



Thank you to Nurses Service Organization (NSO) for providing the answers to the following frequently asked questions. (Posted 2/25/10)

Nurse Practitioners and Malpractice Insurance: Frequently Asked Questions

1. What is the difference between claims-made coverage and occurrence coverage?

A: Claims-made and occurrence are the two primary types of policy forms. An occurrence policy form covers losses that occur during the policy period, while a claims-made policy covers losses that occur during the policy period *only if* the claim is filed during the active policy period.

For example, suppose you carry a policy from January 1, 2008 to January 1, 2009 and subsequently fail to renew the policy. On September 30, 2009, you receive notice that you have been named in a malpractice lawsuit citing an incident that occurred on March 3, 2008. If your policy was an occurrence policy, it would provide protection for the claim, even though you received notice after the policy period ended. However, if it was a claims-made policy, you would not have coverage because the policy was not active at the time the claim was made.

To continue coverage of a claims-made policy after the policy period, you must purchase a “tail” from that policy’s carrier. Tail coverage extends the claims reporting period after the policy has ended. However, the incident will still need to occur while the policy was active.

2. What types of policies do most Nurse Practitioners select?

A: An occurrence policy form is somewhat more valuable, as it responds to claims years later. It is a broader coverage form than a claims-made form. NSO provides occurrence-based coverage to Nurse Practitioners.*

3. Is professional liability the same as malpractice insurance?

A: Yes. Medical professional liability insurance is another way to say malpractice insurance. They both insure a person or entity against third-party claims alleging negligence in the rendering of, or failure to render, professional medical services.

4. Why do I need an individual professional liability policy? Won’t my employer’s insurance coverage protect me?

A: Your employer’s policy may cover you, but only up to a point. With employer-provided coverage, your limits are oftentimes shared with all defendants, you may have no coverage for off-duty incidents, or your coverage may be canceled following a job change. Your employer’s policy is designed to protect their interests first; you will benefit from an individual policy which offers your own representation that is concerned specifically with your interests. In addition, it is unlikely that your employer’s policy

* In Florida, coverage is written for Nurse Practitioners on a claims-made basis only.

protects you if you give advice to a friend or neighbor after hours, perform volunteer work, or moonlight outside your full-time job. An individual policy can provide you the comfort of knowing that you are protected against malpractice allegations on or off the job.

5. Does having my own individual professional liability insurance policy make me a more likely target for a lawsuit?

A: No. When you are named in a malpractice lawsuit, no one knows, not even the patient's lawyer, that you have your own professional liability insurance. Your insurance provider cannot confirm your policy's existence to anyone other than you without your expressed written consent. So you won't be named in a lawsuit just because you have coverage. Rather, if you do have your own coverage, your policy can protect you by preparing you for a deposition and paying for your defense and any settlement or judgment against you.

6. How can I find out if my state has mandated coverage limits for professional liability insurance?

A: You can contact your state regulatory board to find out the most updated information regarding your state's mandated coverage limits for professional liability. Go to <https://www.ncsbn.org/515.htm> for a listing of contacts for each state board of nursing.

7. Although I have a NP license I am only working as a RN. Can I purchase coverage as an RN only since that is how I am working?

A: If you still have an active NP license, you need to be insured as an NP even if you are not working as one. According to various associations and nurse attorneys, you can still be held to that higher license even if you are working as an RN only. To be safe, you want to be sure you have coverage for the highest active license that you have.

8. Can I pay my premium in installments?

A: Although most premiums are an annual rate, NSO does offer financing for premiums that are over \$500 annually. This will allow you to pay the premium in monthly installments. Please contact NSO (1-800-247-1500 or service@nso.com) to find out how to take advantage of this option and for the current finance rates.

9. What if I am still in school? What happens after I graduate?

A: NSO offers a student policy designed to protect you while doing clinical work as part of your school curriculum. As an added benefit, after you graduate, you will be covered as a professional until your next renewal- at no additional cost. In addition, the policy year following your graduation, you may be eligible to receive a first-year graduate 50% discount off the full-time rate.

10. What kinds of activities might trigger a disciplinary action by a licensing board and/or state regulatory agency?

A: Any act that breaches your professional practice act or standards may prompt a disciplinary action. This may include incompetent practice, medication errors, documentation errors, practicing outside the scope of your license and/or certification, and other unprofessional conduct.