

5. Failure to Procure and Maintain Proper Insurances

There are a myriad of insurances required to appropriately safeguard a medical practice from the normal risks of doing business, particularly in view of the American trial system.

Fortunately most of these risks can be reasonably handled on an affordable basis, assuming that proper coverage is in place.

The most important coverage is clearly malpractice insurance, which is addressed below as a separate section, but other insurances which are essential to the well-being of physicians and their medical practices include:

- 1.) Disability insurance,
- 2.) Overhead insurance to handle practice expenses during a period of disability or in the event of a natural disaster such as a hurricane or acts of terrorism,
- 3.) Liability insurance to cover non-malpractice obligations, such as if patients or others hurt themselves in the parking lot or fall on slippery areas in the office,
- 4.) Workers' compensation insurance to protect the practice against state laws that can require lifetime support and/or significant monetary payments to be made to an employee injured in the course of employment, and
- 5.) Un-owned automobile liability insurance to insure against the liability that occurs to a medical practice if any employee is in an automobile accident while running errands or otherwise working in the course of medical practice business

Individual automobile liability policies should also be reviewed to ensure that each physician has coverage for medical practice-related driving. Many personal policies will not cover business driving without additional policy riders. The author commonly recommends at least \$3,000,000 - \$5,000,000 worth of umbrella liability coverage to cover all business and personal driving and driving by others who might use the doctor's car.

There are thousands of disabled physicians in the United States now living on disability insurance. The author has more than 15 clients who have been able to "retire" on their disability insurance. This explains why the rates are so high to procure such coverage but also why having good coverage is a necessity rather than a luxury for physicians who do not have adequate retirement savings to support themselves and their families for their remaining lifetimes.

Sometimes individual health insurance policies will not cover on-the-job injuries under the presumption that a doctor will be covered under workers' compensation for on-the-job injuries. Doctors who do not have workers' compensation insurance, which is often waived to save money, should check their health insurance policies to make sure that they are covered for on-the-job injuries.