BEAUMONT PHYSICIANS INSURANCE COMPANY (BPIC)

MEDICAL PROFESSIONAL LIABILITY INSURANCE

2015 SUMMARY
Beaumont Physicians Insurance Company (BPIC) offers medical professional liability insurance to eligible physicians (“Program”).

**BASIC INFORMATION**

**Who is eligible to apply for coverage under the Program?**
Physicians who are in good standing on the attending, associate or ambulatory staff of Beaumont Health System (“Beaumont”).

**What insurance coverage does the Program offer?**
The Program offers medical professional liability insurance coverage.

**What insurance company is involved?**
Insurance policies for the Program are issued by Beaumont Physicians Insurance Company (BPIC), a Michigan captive insurance company. BPIC is a wholly owned subsidiary of Beaumont Health System and is reinsured by Beaumont Indemnity Company, Ltd. (BIC), a company incorporated and domiciled in the Cayman Islands. An independent financial audit is conducted every year in accordance with Cayman Island Monetary Authority regulations. BIC also provides coverage to Beaumont and its employees.

**Is this Program subject to the Michigan Guarantee Fund?**
No. The Michigan Guarantee Fund provides its members a fund to meet covered claims under policies issued by insurers that become insolvent. The State of Michigan requires all admitted insurers to be members of the Michigan Guarantee Fund. An admitted insurer is an insurance company licensed by the State of Michigan to do business. The Michigan Guarantee Fund is funded by an annual assessment of its members. Michigan law governing the Fund exempts all non-admitted insurers, such as BPIC and BIC, from participation in the fund.

Although it will not participate in the Fund, BPIC and BIC have internal procedures to assure that they will have sufficient funds available to pay covered claims.

**Is an office practice assessment provided to physicians insured in the Program?**
Beaumont Physician Practice Assessment Services will conduct a complimentary assessment of each physician’s office practice within 12 months of joining the Program in conjunction with the eligibility process.
INSURANCE COVERAGE

What types of coverage and limits are available through the Program?
Eligible physicians may purchase medical professional liability insurance with primary limits of $100,000 per claim/$300,000 annual aggregate or $200,000 per claim/$600,000 annual aggregate.

If a physician purchases primary insurance with limits of $200,000 per claim/$600,000 annual aggregate through this Program, he/she may also purchase an additional coverage limit of $800,000 in excess of the primary coverage, subject to a $1 million total policy aggregate. In the event the $600,000 annual aggregate limit of liability is exhausted, there shall not be any excess coverage. This excess coverage option applies only for losses that occur within the confines of Beaumont scheduled facilities. In no case does this excess coverage apply to claims arising from a private office practice or non-Beaumont facilities.

What policy type is available?
The broad location policy provides an insured physician with coverage on a 24-hour basis. Coverage applies to claims arising at Beaumont, non-Beaumont facilities, the physician’s private office or anywhere else within the policy territory.

The limited location policy only covers claims, which arise from practice within scheduled Beaumont facilities and the physician’s private office. Physicians can request a copy of the schedule of Beaumont facilities from the Program.

What form of coverage is provided?
Coverage is offered on a claims-made and modified claims-made basis.

What is the difference between claims-made, modified claims-made and occurrence policies?

(a) A claims-made policy covers claims which are reported to the insurance company during that policy year and which are based upon medical incidents that occurred subsequent to the effective date of coverage with the insurance company issuing the policy. This means that if the insurance is canceled or not renewed, the person will not have coverage for claims subsequently made unless an extended reporting period (a "tail") is purchased for an additional premium.

(b) Under the "modified claims-made" form of insurance, coverage will continue to be provided for claims which are made even after a person leaves the Program if the claim arose out of a covered medical incident occurring during the period of the person’s participation in the Program.

(c) An occurrence policy, although not offered in this Program, covers claims based upon medical incidents occurring during that policy year, regardless of when the claim is actually made.
(1) **Is “tail” coverage offered by the Program and under what conditions can a physician purchase tail coverage?**

Yes. Tail coverage is automatically included under the modified claims-made coverage described above. The premium charge for tail coverage is included in the annual premium.

If purchasing claims-made coverage, the Program will provide tail coverage at the limits of liability in effect when the physician terminates from the Program. There is an additional charge for this coverage. Under certain circumstances, the Program will provide free tail coverage in the event of: (1) death; or (2) permanent and total disability; or (3) full retirement at age 55 or older and when the physician has participated in the Program for five or more consecutive years.

A single per claim and aggregate limit of liability will be provided for all tail claims.

(2) **Is coverage for “prior acts/nose” claims available to those who currently have claims-made coverage elsewhere and wish to apply for coverage with the Program?**

“Nose” coverage is offered by the Program for physicians who have maintained continuous claims made coverage with another insurer prior to joining this Program. A physician purchasing nose coverage from this Program is required to certify that he/she is not aware of any incidents that could give rise to a claim which have not already been reported to the prior insurer. Also, if a physician qualifies for nose coverage from the Program, he/she will be assigned a retroactive date which coincides with the inception date of the claims made policy from the previous insurer.

(3) **Can professional corporations, partnerships, and professional limited liability companies apply for coverage?**

Yes. There is no additional charge for your professional corporation, partnership or LLC to be covered as an additional insured. Limits of liability are shared with the covered physician and will not be increased.

A separate limit of liability can be purchased for the Professional Corporation, Partnership or Professional Limited Liability Company at an additional charge applied to the total group aggregate premium, if all employed or associated physicians are insured with identical coverage in this Program.

