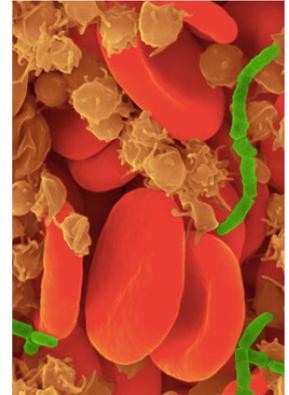


## Increasing Risk of Professional Indemnity in Hospitals



A sudden and unpleasant attention has been focussed on the Indian healthcare sector with reports of high numbers of sepsis cases being reported in the ICUs of our country's hospitals. A leading cause of deaths in hospitals globally, the infection caused by sepsis is not something commonly known in our country.

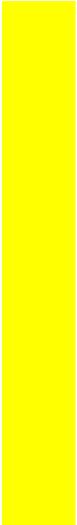


However, a recent nationwide study on the subject throws up some shockers. It claims that sepsis is contracted by one fourth of all patients admitted in ICUs. More jarring is the claim that half of those who contract the infection in India ultimately lose their battle with this deadly disease which induces massive organ failure. Interestingly the same study reveals that the major causes of the infection are poor hospital hygiene and misuse of antibiotics.



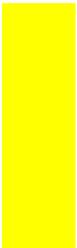
Hospitals have been traditionally viewed with a sense of awe and utter dependency by the ordinary Indian. The hand of the doctor was almost equal to the hand of god and rare was the case when an Indian medical practitioner was accused for the death of a patient let alone

held guilty and punished for it. However, growing awareness levels and the general economic upswing in the life of the average Indian has changed the traditional doctor-patient relationship in the

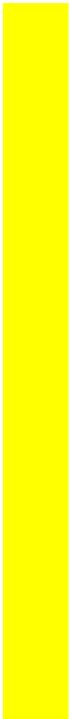


**Number of cases against hospitals and doctors have risen by 26 times in the last five years**

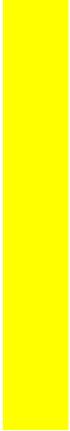
country. According to a newspaper report in January, the average number of cases dealt by Consumer Disputes Redressal Forums related to medical negligence and malpractice has seen a surge in the recent years. In some states it has arisen by a staggering 26 times within a timespan of merely five years. Hospitals and medical practitioners are not only being questioned and challenged by those dependent on their skills but are also being held accountable for their actions with repercussions that can be extremely trying both professionally and financially. A recent example was seen in the month of May this year, when AMRI hospitals of Kolkata, already reeling under the effects of the disastrous fire on their premises that killed 90 patients, paid a sum of Rs 1.7 crore in damages for the death of a visiting NRI more than 14 years ago in a case of medical negligence. What is more, despite this staggering sum, which is incidentally the highest in Indian medico-legal history, the hospital is being sued further in the highest court of the land for a sum of over Rs 200 crore.



Traditionally such cases are covered by the hospital management under Professional Indemnity Insurance(PI). This insurance covers legal liability arising from errors and omissions on the part of Registered Medical Practitioners while rendering professional service. It applies to claims arising out of bodily injury and/or death of any patient caused by or alleged to have been caused by error, omission or negligence in professional service rendered or which should have been rendered by the insured. Medical establishments and their staff including doctors, consulting doctors, management and even the unqualified staff like peons and sweepers are protected against legal claims made by any of their patients by this



**Value of PI Insurance should be in line with the income and age profile of the patients in the hospital**



policy. PI also pays for the cost incurred in defending the case. However the PI policy, on which many hospitals depend, can have some shortcoming and loopholes which if not addressed may not provide financial protection desired by the hospital management.

Firstly, many hospitals neither assess the value (sum insured) of the policy to be taken nor is this value revised periodically in line with inflation and the recent court awards. This leads to a dangerous situation where in most hospitals today have nominal PI policies of not more than Rs 25-50 lakhs whereas any future litigation against them in modern India is bound to run up in several crores. The traditional PI policies are woefully inadequate in these times of

increased social awareness, close media scrutiny and increasing individual incomes

Secondly, the PI policy treads a thin line when dealing with negligence on the part of the insured, in this case the hospital or the doctor. It covers for negligence but states that if the insured is guilty of wilful negligence the claim will not be reimbursed. Any non-compliance with laid down norms or generally accepted industry practices can be construed as wilful negligence. Any cost cutting by the hospital that can be linked to reduction in patient safety can be termed as wilful negligence. A low doctors or nurses to bed ratio can be considered as wilful negligence.

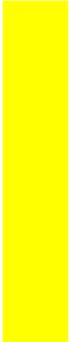
Thirdly, the insurance policy demands that the insured party continues to behave as if "not insured". Almost every case pending in courts of law today claims that the doctor/hospital resorted to unnecessary procedures and thereby the increased risk in handling of the patient. If the



**The policy document should be reviewed with an experienced insurance consultant**

insurer is able to prove in the court that the increased risk was taken by the insured because he was being given financial protection by insurance, the insurer can refuse to reimburse the claim.

With changing socio-economic profile of patients and their families it becomes important for the hospitals and health professionals to review their risk periodically.



**Get in touch with us for a review of your Professional Indemnity Policy**

Optima Insurance Brokers Pvt. Ltd. is a leading insurance broking company based in Delhi with a pan India presence. We manage insurance for hospitals, clinic chains, healthcare consultants, ambulance services and NGOs in healthcare sector.

With a team of more than 150 accomplished professionals we are geared to handle the most complex insurance needs of our clients. For any query please contact us on [info@optima.co.in](mailto:info@optima.co.in). Visit us at [www.optima.co.in](http://www.optima.co.in) for more information on us