

Cancellation of Insurance

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Caution is the best advice with consideration for the challenges of canceling a professional healthcare policy of insurance.

The Indiana Medical Malpractice Act requires 30 days advance notice for a midterm cancellation. Indiana Statutory Code 34-18-13-4:

A termination of this policy by cancellation initiated by the insured or the insurance company is not effective for patients claiming against the insured covered by the policy, unless at least thirty (30) days before the taking effect of the cancellation, a written notice giving the date upon which termination becomes commissioner's office.

Depending on the reason for cancellation it may result in a pro rata or short rate premium return.

A short rate return is determined by company underwriting guidelines, will vary by company and will be a minimum of 10% less as compared with a pro rata return.

An exception is IRMIA; their premium cancellation return is pro rata.

The Indiana Patients Compensation Fund surcharge cancellation return is pro rata.

In addition if protection is provided on claims made form it is essential to make prompt arrangements in accordance with insurance company underwriting requirements for the reporting form endorsement or "tail", including payment of the premium and \$100 Indiana Patients Compensation Fund surcharge.

Please call for advice.

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