



FRIENDS & FAMILY

You specialize in providing insurance for health care providers and place coverage primarily with three insurers for which you have agency agreements. The medical professional liability coverage you place for hospitals generates a significant amount of premium volume for your agency.

A large hospital system that has been self-insuring its medical professional liability exposures comes to you to discuss the possibility of moving from self-insurance. You are aware that the system also has approached other producers for competing quotes.

You obtain a generic application from the system that you will be able to submit to all three of your carriers. In reviewing that completed application form, including information about losses, you note that the system appears to have failed to include information about a claim that resulted in a multi-million dollar settlement about 12 months ago. You know about the claim because it involved a distant relative of yours who suffered significant long-term impairments due to a medical error during surgery. You also know that, in settling the claim, both parties entered a confidentiality agreement regarding the circumstances of the medical error and the terms of payment of the settlement. Thus, the other producers would have no reason to know that the application is inaccurate.

Without the claim, the system's loss experience looks pretty favorable and you should be able to obtain excellent pricing for the system. If the system discloses the claim, you are certain that the quotes for coverage will be significantly higher.

You would really like to get the account. What do you do? What must you consider in making this decision?