Pregnancy Help Center - FAQ's

1. Why is a "Financial Rating" important in selecting an insurance carrier?

- An insurer's financial strength rating represents an independent opinion by the issuing agency regarding the ability of an insurance company to meet its financial obligations to its policyholders and contract holders. A rating is an opinion of the rating agency, only, and not a statement of fact or recommendation to purchase, sell or hold any security, policy or contract. These ratings do not imply approval of products and do not reflect any indication of their performance. A negative outlook indicates that the rating could change based on certain future events relating to the financial condition of the company.
- The best way of making sure that your carrier can meet its claim paying obligations is to evaluate the carrier's rating as presented by a recognized rating agency. The oldest and most respected rating agency continues to be A.M. Best.
- An unrated insurer can be a signal for extreme caution as the ability of the insurer to meet its financial obligations has not been or cannot be evaluated. Some insurers refuse to be rated so that they can avoid an unfavorable rating that may pose a significant detrimental impact to their business.

2. Is there a deductible? Why?

- Deductibles are typical for property, inland marine and auto physical damage policies. There are typically no deductibles for liability policies such as auto liability, general liability, professional liability and sexual/physical abuse.
- Deductibles are an effective way of reducing the costs of insurance by eliminating the expense of the carrier adjusting small claims. This is particularly effective with frequency oriented property and auto physical damage claims. Since the cost of claims eventually finds its way to the policyholder in the form of higher premiums, deductibles can go a long way towards maintaining a cost effective insurance program.
- Deductibles can also be used for liability exposures, but the situation becomes considerably more complicated. Most liability claims are severity related and deductibles do little to reduce costs and may unnecessarily encumber the adjustment process. Liability claims must be paid to the injured party in full with the deductible portion collected from the policyholder either prior to payment or through a reimbursement arrangement with the carrier. In either case, the deductible portion will be collected promptly and may present an unforeseen budgeting issue for the policyholder.

3. Why would I need Physical/Sexual Abuse coverage?

- A troubled young woman's attempt to establish boundaries, seek attention and potentially collect money through allegations can present a difficult and complicated set of circumstances. At a minimum, an organization's reputation and standing in the community may be at risk. Faced with a costly defense, it could prove difficult to continue operations without the financial support provided through insurance.
- Since this is a severity exposure, obtaining adequate limits is important. Many carriers try to sublimit (use a reduced limit) this exposure to protect themselves.

4. **What does Professional Liability cover?**
    - This policy covers the failure to render or improper rendering of a service by a professional. Examples of such services would be counseling, sonograms, nurses, doctors.
    - The term "Vicarious" is often associated with Professional Liability. The term means "liability imputed to one person for the actions of another, where the law contemplates that the other should be held responsible for a wrong, in fact committed by someone else." Many people refer to this as "guilty by association". Lawyers typically use a broad brush approach in filing suits. Even when there is no fault on the part of the organization, it can cost thousands of dollars in legal expense to defend and ultimately extricate the organization from the legal action.

5. **Does your policy cover sonograms and STD testing and is there an extra charge for the coverage?**
    - The Professional Liability includes coverage for both sonogram and STD testing in our basic premium charge. There is no specific charge for these services.

6. **Our Medical Director has his own personal medical malpractice insurance policy but it will not cover him while he is serving as a volunteer. Will your Professional Liability Policy cover the medical director and is there a special charge?**
    - There is no special charge for this coverage. This policy provides liability protection for the Center and the volunteer medical director while he is providing services on behalf of the Center.

7. **Will my policy be written with different companies requiring me to make a number of payments?**
    - No. All policies will be written with one insurance carrier and can be combined on a single direct bill payment. We have a 20% down payment with the balance due in nine (9) payments. There is a $10.00 charge per payment.

8. **Can you write coverage for a friend of mine in California?**
    - Yes. We can write coverage in all 50 states.

9. **Can I cancel my current policy during a policy period to take advantage of your pricing and additional coverage?**
    - Yes. Most insurance policies can be cancelled using a pro-rata cancellation factor, meaning you only will be charged for the coverage you used.
    - If you have a policy that has a charge for tax, this usually indicates coverage with a non-admitted carrier which may have a 25% minimum earned premium. Check with your carrier for their policy on cancellations.

