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## MARKET SNAPSHOT

# Professional Liability Insurance for Long-Term Care Facilities and Staff

*By Joseph S. Harrington*

This is not the best of times for providing professional liability insurance to long-term care (LTC) facilities and the professionals who work in them, but it's not the worst of times, either.

As we approach 2020, the market for LTC professional liability coverage is definitely hardening, as some carriers withdraw from the business, underwriting capacity is stretched thin, and rates and terms are less and less favorable to insureds, at least for now.

The market has seen worse, however, and not long ago. The first few years of the 21st century saw an abrupt crisis in nursing home insurance availability and affordability in the wake of highly publicized cases of abuse and neglect. Sound underwriting, pricing, and—most of all—risk management steadied the market, allowing for generally stable capacity and rates from the mid-2000s until today.

Today anecdotal evidence suggests that premiums for LTC professional liability insurance are increasing from 5 to 30 percent after several years of modest growth. In its latest annual review of LTC liability benchmarks, Aon estimated that loss frequency and severity are both increasing at a rate of 3 percent a year, contributing to an overall 6 percent annual increase in the sector's cost of liability risk.

Contributing to the increase in exposure are the growing number and range of activities at LTC facilities. These risks are compounded by staff turnover in a tight labor market and an acute sensitivity to any signs of abuse or neglect—a sensitivity cultivated by attorney advertising on the topic.

LTC professional liability coverage is typically provided on claims-made forms with defense costs paid within the policy limit, although some carriers will provide an option for occurrence-based coverage.

In either case, agents and brokers must make sure their LTC clients have general liability coverage for bodily injury arising from causes other than a wrongful professional act. Producers seeking to serve the LTC market must also consider if the "scope of duties" covered under a policy extends to all of the account's professional activities.

Also, there are two forms of coverage commonly offered by endorsement with their own sublimits: one for responding to claims of sexual abuse of residents, another to cover the costs of evacuating residents in advance of severe storms, wildfires, and other impending disasters. 📌

# 75%

***The aging baby boomer population could cause a 75% increase in the number of adults requiring nursing home care.***