Substantial Improvements and Coverage Enhancements

The Trust-sponsored Professional Liability Insurance Program

THE TRUST

We made a great policy even better

The American Psychological Association Insurance Trust (the Trust) is pleased to announce substantial improvements and coverage enhancements to your Trust-sponsored Professional Liability Insurance Policy… all at no cost to you. We have prepared this document to help explain how these changes make your policy even better than it was before. If you have questions about the Trust-sponsored Professional Liability Program, please call us toll-free at 1-877-637-9700.

INTRODUCTION:

The emergence of new areas of practice, new governmental regulations (e.g., the HIPAA Privacy Rule or Medicare and Medicaid regulations), and the increase in licensing board complaints has produced a new set of potential risks and necessitated additional protections for practicing psychologists. To address these new challenges, the Trust undertook a comprehensive review of current policy language. Based on the review, the Trust initiated a major rewrite of the Trust-sponsored Professional Liability policy, including streamlined language to better communicate the benefits and features of your insurance.

We invite you to review the following questions and answers detailing some of the more important changes that are incorporated in the newly enhanced policy.

Q: What are the most significant additions and enhancements that will better protect you?

A: New coverage additions:

- *Other Governmental Regulatory Body Defense Reimbursement:*

  The new "Other Governmental Regulatory Body Defense Reimbursement" coverage reimburses up to $5,000 for the costs of defending an investigation for alleged violations of the HIPAA Privacy Rule as well as Medicare or Medicaid payment investigations. Higher reimbursement limits are available under this new coverage when you purchase the higher reimbursement limits for the Licensing Board Defense protection. The Other Governmental Regulatory Body Defense Reimbursement limit will automatically increase to $7,500 or $10,000 respectively when you increase your Licensing Board Defense protection to $25,000 or $50,000.

- *Deposition Expense Reimbursement:*

  This new "Deposition Expense Reimbursement" coverage will reimburse up to $5,000 for fees charged by the attorney you retain to represent you when you are subpoenaed to testify in a deposition. We recognize the potential risks psychologists face when required to give depositions. These risks can be mitigated through legal representation. This reimbursement will not apply if you are retained to provide testimony or you are a defendant in the legal proceeding. In cases where you are listed as a defendant in a legal proceeding, the Defense and Settlement section of the policy would apply.

B: Enhancements to existing coverage:

- *Licensing Board Defense Reimbursement:*

  Many psychologists maintain their license long after they retire, leaving them subject to possible licensing board investigations. Your new policy will reimburse you for defense expenses if a licensing board investigates an event that occurred during your policy period. If you have an Occurrence policy or a Claims Made policy and obtain the Extended Reporting Period (i.e., a "tail"), you will now continue to have this coverage even after you retire.

- *Record Retention:*

  In many jurisdictions psychologists are required to maintain patient records many years after retirement. The Trust has enhanced your coverage for the retention, destruction, or release of records created while you were insured. If you have an Occurrence policy or a Claims Made policy and obtain the Extended Reporting Period (i.e., a "tail"), you will now continue to have this coverage even after you retire.

Q: Have any reimbursement limits increased?

A: Yes. The Trust increased several supplemental reimbursement limits in the new policy, again at no cost to you. The Trust increased the "Loss of Earnings" limit (that compensates you for your cooperation in defending a claim) from $250 a day/$5,000 per claim to $500 a day/$15,000 per claim. The Trust increased the "Premises Medical Payments" limit (i.e., a goodwill payment made to a person injured on your premises) from $1,500 per person to $2,500 per person.

Q: When do these new improvements become effective?

A: The new benefits and enhancements are effective for any policy with an effective date on or after October 1, 2008. All policies issued to new insureds in the Trust-sponsored Professional Liability Program on or after October 1, 2008 will also benefit from the improvements.

Q: Do the policy enhancements affect premiums?

A: No. In fact, due primarily to the Trust's outstanding management of this Program, the premium rates have decreased by 25% over the past 16 years (during this same period of time the Consumer Price Index increased by 57%). The policy now offers broader coverage at lower rates than those in effect in 1992. Remember that you can reduce your premium even further by having completed any of the following continuing education activities in the last 15 months:

- **Take 5% off** for completing any four-hours of continuing education from an APA-approved continuing education sponsor; or
- **Take 10% off** for completing the Trust online Independent Study Program based on the new Trust risk management book, *Assessing and Managing Risk in Psychological Practice: An Individualized Approach;* or
- **Take 15% off** for two years by attending one of the live six-hour Trust Risk Management Workshops offered throughout the country.

