

Short Memo

Date: September 25, 2014

To: Hon. Members of the Williamson County Commissioner Court

From: Stan O. Springerley, Assistant General Counsel

Re: Malpractice Insurance for Williamson County EMS

Facts

Williamson County EMS has gone out to bid over the last 12-15 years for its yearly malpractice insurance coverage. Over that time period, the sole bidder has generally been Extraco-Banks Insurance, which is the current provider. This year, at the suggestion of Purchasing, quotes were obtained because this item is below the \$50,000 threshold to mandate bidding. Once again, Extraco is the lowest premium cost, and they offer several beneficial coverages that are generally not offered (or even excluded) from higher-cost policies of other carriers. John Sneed, Sr. Director of Emergency Services, confirmed that several years ago, there was a negligence claim made on the Extraco policy involving equipment failure, and the case went through prolonged litigation and discovery before the manufacturer settled it. While the equipment manufacturer eventually paid, the insurance company covered the county's legal costs pursuant to the insurance policy terms.

Issue Presented

Whether or not the proposed malpractice coverage for Williamson County EMS is recommended in light of general liability coverage from Texas Association of Counties and limited liability that emergency service workers will generally have?

Short Answer & Discussion

Yes. While the county has general liability coverage and automobile accident insurance through the Texas Association of Counties ("TAC"), the TAC insurance coverage excludes other "personal injury" claims such as a "malpractice claim" for errors and omissions from emergency service workers ("EMS workers"). Furthermore, while EMS workers generally enjoy limited liability, there are additional liability exposures that should be considered (such as a federal claim for a HIPPA violation). There are several factors that make the proposed policy with Extraco-Banks Insurance attractive, including

but not limited to:

- Extraco-Banks is the current vendor and has presented no problems with service in the past;
- The policy offers unique coverages such as protection for HIPPA and Terrorism (such as cyber-crimes) claims related to medical equipment and data;
- The malpractice coverage fills in gaps of *personal* liability exposure—especially for decision makers such as supervisors; and
- The policy adds a benefit to the public for victims who may be damaged by unfortunate events.

Thus, it appears that the benefits outweigh the risks of the county being self-insured with regard to EMS workers.

Conclusion & Recommendation

The county has repeatedly attempted a bidding process for malpractice insurance in the past; however, Extraco-Banks has traditionally been the sole bidder. Using quotes, Extraco-Banks is once again the lowest premium quote with the broadest categories of coverage. There are numerous factors indicating that the benefits outweigh the risks of the county being self-insured with regard to EMS workers. As a result, the recommendation is to accept the coverage quoted for FY2015 by Extraco-Banks for EMS workers.