

FAQ on liability insurance

As all registered technicians must carry liability insurance, Gary McCaslin, of McCaslin Horne Insurance Brokers Inc, explains how it works. The brokerage provides this coverage through the Canadian Association of Pharmacy Technicians (CAPT).

Tech Talk: Why do registered pharmacy technicians need to carry liability insurance?

Gary McCaslin: There are two reasons. First, it is a requirement of the various pharmacy licensing bodies in each province in order to maintain the license of the technician. Second, we live in an increasingly litigious society in which lawyers tend to name everyone possible in a lawsuit. Even if the technician is clearly not at fault, the cost of defending the lawsuit can add up to thousands of dollars. The liability policy will cover the defence costs.

TT: What kinds of things does it cover?

GM: The typical insuring agreement states coverage for bodily injury, sickness, disease, or death at any time resulting from negligence in the performance of all professional pharmaceutical services, including but not limited to the preparation of drugs or medicines or other merchandise of a kind usually sold in pharmacies.

TT: Is there a difference between liability insurance and malpractice insurance?

GM: Malpractice insurance is a form of liability insurance, so think of the term “liability insurance” as an umbrella term, and “malpractice” as a form of liability insurance under that umbrella. Other types of liability include products liability, property damage liability, comprehensive general liability, etc.

TT: Are there any exclusions? (An “exclusion” is a specific condition or circumstance listed in the policy that the policy does not cover.)

GM: All malpractice policies carry exclusions, but the main one is losses caused by criminal acts of the insured.

TT: What happens if someone makes a claim against a technician?

GM: Should a technician receive a statement of claim, he or she would simply contact the broker and fax or email the claim. The broker would in turn report the claim to the insurance company, who would appoint an adjuster to contact the technician to obtain a statement.

TT: Is there a deductible? (A deductible is the portion of the loss that the insured person must pay.)

GM: In some policies, there are deductibles—usually \$1,000, but in our program, the deductible is zero.

TT: How do you define an “occurrence” and “aggregate policy limits?”

GM: An occurrence is one single incident during the term of the policy (policy term is

one year); the aggregate limit is the maximum amount that the policy will pay in any one policy year, regardless of the number of occurrences. For example, the limit on any single occurrence (claim) is two million dollars, but if there were more than one claim in the policy year, the insurance company would pay up to five million dollars if required.

TT: How much does this insurance cost?

GM: The current premium for the CAPT program is \$75 per year.

TT: Is there anything else technicians should be aware of as far as liability insurance is concerned?

GM: Yes, they need to understand the difference between the occurrence form of malpractice insurance and the claims-made form

of malpractice insurance. With an occurrence form, the policy does not need to be in force when the claim is reported, as long as it was in place when the claim occurred.

With the claims-made form, the insurance needs to be in force when claim is made. This makes a big difference when someone retires or leaves the profession, because claims often pop up years after the actual incident occurred. Therefore, with a claims-made policy, you may have a problem if your policy is no longer in effect when a claim is reported. On the other hand, with an occurrence form of insurance, you would be fully covered for the rest of your life after retiring or leaving the profession. The CAPT program, fortunately, is on the occurrence form of coverage.

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