

Doctor Group Case Study

Client Concern/Issue:

An orthopedic surgeon is a partner in a doctor group. All of the partner doctors are contractually obligated to pay their proportionate share of the expenses associated with operating their highly successful orthopedic practice on a monthly basis. The doctors are responsible for their share of expenses regardless of how many surgeries they perform, sick days they take or vacation days they use.

The doctor was concerned that if he was to sustain a serious injury or illness that would prevent him from operating, he would still incur the expenses of the business while not receiving his ordinary income. In the case of a prolonged injury or illness the financial impact would be substantial.

ERS Solution:

ERS worked with the doctor group to form a captive and provide coverage for Contractual Liability to reimburse the doctors for expenses they are obligated to pay each month while on disability. The doctor group also chose to insure against Governmental Action claims given the complexity of Medicare and Medicaid programs and changes in healthcare plans.

Results/Benefits:

The owners of the doctor group are all part owners of the captive. ERS Insurance, a Utah based insurance company, issues the two policies that are filed in the state of Utah and the insured's captive reinsures ERSI. The captive is in its third year of operation and is generating an underwriting profit.

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