

# Medical Professional Liability Insurance Up Close



Much of the insurance industry, including the healthcare segment, is going through increasing costs and tighter policy conditions. Not that there was not pressure in the segment already: prior to the COVID-19 pandemic the overall healthcare industry was experiencing an uptick in claims activity within the Medical Professional Liability insurance arena.

## MEDICAL PROFESSIONAL LIABILITY INSURANCE CONDITIONS

With the pandemic came an added degree of uncertainty for the insurance industry. Like other insurance segments, Medical Professional Liability insurers were trying to determine the immediate liabilities and the long-term impact that claims might have.

As a result, insurers pulled back on coverage and increased premiums in an effort to prepare for the unknown. Insurance buyers experienced more restrictions, more policy exclusions and dramatic increases in premiums. In some instances, policyholders were not being renewed and were having difficulty replacing the coverage.

The pandemic acted like an accelerant, exacerbating an already tightening Medical Professional Liability insurance industry. The shift occurred quickly within mere months, a striking contrast to the traditional gradual changes.

To compound the issue some insurers decided to exit the Medical Professional Liability insurance arena, while others stayed but cut back on their offerings or jettisoned portions of their policyholders. At renewal time, some Medical Professional Liability insurance policyholders were seeing extremely large increases in premium that they could not easily pay.

For insureds who have a history of claims or other eligibility problems, finding coverage is more of a struggle. There are fewer options and terms are not always favorable. Coverage typically can be found, but the price or terms can be shocking. For policyholders who want to purchase higher limits, the ability to do so has become more difficult due to the insurers unwillingness to offer the higher limits. Policyholders might need to use multiple carriers at a much greater cost to achieve the higher limits.

## THE TECHNOLOGY FACTOR

While the insurance industry was reacting to the pandemic and related challenges, another transformation was occurring. The advent of technology has made a sizable impact on how healthcare is delivered to the consumer. Through telemedicine, artificial intelligence (AI) and creative new ways to deliver care, technology's growth within the healthcare industry has been remarkable.

As it continues to grow, insurance carriers are trying to learn how to underwrite the relative newcomer to the industry. With new technology comes the challenges of first understanding how it is used and determining if it is safe for the patient. Once that has been established, putting together customized coverage options that address the risks becomes more possible.



Even after the new technology is understood and clarified there still can be problems for the insurance industry offering terms because the insurers are used to viewing risks with more standardized methods of providing care. Innovation, particularly within healthcare technology, is going to require more acceptance by the Medical Professional Liability insurers.

## FINDING SOLUTIONS

As the healthcare industry goes through a significant transformational period, buyers of Medical Professional Liability insurance should be communicating with NFP's healthcare industry team to help them understand the changes, and align coverage options with their unique business needs. NFP works with leading carriers and has developed proprietary products that address some of the more critical risks a healthcare organization may face.

During these unique times of increasing costs, reduced coverage and the convergence of healthcare and technology, NFP's specialty healthcare team has the ability, innovation and imagination to assist buyers of Medical Professional Liability insurance.

**For more information, contact David Wood at [david.wood@nfp.com](mailto:david.wood@nfp.com) or 602.549.6234.**