



Dental Practice Startup

Core insurance coverages new owners need to understand



DYSTE WILLIAMS

A Tradition of Insurance InsightSM

Who we are



Endorsed by



independent insurance agency providing **comprehensive** insurance solutions and unbiased advice to over **1,000 dentists** and **600 oral surgeons** in the Upper Midwest



85+ years
family-owned
4th generation

Our Consulting Expertise



Business
Insurance



Employee
Benefits



Personal
Insurance

Our goals today

- Review the core insurance coverages you will need to begin practicing.
- Gain an understanding of the timeline for securing coverage.

Evolving Threats to Your Practice

- Economic, business, and social change
- New climate of litigation and risk transfer agreements
- Climate change
- Business technology – data breach and privacy issues
- Social issues – sexual harassment and third party discrimination



What is at risk?



Your personal
property and
assets



Your reputation



Your ability to
support yourself
and provide for
your family



Your business
property



Your employees'
health and
financial
wellbeing



4 Core Insurance Coverages You will need in order to practice

Professional Liability

Business Owners Policy

Workers Compensation

Management Liability

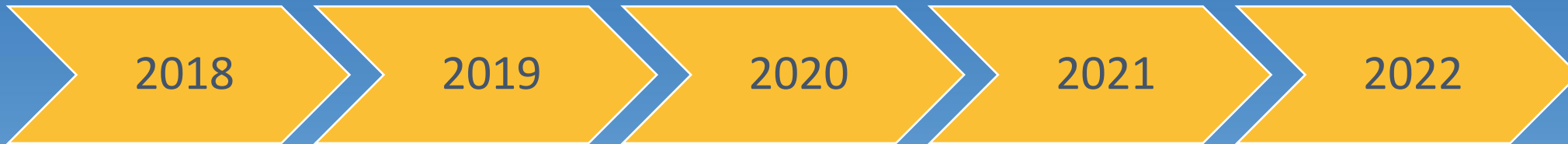
Professional Liability



Scenario

A dentist places an implant in 2020. In 2022, the dentist receives a written demand/complaint (two years after placing the implant).

Occurrence Form



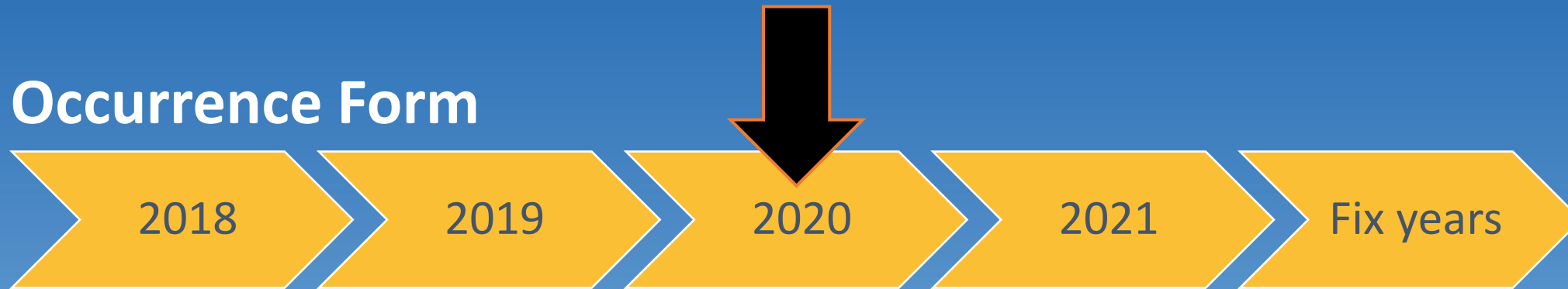
Claims-Made Form



If the dentist was insured with an **occurrence** form policy, which policy period would respond to the claim?

What about a claims-made policy?

Occurrence Form



Claims Made Form



Incident vs. Claim

Incident

Professional or bodily injury that an insured reasonably believes may result in a demand for money or services as compensation.

*Reporting an incident memorializes the event for any future coverage.
Doing so has no effect on premiums.



