

# Avoiding Malpractice

*Tips for Social Workers to Manage Risks*

April 2019

## I'm not Perfect, Just Insured!



Discussions with our insurance policyholders frequently involve some of the same issues that are top of mind. As your insurance carrier, ***we go where you go so your future is protected.***

So let's take a look with a brief review of two important topics.

*What is an insurance broker, producer, insurance agent or agency, and if I buy my insurance policy from one of them does it cost me more?*

These are all intermediaries between you as the insurance policy buyer and the insurance company carrier.

Each has a legal duty, as a state licensed insurance sales representative, to help

you to obtain the appropriate insurance coverage at a reasonable price. Typically, the agent, agency, or producer represents the insurance carrier. The insurance carrier pays the agency, agent, or producer a commission based on the sale of the insurance policy.

The commission rates are as high as 30% of the annual premium. The agent is either a captive agent selling for one specific insurance company such as a big name brand carrier, or an independent insurance agent selling multiple products for many insurance carriers. The Broker represents the insured and has no contractual relationship with the carrier.

When you purchase your insurance policy, no matter what type of policy, it is

worthwhile to ask what the commission is. Picture the insurance premium as an air-filled balloon. The balloon can swell or shrink depending on many factors, but up to 30% of the air in the balloon goes to the commission paid sales producer or agency. It is common for some policies to have unclear language, be silent on certain coverage incidents, have weak coverage, no coverage for certain incidents, and low benefit levels for certain incidents in order to preserve underwriting profits which are then used to pay the high commissions. The premiums are still set high or at market levels to keep the balloon inflated to look like a legitimate insurance policy.

**The Lesson:**

Just remember that the NASW Risk Retention Group's professional liability, general liability, and the cyber liability insurance policies are the most comprehensive and priced the best for social workers giving an exclusive discount to NASW members.

The Board of Directors is comprised of social workers and insurance experts and approved all of these policies. They also make sure that underwriting and claims are processed fairly.

The financial benefits generated from the NASW family of insurance companies go back to the NASW and you as a policyholder in the form of policy benefits. Too often insurance shoppers only compare price and think they have certain coverage when they don't.



*I am employed now, and if I decide to work for other employers, how is the insurance coverage involved, and do I pay more premium?*

**Great question.**

This issue was covered in the November 2018 Tip of the Month in more detail.

First and foremost, it is a smart choice to buy an individual professional liability insurance policy for yourself. You will be designated as the insured individual up to the scope of your license, and you will be covered 24 hours per day. Your employer's insurance policy may cover you, but not for all incidents.

We find that many social workers are employed by multiple employers. Many social workers work outside of their primary employer. This is another reason to buy your own professional liability insurance policy because it is portable.

We have also found that many social workers create their own practice and hire employees, while still working for a primary employer. With your own professional liability insurance policy, you can name your contractors and employees as additional insureds.

If you rent or own your office, you should buy the NASW RRG general liability coverage as well. If you own your patient list, then consider the NASW RRG cyber liability policy.

The NASW RRG professional liability insurance can be a claims-made policy or an occurrence policy.

The NASW RRG general liability insurance

policy is an occurrence policy. When you say "occurrence policy" think lifetime coverage.

That means no matter when you canceled your policy, if at any time in the future during your entire lifetime, a claim is filed against you that is based on an incident that occurred when your policy was in force, you are covered. The claims-made policy only responds to claims which are brought when the policy is in force. You can buy a tail coverage when you terminate a claims-made policy, but these are not more than 3 to 12 years in duration.

Remember this final thought ...

***Good Luck doesn't last forever, but good insurance does.***

***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.***



## Questions? Let's Discuss How We Can Help

Learn more about our Professional Liability Insurance for social workers by visiting [www.naswassurance.org](http://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.

