

MEDISPAS GROWING

Crittenden Medical Insurance Newsletter

Interest from carriers in the medispa industry grows quickly as business booms for this segment. **Professional Program Insurance Brokerage** (PPIB) recently added more coverage to its medispa program, including excess layers, property enhancements and teaching coverage. This coverage focuses on medispas, laser treatment, permanent makeup, body piercing and tattoos. Other companies with similar programs such as **Philadelphia Insurance Co.**, **NAS Insurance Services** and **General Star Management** could improve their medispa programs this year to compete with PPIB and **Lloyd's of London**, its backer.

PPIB, where **Susan Preston** heads up the company as president, constantly updates its Lloyd's-backed programs as the industry changes to insure its company continues to grow. Effective November 2007, its newest addition to its medispa coverage is: *excess layers, property enhancements and teaching coverage*. PPIB's property coverage for medispas, tattoo, and body piercing is offered at \$10,000 and computer equipment coverage is set at \$15,000. Excess limits are available up to \$1 million/\$1 million, requiring that the underlying policy be written within one of the indicated programs. Standalone excess is not available. The minimum premium for this coverage starts at \$1,500 and depends on the class of business. Its primary layer covers both professional and general liability. Its excess layer will only cover general liability. This coverage is offered nationwide and is available through agents, managing general agents and wholesalers on a 10 percent commission. Other additions to PPIB's medispa coverage include automatic coverage for laser skin work at no additional premium. Reduced rates are offered to physician supervisors and operators. The limit for this coverage is \$3 million. This coverage is offered in all states. The policy includes general liability and professional liability with the ability to include property in most states. Broker commissions are also payable at 10 percent. In August 2007 PPIB added a flat, per-person rating structure for all medispa services, allowing the company to underwrite larger medispas.

Philadelphia expanded its resort spa coverage by entering the day spa D&O market. Underwriting manager **Robert Battaglia** wanted to offer more than hospital and medispa coverage, which the company already writes. The new day spa product offers coverage for facials, waxing, manicures, pedicures, microdermabrasions, tanning, hydrotherapy and massages. The GL and professional liability can be bought with umbrella coverage and auto liability starting at \$500,000 limits and going up to \$10 million. The policy covers the facility and its staff. It is written on either claims-made or occurrence coverage in all states except Louisiana. Limits are \$1 million/\$3 million but can go higher for primary general liability. Defense costs are outside the limits. This product is sold through agents with a variable commission rate.

NAS started its **Houston Casualty**-backed medspa program last year. The program's typical and highest limits are \$1 million/\$3 million. The average deductible is \$2,500. The policy can cover all FDA-approved medspa procedures and includes professional liability coverage for physicians, both as a spa director and as a direct patient contact. GL coverage is also available. The program is available in all states except Alaska, Hawaii and West Virginia.

Gen Star insures medispas with a medical director who is either an MD or DO and that has protocols for specific procedures. Its program is endorsed by the International Medical Spa Association and offers risk management discounts. Its minimum premium is \$7,500. Primary limits are \$1 million/\$3 million, with follow-form excess available to \$5 million/\$5 million. Per-claim deductibles start at \$2,500. Gen Star writes nationwide except in New Mexico and deals exclusively with wholesale brokers.