Incident vs. Claim

Claim

Demand for money or services
as compensation for a
professional or bodily injury.



What to do if an incident occurs

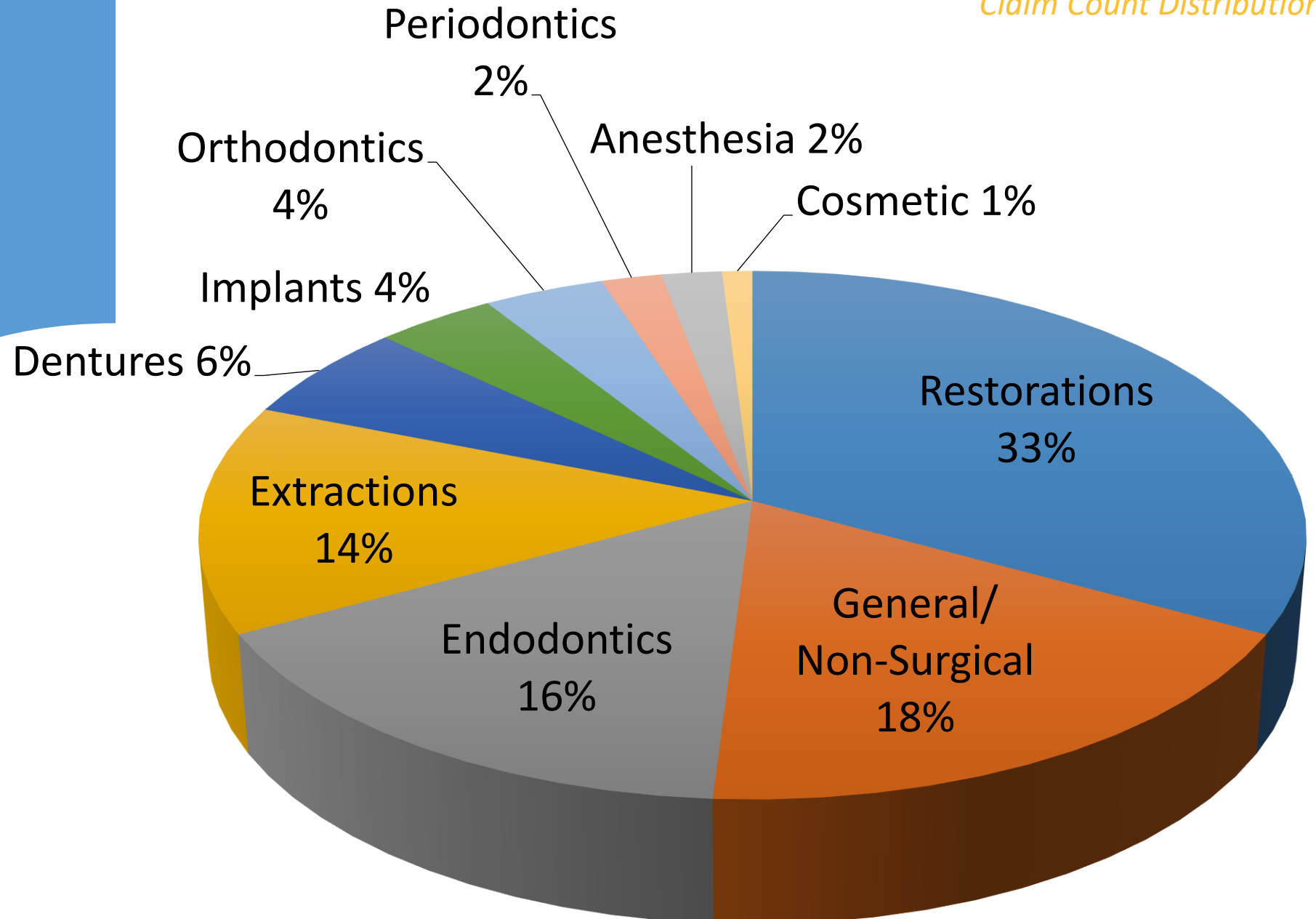
- ✓ Take steps to maintain patient confidentiality
- ✓ Maintain and secure all pertinent records
- ✓ Secure any instruments involvement in the treatment
- ✓ Notify your insurer

Key Considerations

- Entity Coverage
- Review Employment Agreements
 - Policy Limits
 - Deductibles
 - Who is responsible for the premiums?
 - If it is a claims made policy, What happens to coverage at termination?
 - Who is responsible for purchasing the tail coverage (ERP)?

