A professional liability policy provides coverage for the payment to a plaintiff in a malpractice claim, and, perhaps even more importantly, the insurance company’s expertise in your malpractice defense. Consequently, it’s important to choose a company with the best policy language and a strong reputation in the courtroom.

Here are five critical things to know about your malpractice insurance carrier.

1. The Consent Clause

The first thing you will want to know is, does your insurance company have a right to settle a claim without your consent? Clearly, you don’t want people deciding your fate without your approval. There are a few different types of consent clauses available in the marketplace. Let’s review them from weakest to strongest.

You’re in the weakest position when you have absolutely no choice in the matter. Your next (stronger) option is a feature called a hammer clause. That is when the insurance company has negotiated a pre-trial settlement offer, say for $100K, and you have the right to continue to fight it. If the judgment comes against you over and above the $100k the difference needs to come out of your pocket. You’re in a somewhat stronger position when you have the option to go to arbitration. In an arbitration scenario, the insurance company assembles a few people from your profession to determine whether or not they should settle the claim. You are, however, strongest when you have what is called ‘pure consent.’ This means the insurance company cannot settle a claim without your written agreement. They could have a settlement in place waiting for your approval and you can say no, regardless of the potential adverse outcome of the trial.

2. The Type of Policy

There are two types of policies, called claims made and occurrence. Claims made coverage protects you at the time the lawsuit is filed against you, regardless of when the alleged activity occurred. So you could have performed a treatment in 1970 and theoretically in 2015 you could have a claim against you for the treatment you performed years ago. The claims made covers you in 2015 for the claim that dates back to 1970.

The second type of policy is an occurrence policy. That policy will protect you for any procedure in a given year. With an occurrence policy, you essentially have a new limit every year that you practice. A lot of people feel the occurrence policy gives you a much broader overall limit.

Most insurance companies offer claims made policies. A very small number offer both. You need to decide which one is best for your practice, and for your risk tolerance. A good insurance agent should be able to walk you through that decision-making process.

3. Know Your Limits

We all know that malpractice lawsuits can go after your professional assets. However, if you have a $1M professional liability policy and there is a judgment against you for $5M, the plaintiff can go after your personal assets. How much depends on the state in which you live. As a result, it’s really important that you be adequately insured. It’s also good to know that (thankfully) as you increase your coverage, the price per million goes down.

4. Financial Strength

It’s a simple as that: you want to work with a company that has financial strength and the longevity to be able to last throughout your entire career (and beyond.) Especially with an occurrence policy this is particularly important, because you’re relying on that company to be there regardless of when that lawsuit will be filed against you. So… do your homework.

5. Preventative services

What kind of risk management services does your carrier provide pre-claim? Do they offer any educational seminars to alert you to risks of lawsuits? Some companies will offer you a discounted policy for several years if you take the time to attend a seminar on how to prevent claims, and what to do if you do get a phone call or correspondence from a disgruntled patient.

It’s easy to gloss over the details when buying malpractice insurance, and yet the details are so important. Once you start shopping around, you may notice that it’s a very price competitive market. All the more reason for you to understand the technicalities, dive deep and make sure to partner with a knowledgeable and experienced insurance agent.