

Facts About Claims-Made Coverage

- **A Permanent Protection Policy is claims-made coverage. It only differs from a typical Claims-Made Policy in the following ways:**
 - It includes an Extended Reporting Period (“Tail”) and you pre-fund it.
 - You pay for the “Tail” every year as part of a pre-funded premium.
- **Claims that are covered under a Claims-Made Policy are managed and administered in the same way as claims covered under a Permanent Protection Policy.**
- “Tail” coverage is a necessary extension of a Claims-Made Policy. **You do not need “tail” coverage until a specific coverage or policy is terminated.** “Tail” coverage applies to claims that occurred on or after the retroactive date for the coverage, but are reported after the termination of the underlying coverage.
- **A Claims-Made Policy provides advantages for physicians committed to management of future financial obligations.**
 - Immediate cash flow advantage. It will always cost less each year than a commensurate Permanent Protection Policy. The premiums in our current filing are less than Permanent Protection Policy premiums by 75% in the first year, 60% in the second year, 20% in the third year, 10% in the fourth year, and 5% each year thereafter.
 - Cash savings each year can be personally managed and invested to fund for eventual purchase of “Tail” coverage.
 - As long as you continue to be insured under a Claims-Made Policy with your existing retroactive date, you can postpone the purchase of “Tail” coverage.
 - Claims-Made Policies include a Death, Disability and Retirement provision that provides “Tail” coverage for no additional premium. Terms of this provision require a permanent disability with discontinuation of medical practice. Retirement requires the physician to be 55 years of age with 5 consecutive years of coverage under a MDAdvantage Claims-Made Policy.
 - An offer to purchase “Tail” coverage is guaranteed at the termination of your MDAdvantage coverage. Premiums are calculated in accordance with the manual rules and rates in effect at the time “Tail” coverage is purchased.

- If you replace coverage with another insurer, you can request that the new insurer issue your policy with your expiring MDAdvantage retroactive date. If they permit it, this allows you to postpone the purchase of “Tail” coverage, and eliminates the need to buy “Tail” from MDAdvantage. It provides you with continuous claims-made coverage, so that claims reported for medical incidents occurring since the retroactive date will be covered under your new policy.

If your new carrier is not willing to issue your policy with your expiring retroactive date, you can purchase MDAdvantage “Tail” coverage.

- **The reduced cost of a Claims-Made Policy may enable you to purchase the higher limits that you desire.** If higher limits are an important factor in your management of risk, you may want to compare the costs of Claims-Made Policy coverage at different limits.
- **“Tail” coverage under the Claims-Made Policy can be purchased at limits lower than those you previously carried.** Since you do not pay for “Tail” premium as part of your annual policy you are not pre-funding the “Tail” limit. Therefore, if you feel that limits lower than those you have been carrying are suitable for your “Tail” liability, you can purchase the lower limits. The ultimate cost of “Tail” will be reduced if a lower limit is selected.