

Avoiding Malpractice

Tips for Social Workers to Manage Risks

January 2020



U.S. Liability Insurance Market Snapshot

This month's tip article gives you the highlights of where the liability insurance market recently was and is heading, particularly the professional liability market within the medical malpractice segment. The supporting information was obtained from four sources: *Deloitte Center for Financial Services, Insights, December 2019*; *USI 2019 Sponsored National Practice Leaders*; *Marsh's Global Insurance Market Study, 2019*; and NASWRRG first-hand experience.

Highlights to Know:

1. Renew your NASW Risk Retention Group (RRG) policies; these are very comprehensive and a great value in the market.
2. If you are an NASW member delivering offsite professional services, consider enrolling in any of the NASW Assurance Services sponsored Life & Health products through the Hartford. Upon enrollment, you will automatically receive free felonious assault coverage provided by the NASW Insurance Company.
3. Evaluate current and potential future risk exposures and explore tactics to address them; for example:
 - » If you are hiring people or bringing in contractors, buy a PLI endorsement for insuring these people.

- » If you plan to deliver professional services in other locations, buy a General Liability policy. Add the owner of the facility as an additional insured to your malpractice policy.
- » If your practice/business is growing, consider expanding your professional liability insurance aggregate limit. The cost is negligible considering the coverage that you receive.

Market Highlights:

The professional liability market has experienced a steady uptick in punitive damage lawsuits, indemnity awards, and increasing severity of liability claims losses. The social perspectives and a growing awareness of sexual misconduct have led to more reported incidents.

Non-professional liability insurance related claims that impact employer policies are growing through heightened dialogue over labor relations issues such as equal pay, wrongful termination, harassment, and class action lawsuits. Cyber risk including high profile data breaches and imposter fraud are now common events impacting reputational risk loss mitigation.

Economics Highlights:

Liability insurance carriers (except for the NASW RRG which has had frozen liability premium rates for over 35 years) are taking advantage of industry-wide premium hikes in the market. Marsh's Global Insurance Market Index measuring premiums, soared 6% in Q2-2019 and is the seventh consecutive quarter of price hikes, which is the largest



Mistakes Happen
Not Having Proper Coverage Doesn't Have to be One of Them

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since 2012. This is called a “hard market”, with professional liability premiums growing on average by 10% in the past year.

According to the USI Sponsored National Practice Leaders study, “Moderate to high” rate increases are the rule of the day among liability insurance carriers, particularly among medical malpractice, professional liability, and lines for certain classes of healthcare providers which increased at least 5% for each class in the past year.

Again, the NASW Risk Retention Group has never increased premium rates in any of its product lines, and for over 35 years, the NASW professional liability premium rates have been frozen.

The Property & Casualty industry which houses the professional liability product market remains stable despite \$125 billion in total insured damages in the past few years. Rising interest rates, lower tax rates, and adequate loss reserves bolster insurance companies' net investment income.

The NASW Insurance Company and the NASW Risk Retention Group are even stronger than before, and continue to maintain their "Excellent" A.M. Best rating).

Private equity buyers are moving into the insurance market. Private equity buyers accounted for 67% of U.S. insurance brokerage acquisitions in 2018. They are continuing to be active buyers in 2019.

They seek to build market share in a fragmented industry, distribution diversity, grow geographic footprint, and generally try to dominate the market and raise premium rates. For the first 6 months of 2019,

231 of the 250 acquisition deals were insurance brokerages being acquired; and 594 of the 681 acquisitions in 2018 were insurance brokerages purchased by private equity buyers.

Final Note:

The NASW Risk Retention Group is owned by its policyholders and is protected from acquisition targeting. While providing market-leading comprehensive insurance coverage, many benefits unmatched by its competitors, the NASW Risk Retention Group's premiums have been frozen and continue to be for the benefit of its policyholders. In September 2019, the NASW Risk Retention Group has just completed its seventh birthday and is in excellent financial shape and is rated "Excellent" by A.M. Best and reinsured by SwissRe, the premier reinsurance company worldwide.

Not all professional liability insurance policies cover patient records breaches, so read your policy carefully. The NASW RRG professional liability policy is the most comprehensive in the industry. The NASW RRG also offers a low-cost cyber liability policy that protects the practitioner against third-party information breach for which HIPAA holds the practitioner accountable.



Learn more about our Professional Liability Insurance for social workers by visiting www.naswassurance.org.

Our exclusive program is the only program endorsed by the National Association of Social Workers. To speak with a knowledgeable, licensed insurance representative, call 888-278-0038.

