



Healthcare Industry Update

It's Not Too Early To Start Thinking About Your Insurance Renewal

It was once an easy process - complete a short application, sign your name and you were done! As payouts for claims increase, insurance underwriters are becoming more selective in their acceptance of risks. The results? An increasingly complex application process now exists, one with multi-page applications and requests for facility documents to accompany the application. Meetings or conference calls with underwriters as well as risk management surveys are common. However, advance preparation can make this process less time intensive and ensure that you present yourself or your organization in a favorable manner thus increasing your chances of having a quick and less painful insurance transaction.

Start Early

To allow adequate time for an underwriter to review your submission, it is advisable to have your completed submission to your broker 60 days prior to your renewal date. This allows sufficient time for the broker to market your program if necessary and have quotes back to you in time for discussion with your management team. You should start gathering your data 90 - 120 days in advance.

Determine Your Risk Financing Needs

Parker, Smith & Feek will manage your submission and renewal process. Schedule time with your broker to develop your marketing plan. Consider your total cost of risk. Determine what the organization can afford in terms of retained risk and what should be transferred to insurers. If you're considering a self-insured retention, determine how claims will be handled. We will help you explore risk-financing options that best meet your needs, whether

that means maintaining your existing program, assuming a higher deductible or retention, exploring alternative risk finance mechanisms, or marketing your submission to other insurers. If you are considering a move to another insurer, determine in advance the criteria that you will use to change carriers such as retained limits, premium, insurance company financial strength and services provided.

We will review your submission application and documents to ensure all necessary data is included and arrange the materials in an organized fashion prior to sending to the underwriter. Our goal is to make your submission appealing and be easy to work with. We often submit documents electronically which many underwriters prefer.

Complete Your Application

An insurance submission that is accurate and organized will enable underwriters to better understand your organization, its exposures and the risk management tools in place to address risks. Promote your organization so that underwriters are comfortable assuming your liabilities. Because your data comes from a variety of sources, e.g. financial statistics from the finance department, claims information from risk management, etc., pay particular attention to requests for the same data in different time periods. Be certain to crosscheck similar data to ensure consistency. And be certain that all questions are completed and the document is signed and dated. Unanswered questions or inconsistencies in data will necessitate additional follow-up and may delay quotes. If information cannot be provided, explain why or if not applicable, indicate that.



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Submit Additional Documents

Underwriters want to become familiar with the organization's operations and risk management efforts to reduce liability exposures and claims.

Information typically requested include:

- Financial statement - explain any operating losses and plans for recovery.
- Organizational structure - note plans for any changes in corporate restructuring or reorganization.
- Copies of accreditation and survey reports - include plans to address deficiencies.
- Risk management program - submit plans highlighting your risk manager's (or the individual responsible for risk management) accountability, loss identification and prevention/reduction efforts; demonstrate the interrelationships between risk management and other key operations and, explain how issues come to the attention of management and the governing board; also show the visibility of the risk manager in operations by providing a job description and listing the committees this person participates in; share initiatives or programs that have reduced risk and enhanced safety - in other words, demonstrate that your program is pro-active.
- Copies of employment policies, particularly for hiring and ensuring the competency of clinical staff and contracted independent health providers.
- 10 year loss history - request a current loss run or authorize your insurer(s) to provide a copy to your broker; be prepared to explain all large losses, e.g. over \$50,000, trends and activities that have been taken to prevent reoccurrence.
- Emerging technology programs - more scrutiny is given to new medical technologies; if your organization is participating in medical research or similar programs, include policies and procedures.

Meet with Underwriters

While not always necessary, a personal meeting or telephone conference call provides the opportunity for both parties to gain a personal perspective. You should be prepared to answer questions regarding your application and accompanying documents, loss trends and the measures you have taken to prevent reoccurrence as well as the organization's performance improvement efforts.

In Summary

A number of factors have an affect on an organization's insurance costs. Some, a facility's location for example, cannot be changed. However, you do have the ability to positively influence some factors through comprehensive and effective risk management and quality improvement program activities - your exposures, claims experience and reputation in the community are examples. A submission that is complete, organized and demonstrates a commitment to patient safety, loss prevention and reduction, will no doubt positively influence an insurance underwriter. Just as you value relationships, so do insurers and they will want to retain you as a client if at all possible.

References:

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