. Generally, rates are higher through these types of carriers, and they require taxes and fees in addition to the premium.

MIEC is a licensed carrier, founded in California in 1975, with the home office in Oakland. MIEC became the underwriter for the National Acupuncture Purchasing Group program in 1999, with joint sponsorship of UCPCM, CSOMA and CCAA. MIEC is owned by its policyholders and operates on a not-for-profit basis. MIEC limits its coverage to health care providers, mostly physicians.



What is covered ... and what isn't?

Professional liability insurance policies aren't all the same. You are covered for liability arising from providing services as a licensed acupuncturist to patients. Every liability insurance policy has limitations, restrictions and exclusions to coverage. Read the literature and specimen policy to familiarize yourself with these restrictions and exclusions.

Most professional liability policies provide coverage on a "claims-made" basis. Claims-made policies require that you have a valid policy in effect both at the time the service is rendered and at the time you report a claim from that service to the insurance company. If you cancel or don't renew a claims-made policy, you will have no insurance for any claims first reported afterward, unless you buy additional insurance, commonly called "tail" coverage. This tail coverage extends your policy protection for late reporting of claims.

MIEC covers direct health care services to patients as provided under the law. The MIEC policy excludes coverage for direct moxabustion, use of nondisposable needles, acupuncture administered

during labor and delivery, and acupuncture used as anesthesia during surgical procedures. Other exclusions apply. We refer you to the actual MIEC policy.

MIEC uses a claims-made policy. In addition to coverage for health care services to patients, we offer premises liability at no cost for professional office locations that you own or lease (NOT home offices). This insures your legal liability for injuries to patients or members of the public that occur at your office premises, commonly known as “slip and fall” occurrences.

We offer “tail” coverage if you cancel your policy for any reason. It is free from MIEC if you retire at age 55 and have been insured with us for at least five consecutive years. In addition, there is no charge for tail coverage in the event of permanent disability or death.



What are the “limits of liability?”

The limits of liability are the maximum amount an insurance company will pay on your behalf for each claim (called the ‘per claim’ limit), and the total amount available for all claims reported during any policy period or year (called the aggregate limit). Most carriers offer several choices on limits of liability: typically \$500,000 per claim/\$1,500,000 annual aggregate or \$1,000,000 per claim/\$3,000,000 annual aggregate. Health insurance plans typically require at least \$1,000,000/\$3,000,000 limits.

*MIEC offers acupuncturists two limits:
\$500,000/\$1,500,000 or \$1,000,000/\$3,000,000*



Are the costs of defense included?

Some policies do not pay for defense costs in addition to applicable limits of the liability. For example, if you have a policy with a \$500,000 per claim limit, including defense costs, and lose a malpractice judgment for \$450,000 plus legal defense costs of \$60,000, you would have to pay \$10,000 out of your own pocket because the insurance coverage stops at \$500,000. If the policy pays for defense costs in addition to the limit, the cost of the whole claim would be fully covered.

MIEC’s policy pays for defense costs in addition to your selected liability limits.



What about settling if you are sued?

Ask if the company requires your consent to settle a claim or lawsuit. It is important that you retain this right, because malpractice settlements and judgments are reported to the National Practitioner Data Bank, a federally mandated data base that supplies information to hospitals, health plans, other credentialing bodies, and to the state licensing agency. Some insurance companies limit the amount of coverage available if you refuse to settle, and some require arbitration of disputes or have other limiting clauses.

Also ask about how claims are reviewed prior to a decision to settle or go to court.

As a policyholder-owned company, MIEC is committed to defending good medicine, and our

claims management is simple: we vigorously defend nonmeritorious claims and equitably attempt to resolve those with merit. We will not settle any malpractice case without your consent unless it is unreasonably withheld.

Every suit filed against an MIEC policyholder is reviewed by an acupuncture society-appointed peer review committee before trial or settlement. These committees of acupuncturists bring a depth of understanding of medical facts not available within an insurance company. They provide valuable advice on the medical standards of care. More than 85% of reported claims against MIEC policyholders close with no indemnity paid.



Are other benefits offered?

Loss prevention services are some of the most important and tangible benefits you can have from a carrier. No one knows better than your insurer about the specific steps you can take to prevent claims. Ask about a prospective company's loss prevention services.

What about online services? You are busy, and the ability to communicate with your carrier, or handle business details 24 hours a day, seven days a week, can be an attractive side benefit.

As a policyholder-owned company, MIEC's number one priority is to serve you, our policyholders. Our loss prevention program is active and accessible, both online and by telephone. We are keenly interested in helping you reduce your liability exposure, and offer loss prevention tips in our claims prevention guidebook and seminars. Our website has a policyholders only area for acupuncturists, where you can order requests for

insurance verification and claims histories online, get claims prevention information and pay your annual premiums.



What about rates?

How stable are the company's rates? Look at trends in rate increases.

MIEC offers competitive, stable rates, and discounts in your first two years of practice out of school: 50% during the first year of coverage and 25% in the second year.



How do you make the final decision?

Compare the carriers. Look at their financial strength and security, service to policyholders, and how they are managed. Don't base your decision on the cost of coverage.

To learn more about MIEC and its acupuncture program, call your NAPG association or MIEC, or visit our website, www.miec.com. You can get an instant rate calculation, download an application for coverage, or just bookmark the site for loss prevention tips.

All coverage provided by MIEC is subject to the specific limits of liability, terms and conditions, including exclusions and specific warranties, endorsements and declarations of the actual policy issued to each insured. The preceding summary is necessarily incomplete. It does not replace, expand or rescind any portion of the actual insurance contract that MIEC issues to a specific policyholder.