

Malpractice Insurance Comparison Guide

How to compare medical professional liability quotes line by line -- and catch the costs that hide in the fine print

Two malpractice quotes can show the same annual premium and still differ by tens of thousands of dollars once you account for policy type, tail coverage, and settlement terms. This guide walks you through what actually drives that gap so you can compare quotes on the same footing instead of on the headline number alone.

Claims-made vs occurrence: the single biggest variable

Most malpractice policies fall into one of two structures, and the difference changes both your cost today and your exposure years from now. An occurrence policy covers any incident that happens during the policy period, no matter when the claim is filed -- even a decade later, after the policy has ended. A claims-made policy only covers a claim if both the incident and the claim filing happen while the policy is active.

Occurrence policies typically cost more up front because the carrier is on the hook indefinitely for that year's incidents. Claims-made policies usually start cheaper, then step up in price over roughly the first five years until they reach the mature rate. That early discount is real, but it comes with a catch that surfaces the day you change jobs, switch carriers, or retire: the gap in coverage for incidents that have not yet turned into claims.

If a quote looks unusually low next to others, confirm whether it is claims-made in its first or second year -- you are not comparing it to a mature rate yet.

Tail coverage: the bill most owners do not see coming

When a claims-made policy ends, claims for past incidents are no longer covered unless you buy an extended reporting endorsement -- commonly called a tail. Tail coverage typically runs 1.5 to 2 times your annual mature (occurrence-equivalent) premium as a one-time charge. On a \$20,000 mature premium, that is roughly \$30,000 to \$40,000 due when you leave or close the practice.

Ask directly who pays the tail. In an employment or group arrangement it is often negotiated -- sometimes the practice pays, sometimes it is split, sometimes it falls entirely on the departing provider. For a practice owner switching carriers, the tail is yours unless the new carrier offers prior-acts (nose) coverage instead.

- ☐ Confirm the tail multiplier in writing (commonly 1.5x-2x mature premium)
- ☐ Identify who is contractually responsible for the tail at separation or retirement
- ☐ Ask whether a free tail applies on death, disability, or retirement after a set number of years
- ☐ Get the tail cost estimate at TODAY'S mature rate, not the first-year rate

Nose coverage: the cheaper alternative to a tail

Nose coverage -- formally prior-acts coverage -- is the mirror image of a tail. Instead of buying an endorsement from your old carrier to extend reporting, your new carrier agrees to cover incidents that occurred before the new policy started, back to a stated retroactive date. When you switch carriers, this is often the lower-cost path because it folds your past exposure into the new premium rather than triggering a separate lump-sum tail bill.

When you compare a renewal quote against a competing carrier, ask the competitor whether they will grant nose coverage and what retroactive date they will honor. A quote without prior-acts coverage may force you to also buy a tail from your current carrier -- a cost the new quote conveniently leaves out.

Limits: per-claim and aggregate

Malpractice limits are usually written as two numbers: a per-claim limit and an annual aggregate. A common structure is \$1M per claim and \$3M aggregate, often shown as 1/3. The per-claim figure caps what the policy pays on any single claim; the aggregate caps total payouts across all claims in the policy year.

Required limits vary by state, by hospital credentialing rules, and by the contracts you sign. Higher limits raise your premium but may be mandatory to keep privileges or satisfy a payer. Compare quotes at identical limits -- a cheaper quote written at 1/3 against another at 2/4 is not the same product.

- Per-claim limit: maximum paid on one claim
- Aggregate limit: maximum paid across all claims in the policy year
- Common structures: 1/3 (\$1M/\$3M) and 2/4 (\$2M/\$4M) -- confirm what your state and contracts require
- Defense costs may be inside or outside the limits; inside-limits erodes what is left for a payout

What actually drives your premium

Carriers price malpractice on risk, and a handful of factors move the number far more than brand or marketing. Your specialty risk class is usually the largest driver -- a high-risk surgical or obstetric class can cost several times what a low-risk class pays for identical limits. State and even county matter, because litigation climate and any damage caps differ by jurisdiction.

Your own history feeds in too: prior claims, the specific procedures you perform, your patient volume, and how long you have practiced. When a competing quote comes in lower, find the reason before you switch -- a lower number often means a narrower risk class or a different limit, not a better deal.

- Specialty risk class -- typically the single biggest factor
- State and county litigation climate and any damage caps
- Claims and disciplinary history
- Specific procedures performed and patient volume
- Years in practice and any coverage gaps

Consent-to-settle and hammer clauses

How a claim gets settled is a term you can shop, not a fixed feature. A consent-to-settle clause means the carrier cannot settle a claim without your sign-off -- valuable if a settlement would trigger a National Practitioner Data Bank report or affect your reputation. A pure consent-to-settle clause gives you the most control.

The catch is the hammer clause, which often sits alongside it. If you refuse a settlement the carrier recommends and the case later costs more, a hammer clause can make you responsible for the difference between the settlement you declined and the final amount. Read how these two clauses interact: a strong consent right paired with a harsh hammer clause is weaker than it looks.

Ask whether the hammer clause is full or modified. A modified hammer clause caps your share of the overage; a full one can leave you exposed to the entire difference.

What is actually negotiable

Not every line on a malpractice quote is fixed. Premium credits are common -- carriers frequently offer discounts for risk-management course completion, claims-free history, new-to-practice status, or part-time hours. Tail terms are often negotiable inside an employment or group agreement, including who pays and whether a free tail vests after a set number of years.

- ☐ Risk-management or CME discount credits
- ☐ Claims-free, part-time, or new-physician credits
- ☐ Who pays the tail (and whether it vests free at retirement)
- ☐ Retroactive date for nose coverage when switching carriers
- ☐ Limit structure to match -- not exceed -- what your contracts require

Comparison worksheet: ask every carrier the same questions

Put each quote through the same set of questions before you compare prices. Two numbers are only comparable when the policy type, limits, and settlement terms behind them match.

Factor	What to ask	Why it matters
Policy type	Is this claims-made or occurrence? If claims-made, what policy year?	A first-year claims-made rate is not comparable to a mature or occurrence rate
Tail cost	What is the tail multiplier and the dollar estimate at the mature rate?	Tail typically runs 1.5x-2x mature premium -- a real lump sum at exit
Tail responsibility	Who pays the tail, and does it vest free after X years?	Decides whether you owe tens of thousands when you leave or retire
Nose coverage	Will you grant prior-acts coverage, and to what retroactive date?	Can replace a separate tail bill when switching carriers
Limits	What are the per-claim and aggregate limits?	Identical limits are required for an apples-to-apples price

Factor	What to ask	Why it matters
Defense costs	Are defense costs inside or outside the limits?	Inside-limits defense erodes the money left for any payout
Consent-to-settle	Do you hold consent rights, and is there a hammer clause?	Controls who decides to settle and who pays if you refuse
Premium credits	What discounts apply -- risk management, claims-free, part-time?	Credits can change the real cost without changing coverage

Compare malpractice insurance options for your practice in the GetPracticeHelp directory -- filter by specialty and state, then take this worksheet to each carrier.

This is general informational content, not legal or insurance advice. Policy terms, premiums, limits, tail and nose provisions, and settlement clauses vary by carrier and by state. Figures here describe common industry norms, not guarantees -- confirm every term in writing with a licensed broker or carrier before making a decision.