



FACT SHEET: YOUR INDIVIDUAL MALPRACTICE INSURANCE

Are you sure that you are covered?

All pharmacists in Alberta must have insurance in compliance with the Alberta College of Pharmacists (ACP) as a result of the mandatory individual professional liability insurance requirement. In the rush to comply, some pharmacists may have selected insurance that is not in their best long term interests. This article discusses key considerations to ensure that you are obtaining the best coverage for your needs.

What Should I Look For in Coverage?	The RxA Policy
<ul style="list-style-type: none"> • “Duty to Defend”– Duty to Defend means the Insurer will step in and assist with the defense. In practical terms, it gives you access to their expertise (unlike you, they have done this before) and their money early in the process. The other option is “Duty to Indemnify”, meaning the insurer will reimburse you after you pay the bills. 	<ul style="list-style-type: none"> ✓ Duty to Defend
<ul style="list-style-type: none"> • Scope of coverage and services delivered: you want the coverage to match your provincial scope of duty and covered services. 	<ul style="list-style-type: none"> ✓ Scope of coverage “while acting within the scope of the Insured’s duties as a pharmacist, including but not limited to opinions and/or counseling”
<ul style="list-style-type: none"> • Territory – usually defined by the jurisdiction in which the action must be presented for the policy to respond. The territory should match the territory you act within. 	<ul style="list-style-type: none"> ✓ Standard Territory is for claims first brought against the Insured within Canada.
<ul style="list-style-type: none"> • Claims-made versus Occurrence – does the policy cover claims arising from services performed during the policy term (Occurrence) or claims first made during the policy term (Claims-Made)? 	<ul style="list-style-type: none"> ✓ Claims-made
<ul style="list-style-type: none"> • Extended Reporting Periods (ERP) – for a Claims-Made policy, you want an ERP as long as you can get and afford. The “right” ERP for you really is driven by the Limitations Act (R.S.A. 2000, c. L-12). 	<ul style="list-style-type: none"> ✓ Claims-made ERP – for retirees, ERP is continuous as long as RxA maintains their policy; should RxA cancel or discontinue their policy, ERP is for a further 3 years
<ul style="list-style-type: none"> • Limits – the largest single claim the policy will pay and defend is the “per Occurrence” or “per Claim” limit. Many policies also limit the total amount that the policy will pay in any policy period: this is the “Aggregate” Limit. 	<ul style="list-style-type: none"> ✓ Limits as selected by you, subject to ACP minimum of \$2 million. ✓ Deductible is zero
<ul style="list-style-type: none"> • Shared Limits or Individual Limits – some group policies use shared limits, meaning the Limit is shared among all losses from all Insureds. Ideally, you want individual limits so that the aggregate applies to you alone. 	<ul style="list-style-type: none"> ✓ Individual Limits, not Shared Limits

The Difference between Claims Made and Occurrence Coverage

Claims-Made		Occurrence	
Advantages	Disadvantages	Advantages	Disadvantages
Current dollars and limits apply to current claims	Current policy may contain exclusions that were not thought of in prior years	Old wordings may be broader and less restrictive than newer wordings	Old policy limits will apply to current court cases, meaning limits that seemed adequate at the time the policy was purchased may not be at the time of claims settlement
Only need to keep current year's policy	Need Extended Reporting Period (ERP)		Claim can become very complex if it is unclear when the action that caused the claim occurred
Simple to determine which policy term provides coverage			Need to keep your policy "forever" since it is your responsibility to prove there was a policy in place at the time of the event

Conclusion:

Malpractice Insurance is most appropriately written on a Claims Made basis. The majority of all malpractice insurance, whether the loss trigger is bodily injury or economic loss, is written on a Claims Made basis. With respect to pharmacists' malpractice insurance; provided there are policy provisions for "**Tail Coverage**" and "**Prior Acts/Retroactive Date**", explained above, Claims Made insurance is equally effective and likely more competitively priced long term than occurrence insurance. The Canadian Pharmacists Benefits Association (CPBA) Professional Liability Insurance, offered through RxA, provides pharmacists with a **Three Year Tail Coverage** and **No Retroactive Date**, at no additional cost. As such, the CPBA Professional Liability Insurance conforms to the status quo and is written on a Claims Made basis, while also offering some of the broadest coverage at a very competitive price.

Other Important Considerations

✓ Deductibles

- The deductible is the amount that a pharmacist would pay out of pocket before the insurance policy would respond. A number of other insurance products impose deductibles at various levels (which can be higher than the annual policy premium). The RxA insurance product has a **zero deductible**.

- ✓ **Coverage Levels**
 - The minimum coverage level required by ACP is \$2 million. Additional optional levels of coverage are available from some sources, but not all.
 - The purchase of additional insurance coverage is a personal decision and dependant on the circumstances of each individual. The CPBA Professional Liability Insurance Program offers optional coverage levels of \$2 million / \$4 million annual aggregate and \$5 million.
 - The CPBA Malpractice Insurance Policy also provides coverage for claims brought in the USA for incidental practice, subject to a sub-limit of \$1 million.
- ✓ **Disciplinary Action Coverage**
 - The most common cause of Professional Liability Claims for Pharmacists is disciplinary action. The RxA policy provides \$50,000 of disciplinary action coverage (with no deductible) which is superior coverage to other alternative policies, which have a maximum of \$10,000 or \$25,000 of disciplinary coverage with significant deductibles, i.e. \$1,000 or more.
- ✓ **Internet Pharmacy**
 - Coverage for claims related to internet pharmacy are specifically excluded from most of the available insurance policies. The CPBA Professional Liability Insurance Program offering does not have this exclusion provided that the claim is first made in Canada.

Summary

Each pharmacist should understand their requirements for insurance and ensure their selected insurance option is appropriate for their circumstances. Specific coverage gaps and unique requirements should be considered.

Upfront planning and selection will ensure no surprises down the road.

We believe that the CPBA Professional Liability Insurance Program provides the best coverage that is currently available to a pharmacist in Alberta.