Q: How do the policy enhancements help multidisciplinary or group practices?

A: The enhanced policy is easier to administer for the group. It allows a group to designate a Primary Named Insured. This will permit the designated individual to make administrative changes to the policy. Groups will no longer be required to collect signatures from all owners and partners when changes are needed. The owner or partner who signs your next renewal will automatically become the Primary Named Insured.

Q: Do the renewal date and renewal process remain the same?

A: Yes. You should expect to receive a renewal application from Trust Risk Management Services, Inc. (TRMS) 60 days prior to your renewal date (90 days for group policies). Simply complete your renewal and return it in a timely fashion. You may continue to renew and manage your individual policy online by visiting www.apait.org.

Q: What is different about reporting a claim?

A: As always, the timeliness for reporting a claim is crucial, especially now with the new policy coverage and improvements. If you fail to report a claim, it may jeopardize your coverage for that event. Early reporting provides the carrier maximum time to retain legal counsel to represent your interests in a claim. Most claims require an immediate response. This holds true for all reimbursement coverages, including Licensing Board Defense and Other Governmental Regulatory Body Defense Reimbursement, Premises Medical Payments, Assault and/or Battery coverage, and Deposition Expense coverage.

When in doubt regarding a potential claim, call TRMS at 1-877-637-9700. A Customer Service Representative will help you determine the best course of action. Remember, our job is to protect you and your livelihood. A delay in reporting could result in complications with the claims process or compromised coverage.

Q: Will the ancillary benefits currently available in the Trust-sponsored Professional Liability Program continue to be available for insureds?

A: Yes. You will continue to have access to the same great ancillary benefits only provided by the Trust such as the free Advocate 800 Consultation Service, the acclaimed Trust Risk Management Workshops, and the Independent Study CE Programs.

Q&A

Q: Does your policy still include eligibility for the free "tail" if you retire, die, or become disabled?

A: Yes. The Trust continues to provide a free unlimited Extended Reporting Period (i.e., a "tail") if you retire, die, or become disabled. Be sure to inform TRMS of your retirement in writing within 60 days of your policy expiration date and you will receive the free tail. You should also make arrangements to have someone inform TRMS in case of your death or disability.

Q: Will the Trust's Advocate 800 Risk Management Consultation Service continue to be available to Trust Insureds?

A: Yes. A free confidential appointment can be arranged whenever you have a practice-related question. Call the Trust toll-free at 1-800-477-1200. You can also ask about our comprehensive Risk Management Programs and continuing education events, or view the schedule of programs online at www.apait.org/seminars.

Q: Will you continue to offer my state-specific coverage?

A: Yes. The Trust continues to recognize that practice requirements are different from one state to the next, and we offer coverage accordingly. For instance, we provide specific coverage such as participation in the Patient Compensation Fund in Indiana and Louisiana and we are the only psychologist program that covers prescribing psychologists in Louisiana and New Mexico.

Q: Did the Trust update the Researcher and Academician Professional Liability Policy?

A: Yes. The Trust used many of the enhancements in the Professional Liability Policy as a template for improving the Researcher and Academician Liability Policy. This includes streamlining policy language, expanding definitions, and listing all limits on the Declarations Page. The Trust also added new defense reimbursement for HIPAA Privacy Rule Investigations. This comes in addition to Licensing Board Defense reimbursement. The Researcher and Academician Liability Policy will include a $5,000 reimbursement limit for each of the above coverages.

Q: Did you update the Student Liability Policy?

A: Yes. The Trust strengthened the Insuring Agreement and Definitions of this policy to give clear coverage for liability a psychology student may face during his or her academic career. The Trust introduced supplemental coverages from the Professional Liability Policy and all limits are now listed on the Declarations Page.

Q: With new areas of coverage, how can I determine the limits on my policy?

A: As noted above, the new policy includes several new expanded areas of coverage, each with a new set of limits or options to increase the limits. For policies issued on or after October 1, 2008, all of the limits will be listed on your Declarations Page where you can easily find them.