

## Evaluating Your Medical Professional Liability Insurer: Understanding the Benefits of a New Jersey-Based Carrier

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The election of our new governor promises to bring change to New Jersey's political climate. It has also brought renewed attention to the Garden State's financial crisis and looming physician shortage. While across the country analysts have slowly begun to see signs of improvement, here in New Jersey we continue to feel the crunch. Add to that all the recent talk of healthcare reform, and it becomes increasingly clear that we are living through extraordinary times. Now, more than ever, physicians need to ensure that they align themselves with business partners that share their interests and can provide them with the support they need to run their practice safely and effectively.

Physicians shopping for medical malpractice insurance in New Jersey would appear to have a number of options. The New Jersey Department of Banking and Insurance currently lists 13 medical malpractice insurers as active in the state. Choosing the right medical malpractice insurance carrier to protect your practice can be an intimidating process; there are many important details to understand and options to consider. The ramifications of your insurance choice can have long-reaching effects, especially for physicians like obstetricians and pediatricians who may not receive notice of a claim until years after a delivery or course of treatment.

There are specific criteria that physicians consider when they are evaluating insurance carriers that go beyond price and product features. Physicians must also think about the financial strength of the insurer, and the types of coverage they offer. What should be equally important to physicians is the commitment of the insurer to the state(s) in which they do business. New Jersey physicians should question whether a carrier they are considering is focused on New Jersey and the needs of the healthcare providers who work here.

As someone who both works and lives in New Jersey, I know that New Jersey can be a difficult state. Whether you have been practicing in the state for 20 years or are establishing a new practice, trying to decipher the legal protections you should have and understand the regulations and bureaucratic issues that affect you and your practice can be a challenge. This is where it may be beneficial to have a domestic carrier. An in-state carrier will not only be familiar with the laws and regulations of the state, they will understand the nuances and intricacies of New Jersey's changing legal and political landscape. A carrier that is domiciled in New Jersey will be affected by the same issues that affect you. They have dealt with the red tape, understand the regulations, and can advocate for you and represent your interests because they share them.

**Familiarity with courts and legal environment:** A domestic carrier will have more experience with the state's legal climate. The amount of money that must be spent defending cases, settling claims and paying judgments in New Jersey is at an all time high. While having a New Jersey-based claims department will not change this fact, should you experience a claim, you will be able to sleep better knowing that your claim is being handled by a team that understands New Jersey and what it takes to successfully bring cases to a close here. The professionals that manage your claim are more likely to understand the nuances of the system that can only be gained by a long history of experience in the market, and they are the ones who have built personal relationships with the judges and lawyers who ultimately impact your practice and your reputation.

**Accessibility:** Being based in New Jersey means that a carrier is likely to be more accessible to its policyholders *on their time*. If a physician has questions about a premium indication or wants to discuss a potential claim, some of the in-state carriers are more than willing to send someone out to your practice to assist you. Local carriers often assign specific regions of the state to their claim professionals, enabling them to be present at meetings, depositions and trials. Compare this level of service to what is offered by the national carriers. The next time you consider a quote from a carrier, find out where you are calling for such things as billing assistance or guidance on a difficult situation with a patient. Are you speaking with someone in New Jersey who knows your name and is familiar with the history of your practice? Or are they sitting on the other side of the U.S. or even outside of the country? Do you reach a person immediately, or do you need to wait a day because you left a voicemail message with someone in a different time zone?

**Convenient Risk Management Services:** In a previous article (December 2009), I discussed how important it is for physicians to adequately manage risks to their practice. Implementing an effective risk management program requires physicians to recognize their liability risks and identify tools that will help mitigate them. When selecting a malpractice carrier, physicians should evaluate the types of risk management services offered to determine whether the products and services will help them achieve their risk management goals. Can the carrier provide your practice with an on-site assessment and performance improvement recommendations? Are there wide selections of education programs through a variety of mediums? Are the seminars offered in a geographical area that you could reasonably be expected to attend?

**Commitment:** As we have learned, the insurance industry is cyclical, which means that carriers will experience large swings in loss ratios and operating returns. In fact, the Insurance Information Institute predicts that the medical malpractice insurance industry will tend to experience a tort crisis every 10 to 15 years. Clearly, New Jersey has not been exempt from these cycles. While many physicians have benefitted from large, multi-state carriers who are willing to decrease their premiums when the market is going well, it is also important to consider that these are the same carriers who are apt to leave the state when the market faces a downturn. Those insurers who are committed to a long-term future in New Jersey seek a stable pricing structure, and maintain a philosophy to stand behind you, no matter what.

Selecting the right malpractice insurance provider is one of the most important decisions that physicians have to make. Clearly, in these very difficult economic times, price matters. But remember, you are not just purchasing a policy; you are investing in a long-term business partner. Price matters at the time you are making the purchase, but value matters at the time you need to rely upon the services you have purchased. What you get for your investment should be more than just the piece of paper that your policy is printed on. You should get an advocate, a support system and most importantly an ally in New Jersey that understands what you need to manage your practice and treat your patients effectively.

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