Long-Term Care Survey Alert

Risk Management: Here's How To Reduce Your Liability Insurance Premiums

Educate your liability insurance broker about deficiencies and risks

In a more perfect survey world, there would be a strong, direct link between a facility's survey performance and its risk for getting hit with civil liability claims. Yet that isn't so. And that's why you need to know how to find a liability insurer that doesn't automatically connect the two.

When you look at Florida with its very high rate of professional liability losses, you'd expect to see facilities with the worst survey performance in the U.S., says **Steven Littlehale, APRN, MS**, chief clinical officer for **LTCQ Inc.** in Lexington, MA. But that's not the case, he notes.

A facility can, in fact, have a long history of really excellent surveys and a bad track record for professional liability issues and vice versa, says Littlehale. That's not to say that one doesn't have a relationship with the other, but "there is not a cause and effect relationship," he says. "That's mostly because the survey process is such that you can't really compare one state to another in terms of survey outcomes."

"The best predictor of survey performance is ZIP code, or survey team," rather than quality or compliance, he says.

A big problem: Many insurers will look at survey outcomes when setting rates for professional liability and general liability policies, says Littlehale. But these groups can't offer competitive rates in high-risk areas because they base their decisions just on survey outcomes and can't "ferret out" the good risks.

Solution: Facilities can educate their brokers and ask them to help find insurers that are more creative in evaluating a facility's risk, suggests Littlehale. He's seen facilities that take the time to educate brokers receive premium reductions up to 50 percent, so "it's well worth the effort."

Word to the wise: But "keep in mind that brokers often have financial incentives from insurance carriers and might need encouragement to 'shop your application,'" advises Littlehale.