Which
Procedures
have more
Claims?

Claim Count Distribution





Business Owners Policy

Business Owners Policy (BOP)

Property Insurance

- Building
- Business personal property
- Tenant leasehold improvements/betterments

Business Interruption and Extra Expense

- In the event of a covered claim, protects the loss of income to the practice.
- Extra Expense covers additional costs you incur to stay at the same level of business while your practice is restored.

Business Owners Policy (BOP)

Employee Dishonesty, etc.

General Liability (CGL)

- Bodily Injury and Property Damage
- Personal and Advertising injury

Key Considerations

- Adequate limits for both property and liability
 - Read your lease contract
 - Insure to Replacement Cost vs. Depreciation
 - Verify covered locations
- Review Named Insured
- Overlaps and gaps between policies

Claim Example



Claim Example

Twin Cities Practice

- Failed coupler in water main
- Damage to neighboring business
- Extensive property damage
- Business interruption loss
- \$157,000 in total losses



Takeaways:

- LEASE
- CONTRACT
- PLAN



Workers Compensation



Workers Compensation

All Minnesota employers and employees are subject to Minnesota Workers' Compensation law, except those specifically excluded by statute. (*Minn. § Stat. 176.041*)

Treat employees' work-related injuries including:

- Medical bills, rehab and drug costs
- Reimburse for lost pay due to injury/illness
- Premium based on payroll and verified at audit

Minnesota Workers' Compensation law (Minn. § Stat. 176.041) exempts coverage for the following employed persons and their spouses, parents or children (regardless of age or wage rate):

1. An individual owner of a business (a sole proprietorship).
2. A partner or partners of a partnership.
3. Executive officers of a closely held corporation in which the corporation has
 - capital stock held by no more than 10 persons.
 - less than 22,880 hours of payroll in the previous calendar year.
 - If both are applicable, only executive officers owning 25% or more of the stock are excluded and must elect to be included.
4. Managers of Limited Liability Companies in which the LLC has:
 - 10 or fewer members (i.e., owners)
 - less than 22,880 hours of payroll in the previous calendar year,
 - If both are applicable, only managers who own at least 25% membership interest are excluded and must elect to be included.

A close-up photograph of a dental mirror and a tray of dental instruments. The mirror is white with a circular head and a curved handle, resting on a white surface. To its right is a rectangular metal tray containing several dental instruments, including a dental mirror, a dental explorer, and a dental scaler. The background is slightly blurred, showing a dental chair and other equipment.

Management Liability

Management Liability

Directors & Officers

Covers defense costs/damages (awards and settlements) from wrongful act allegations/lawsuits against board of directors and/or officers.

Employment Practices Liability

Covers defense costs and damages related to employment-related claims.

- Includes allegations of Wrongful Termination, Discrimination, Workplace Harassment.
- Third Party coverage is recommended.
- Patient Molestation – Sub Limit.

Management Liability

Fiduciary Liability

Protects the fiduciaries of employee benefits plans (can be held personally liable under ERISA law).

Crime

Dishonest or fraudulent acts by an employee.

Data Breach

Protects the practice in case of breaches relating to information technology infrastructure activities, including exposure of patient personal information.

Timeline - When do I need to make insurance coverage decisions?

Dr. Ruba Khader
Community Oral and Maxillofacial
Surgery in Milwaukee, Wisconsin



Community Oral and Maxillofacial Surgery

TIMELINE



Choose Coverage Carefully

- Stable and Highly rated Carrier
 - Experience in your specialty
- Aggressive claim defense: Will they take decisive action when dentist confronted with lawsuit?
- Does policy have sufficient limits for the procedures?
- Consent to Settle?
- Desirable features like free tail?



Thank You



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