



CASE OF THE QUARTER: KNOW YOUR POLICY

Written by
Claims Department
Professional Risk Management Services® (PRMS®)

The “Case of the Quarter” column is a sample case study that highlights best practices in actual scenarios encountered through [PRMS’ extensive experience in litigation and claims management](#). Specific names and references have been altered to protect clients’ interests. This discussion is for informational and education purposes only and should not be relied upon as legal advice.

FACTS:

Dr. Albert has decided to leave the practice of psychiatry and open a coffee shop. He has maintained a claims-made policy during the five years he has been practicing. He thinks back over his short career in medicine and doesn’t recall any patient problems. He does recall a patient death, but remembers how grateful her parents were for the good care he provided to their daughter. He decides not to buy tail coverage given its cost and the confidence he has that he won’t be sued. His policy expires on October 1, 2023.

Dr. Albert opens his coffee shop, and it is a huge success. He enjoys talking with the customers and finds his life less stressful, albeit busier. On September 1, 2024, as he is locking up the shop, a woman hands him a stack of papers and tells him he has been served. Puzzled, he looks over the papers and sees that he has been sued for medical malpractice by the parents of the patient who had died...the same ones who thanked him at the time. Dr. Albert reads on and learns that they allege that his negligent prescribing led to their daughter’s death by overdose on August 1, 2023. Shocked, he immediately calls and leaves a message with ABC, his professional liability carrier, reporting the suit. The next day a claims examiner returns his call and takes all of the relevant information.

The claims examiner reviews Dr. Albert’s policy in light of the date of the alleged negligence, the date Dr. Albert learned of the suit, and the date he reported it to ABC. The claims examiner is concerned when she sees that Dr. Albert’s policy expired on October 1, 2023, and that he did not purchase tail coverage. She notes that the policy applies to claims first brought and reported during the policy period (the time between the policy’s inception or start date and its expiration or end date). Dr. Albert was served with the suit or claim on September 1, 2024, and reported it on that same date. Both of these dates, the date of service and the date of his report to ABC, are after the policy expired on October 1, 2023. The claims examiner consults with an underwriter to see if Dr. Albert purchased tail coverage which extends the time for reporting claims. Unfortunately, he had not.

The claims examiner then checks to see if Dr. Albert reported the patient’s death around the time that it happened and before his policy expired. If he did, there might be coverage because the policy treats a reported incident that could give rise to a claim as if the claim were made during the policy period in which it was reported. However, Dr. Albert did not report the patient’s death while his policy was still in effect.

OUTCOME:

The claims examiner informs Dr. Albert by phone and by mail that there was no coverage for this suit under his policy. Dr. Albert would have to hire and pay an attorney to defend him and would be responsible for paying any amount the jury awarded if the parents won the suit.

TAKEAWAY:

Know the type of policy you have purchased. If you have a claims-made policy and plan to stop practicing for any reason, you should speak to an underwriter with your medical malpractice insurance provider to discuss options for protecting yourself. While practicing, promptly report any adverse event that could give rise to a claim.

To further support you in protecting your practice, view PRMS' risk management resource, [Questions You Need To Ask Before Purchasing Medical Professional Liability Insurance](#).

Compliments of:



(800) 245-3333 | [PRMS.com](https://prms.com) | TheProgram@prms.com

 [@PRMS](#)

 [LinkedIn.com/company/PRMSprograms](https://www.linkedin.com/company/PRMSprograms)

 [Facebook.com/PRMSprograms](https://www.facebook.com/PRMSprograms)

 [@prmsprograms](#)

Professional Risk Management Services ("PRMS") provides the information contained in this article for general use and information. Information provided is intended to improve clarity on issues regarding psychiatry services and insurance coverage, and related issues regarding those services. This information is intended, but not promised or guaranteed, to be current, complete, or up-to-date. PRMS is neither a law firm nor a provider of professional medical services, and the materials in this article do not constitute legal, medical, or regulatory advice. You should not act or rely on any legal or medical information in this article without first seeking the advice of an attorney, physician, or other appropriate professional. PRMS, The Psychiatrists' Program and the PRMS Owl are registered Trademarks of Transatlantic Holdings, Inc., a parent company of Fair American Insurance and Reinsurance Company (FAIRCO).