In all cases, Professional Corporation, Partnership, and Professional Limited Liability Company coverage extends to the entity, only for liability arising out of covered activities of a physician insured in the Program or non-physician employees while acting under the supervision of an insured physician.
(4) Are office employees and allied health professional employees of participating physician’s also eligible for coverage under the Program?
Yes. Coverage is available to office employees and allied health professional employees, if PC, LLC or Partnership coverage is provided. Office employees and allied health professional employees of the PC, LLC or Partnership are insured while acting under the supervision of the insured physician, per the coverage form, terms and conditions of the insured physician’s policy. Certain allied health providers (CNM’s for example) must purchase their own policy.

The office employees and allied healthcare professional employees would share the limits of the supervising insured physician’s policy.

Individual rates are available for Certified Nurse Midwives upon request.

(5) Is there coverage for my professional services provided via my web based practice?
Web based tools used as an extension of your office and/or affiliated hospital, for viewing records, test results, x-rays, etc., are not excluded from the policy. Web portal arrangements, however, are excluded from coverage.

Web Portal arrangements are defined as arrangements between an insured and a company that maintains web portals for their customers for which the insured physician agrees to provide services through the internet.

(6) Does the physician’s policy require written consent of the physician to settle a claim?
The policy does not contain a "consent" clause requiring written consent from the insured prior to settling a claim. However, every effort is made to fully apprise physician insureds at each stage of the claim evaluation process if settlement is contemplated.

Parties involved in the claims evaluation process (defense counsel, claims representative, risk manager, etc.) adhere to a common philosophy to aggressively defend claims and to expeditiously and equitably resolve cases where there is evidence of negligence.

(7) How is legal defense provided for an insured physician’s claims?
Should the hospital and any insured physician(s) be involved as co-defendants in a professional liability claim or suit, joint defense will be provided by counsel selected by the Program. If the Program determines that joint defense is not appropriate in a given situation, separate counsel for the physician will be provided.
(8) **How do physicians report an incident, potential claim or notice of intent?**
A claim reporting protocol worksheet is provided to all insured’s at each January 1 renewal of the Program.

(9) **Does the Program recognize physicians with favorable claims**
Yes. The Program provides a credit to those physicians who have claims free experience for the previous 5 consecutive years. The Program defines claims free as no pending or closed claims with reserves or indemnity payments. The Program also does not count claims where only defense costs were incurred, if the costs were below $15,000. Physicians who have an unfavorable loss history may be surcharged under this Program.

(10) **Does the Program require a physician to comply with risk management and quality assurance activities?**
Yes. The Program requires that insured physicians support hospital and physician risk management and quality assurance initiatives and activities. The Program also provides participating physicians with an office assessment, including facility and patient record review.

(11) **Do physicians receive individual policies?**
Physicians will receive an Advice of Insurance (similar to a "face sheet") which serves as evidence of the insurance coverage purchased. Physicians can request a copy of the master policy under which he/she is insured from the Program. Coverage for all insureds is renewed on January 1, regardless of the inception date of coverage. Any physician that joins the Program after January 1 will have his/her premium prorated based on the physician’s inception date.

(12) **How are premiums determined?**
Premiums will be set each year at a level deemed sufficient to cover anticipated claims, necessary reserves, and other administrative costs. Each year the rates are reviewed by the Program’s actuary to assure that they are adequate to cover the expected liabilities and the administrative costs associated with the Program.

(13) **Are part-time rates available?**
Yes. Physicians who meet certain criteria are eligible for part-time rates. A Supplemental Application including a signed Statement of Eligibility of part-time status are required.

(14) **Are new physicians eligible for any discount in premium?**
Yes. Physicians who have completed their residency training or separated from active military service without previous private practice experience can receive a discount off the applicable rates during their first three years of private practice. A Supplemental Application including a signed Statement of Eligibility are required.
(15) **Is Locum Tenens coverage offered by the Program?**
Yes. Locum Tenens coverage is available through the Program for Beaumont insured physicians who require a substitute physician to work in his/her absence due to vacation, leave, disability or illness.

The substitute physician must be an eligible member of the Beaumont medical staff (see eligibility classifications on page 2). The specialty must be the same or equivalent to that of the Beaumont insured physician. The coverage provided to the substitute physician will be limited to the same coverage form, policy limits and within the scope of practice of the Beaumont insured physician. Coverage is restricted to no more than 60 days in one policy period. The substitute physician must complete and submit an application to the Program, at minimum, 10 business days prior to the desired date(s) of coverage. Obtaining prior acts/“tail” coverage for locum tenens coverage is the sole responsibility of the insured physician. Coverage is free for the first 10 days or less, then subject to a flat charge of $250 per each additional substitution.

(16) **Is a payment plan available?**
Yes. The Program offers an installment payment option to physicians whose premium is excess of $5,000 at a nominal administration charge.

Information regarding this payment plan is included in the insurance application. The installment plan includes 3 payments (40% payable within 30 days of the effective date, 30% payable within 90 days after the effective and 30% payable within 180 days after the effective date). This option is available only to insureds who join the Program prior to July 1.

(17) **Can a physician cancel coverage with his/her current carrier to participate in this Program without paying a penalty for short-term cancellation?**
In Michigan, if an insurance policy issued by an admitted carrier has been in force for 55 days, a physician can cancel his/her insurance without having to pay a short rate cancellation penalty.

(18) **How do physicians apply for coverage through the Program?**
Applications can be obtained from the Program as referenced below. Applications must be complete and signed according to the instructions. Applications should be submitted at least 30 days before the insurance is to take effect.

Information concerning this Program may be obtained by contacting the Beaumont Physicians Insurance Company (BPIC) at (248) 423-2511 or BPIC@beaumont.edu.