



“Tail” Coverage*

For Maryland Physicians

QUESTIONS AND ANSWERS FROM MEDICAL MUTUAL

What is this “tail” coverage that I hear about?

An extended reporting period endorsement, or tail coverage, protects you from future claims for incidents that occurred while your Claims-Made policy was in effect.

How does tail coverage work?

Suppose your Claims-Made policy ended when you retired from practice in 2004. A malpractice claim is brought against you in 2006 for services rendered in 2003, while you were still in practice. Your tail coverage responds to this claim and all other claims that may be filed against you after the date that your Claims-Made policy ended.

Without tail coverage, you would have no coverage for claims reported after your policy ended. In effect, tail coverage extends your coverage into the future, so that you are still protected for services

rendered in the past. This is important, because there is generally a lag of several years between the time that services are rendered and the time that a malpractice claim is filed.

When is tail coverage needed?

Tail coverage is needed only when your Claims-Made policy is terminated, as at retirement. While your policy is in force, you have full coverage for claims reported back to the policy retroactive date.

Do I qualify for free tail coverage?

MEDICAL MUTUAL members qualify for tail coverage at no additional cost in four situations:

1. On complete and total retirement from the practice of medicine immediately following only one full year with MEDICAL MUTUAL.

2. If you have been with MEDICAL MUTUAL for one full year and then move from Maryland to a state in which neither we nor our subsidiaries do business.
3. If you become totally and permanently disabled as defined in the policy.
4. In the event of your death.

What if I move to another company?

If you move your policy to another company, you may or may not need to buy tail coverage. If the new carrier issues a policy using your MEDICAL MUTUAL retroactive date, you do not need to purchase the tail coverage.

Your retroactive date is usually the original inception date of your MEDICAL MUTUAL Claims-Made policy and is shown on the Declarations page of your MEDICAL MUTUAL policy.

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* As with any insurance coverage, the premiums for, and the coverages provided by, MEDICAL MUTUAL, including all terms, conditions, and exclusions are set forth in your policy and related documents. The descriptions contained in this brochure are intended only as a general description of how tail coverage policies work. These descriptions do not refer to your specific premium and are not a substitute for reading your bills and any policy provisions related to your premium. Please check with your local MEDICAL MUTUAL producer or the MEDICAL MUTUAL Customer Service department if you have any specific questions about your policy premium.

What is the difference between tail coverage and “nose” coverage?

Tail coverage offers protection for incidents that occurred while your Claims-Made policy was still active.

Nose coverage, also referred to as retroactive or prior acts coverage, refers to coverage for acts that took place prior to the inception or effective date of the first Claims-Made policy written by MEDICAL MUTUAL that replaces the Claims-Made policy written by your prior insurer.

In order for a Policyholder to avoid gaps in coverage it is important to remember when moving from one insurer to another that either Tail or Prior Acts coverage is required.

If I don't qualify for free tail coverage, when would I have to buy this for future coverage?

Tail coverage must be purchased within 60 days of the termination of your last MEDICAL MUTUAL Claims-Made policy. Remember, if your Claims-Made policy lapses and you do not buy the tail, you will have no coverage for future claims arising from past medical care.

Will I be guaranteed tail coverage if MEDICAL MUTUAL cancels or non-renews my policy for any reason?

You retain the right to buy tail coverage to cover the term during which the continuous Claims-Made coverage was in effect. The decision to buy the tail coverage must be made within 60 days of termination of your Claims-Made policy, and all prior premiums and deposit premiums for the tail must have been paid in full.

How much will tail coverage cost?

The premium for tail coverage is likely to be considerably more than that for an annual Claims-Made policy. This is because the premium reflects the extended time during which claims can be reported and still be covered under your policy.

Your broker can tell you each year what the cost of tail coverage would be if purchased at the conclusion of that Claims-Made coverage year. Although the cost of tail coverage may seem dramatic, remember that the total dollars spent over the life of a Claims-Made policy, including the tail is approximately the same as the total cost over the life of a properly priced Occurrence policy.

How do I plan for future tail coverage?

Depending on how long you plan to practice and when you plan to retire, you may qualify for tail coverage at no additional cost. Remember, the tail coverage is given to MEDICAL MUTUAL members on complete and permanent retirement from the practice of medicine immediately following only one full year with the Company.

If your practice plans suggest that you will need to actually buy the tail coverage at some point, you may want to begin setting aside funds now for that future purchase.

As with all important financial decisions, you should consult with your accountant or financial advisor as you make your plans.

Do you need additional information?

For your convenience, information on this topic and many others is available on the MEDICAL MUTUAL web site at www.weinsuredocs.com.

If you have specific questions or concerns, please contact your insurance producer, or call the MEDICAL MUTUAL Customer Service Department at 410-785-0050, or 800-492-0193 (toll free).

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