10. I pay a tax on my policy. Will your policy have the same tax?

- No. Our policy is written with an admitted carrier and you will not be charged state tax.

11. My auto insurance is with Progressive and we pay $_______________. Your price was $________________ for much more liability coverage. How did you do that?

- When you combine your auto coverage with the other Property, General Liability, Professional Liability, Workers Compensation and D & O, with the same carrier, you can experience substantial discounts. Progressive is a non-standard automobile provider. We have been able to place the coverage with a standard provider, making a major savings.

12. What is a Master Policy and how is it different from a standard insurance policy?

- A Master Policy is used for various reasons. You typically see Master Policies used to cover a group of insurers with similar exposures. (churches, pregnancy centers, day centers, etc)
- You are usually not the named insured but a certificate holder and may or may not be sharing the limits of liability with other insurers. The Master Policy has a common expiration date.
- A Master Policy does not allow for the certificate holder to make changes in limits or coverage provided by the Master Policy. In other words, you must accept the coverages and limits provided for the group. You may be able to request a special rider for items such as sonograms, STD testing, for additional charges.
- This policy is issued to only one insured, you are the named insured. You can adjust the limits of liability and special coverages such as Abuse, Broad Form Property, Crime, Directors & Officers Liability including Employee Practices, Workers Compensation, Automobile, including Hired & Non Owned, and Umbrella limits up to 5 million, including sexual and physical abuse.
- A separate policy allows you to purchase only the coverages you need.

13. What is admitted versus non-admitted insurance? How does reinsurance affect me?

- Admitted - Filed with and subject to the laws and regulation of the state they are admitted in. Also, means that in the event of insolvency the state WILL step in and make good on claims and premium remuneration if applicable
- Non-Admitted - Not filed with and not subject to the laws and regulation of the state they are admitted in. Also, means that in the event of insolvency the state WILL NOT step in and make good on claims and premium remuneration if applicable.
- Reinsurance – Insurance that is purchased by an insurer from another insurance company (reinsurer) as a means of risk management, to transfer risk from the insurer to the reinsurer. Prudent use of reinsurance can help mitigate risk for insurers. Large amounts of reinsurance or a dependency on reinsurance can produce reinsurance collectability problems and may be a signal of insurers limited capitalization and potential solvency issues. The policyholder is affected when reinsurance collections are not timely enough or inadequate to meet claim obligations. There are a number of cases of small insurers failing to pay claims due to reinsurance issues.

14. What is the difference between a Risk Retention Group (RRG) and an insurance company?

- The way that an RRG is different than a "traditional" insurance company is that each of its policy holders are also stockholders. In addition most insurance companies are formed under state laws, but RRGS are formed under federal laws - The Federal Liability Risk Retention Act of 1986. There is very little regulation and oversight of Risk Retention Groups. Several disadvantages exist: i) Business underwritten is limited to liability insurance; ii) RRG’s are not permitted to underwrite business other than liability for similar or related groups of business; iii) No guaranty fund is available from the state for paying the claims of its members in case of financial problems encountered by the RRG; iv) RRG’s may not be able to comply with proof of financial responsibility laws due to inadequate financial structure. v) RRG’s are not typically evaluated by the independent rating agencies such as A.M. Best, so evaluating their solvency and ability to pay claims is difficult, if not impossible. vi) RRG’s often use forms and underwriting rules that are not consistent with standard insurance industry practice. This could result in deficiencies in coverage. vii) RRG’s are often highly dependent on reinsurance for maintaining financial solvency. Disputes with reinsurers are fairly common and may result in the RRG having insufficient cash flow and/or capital to meet its obligations.
- Insurance companies are financial institutions which are highly regulated by each state and are subject to compliance with each state’s financial responsibility laws. Insurance companies must meet rigid state requirements and undergo constant scrutiny by state regulatory and private evaluation agencies such as A.M. Best. Insurance companies (admitted carriers) are also back by each state’s guarantee fund protecting policyholders against insolvency issues.