

# RISK MANAGEMENT STRATEGIES FOR OPHTHALMOLOGISTS



From disability to divorce, several risk factors come into play.

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**W**hether you are just starting out in ophthalmology or own your own practice, it is never too early (or late) to consider your risk management plan. Many risk factors can come into play for ophthalmologists that go beyond malpractice. This article offers some suggestions and strategies to consider throughout your career.

## DISABILITY IS (NOT) JUST A PAIN IN THE NECK

It is common knowledge that malpractice is a must-have insurance protection that doctors need wherever

they work. But disability insurance? It is not nearly as top of mind, especially among young ophthalmologists. However, disability insurance can provide you with continued income if you get injured on or off the job.

Repetitive motions, bad posture, or straining while in surgery or other daily activity can wear on your body over time. One industry source says more than half of all ophthalmologists have experienced some signs or symptoms of musculoskeletal disorders—most commonly back pain, neck pain, or pain in the shoulder, arm, or hand.

A disability insurance policy should explicitly define potential disabilities

specific to your occupation (also known as an own occupation disability insurance policy). Think about what disabilities or injuries would prevent you from performing your daily tasks, including surgery, and have these definitions added as specialty-specific policy clauses or additional insurance riders.

It is also important to identify the duration of disability coverage that is best for you, depending on your level of personal emergency savings or working capital available in your business:

- Short-term disability policies are helpful if you are out of work temporarily and still have outstanding loans to pay off or have insufficient emerging savings to cover your personal expenditures.
- Long-term disability policies do not pay out immediately, but after a multi-month waiting period will provide regular disability income thereafter if you are more permanently injured.

## WHAT'S YOUR POLICY ON LIFE?

Life insurance is another important risk-mitigation tool if you have outstanding debts from your ophthalmology practice or education costs, or if you anticipate other significant personal expenditures. Life insurance can help pay for such financial burdens if you cannot during your lifetime. The choice of a life insurance policy will depend on your coverage needs, age, and other savings. In most cases,

we recommend physicians consider term life policies for their life insurance needs. The reasons are primarily due to the policies being more cost-effective and that most physicians don't likely need life insurance for their entire lives. However, there may be circumstances in which permanent insurance is a better fit.

### TAKE AN UMBRELLA IN A STORM

Unlike your malpractice insurance, an umbrella policy adds a significant layer of net worth protection in the event of an accident involving your personal property (eg, your car or your home). Examples of this including the following:

- A car accident where you cause the injury of several individuals, and they sue you for medical costs that well exceed the limits of your auto insurance coverage; or
- A construction worker has an accident while working on your property, whereby your financial responsibility exceeds your homeowner's insurance coverage.

Umbrella insurance policies are affordable relative to their level of protection (usually \$1 million increments), which make them useful asset protection tools when your net worth is growing and you want to protect against a high-severity personal risk.

### WHAT'S IN A TITLE?

Another strategy to protect your assets is to separate and title them appropriately. One or more of the fol-

lowing tactics may be useful.

If you start your own practice, consider incorporating it so that the company can absorb malpractice lawsuits while separating your personal and business assets.

Title your primary residence as tenants by the entireties if your state recognizes it. The tenancy-by-the-entireties ownership structure may protect highly valued home equity from creditors who have a claim against you but not your spouse.

Assets held in retirement accounts, such as 401(k)s and individual retirement accounts (IRAs), may offer greater asset protection compared with retaining those assets in regular taxable accounts, depending on your state's laws.

A dedicated wealth manager can help you to determine the best account titling strategy for your situation and state of residence.

### RELATIONSHIPS AND RISK: IT'S COMPLICATED

It may be dark to say, but certain aspects of matrimony present financial risks to be aware of. Divorce can be the most expensive risk of all. Additionally, in some cases, a prenuptial agreement may be appropriate to consider, particularly for those in a second marriage or with a larger asset portfolio to protect.

### CONCLUSION

Risk management may seem like a

daunting endeavor, but it is imperative to protect yourself personally and professionally. Establishing a plan for your assets will enable you to focus on the clinical and surgical aspects of your practice and to safeguard those pursuits for the long term. ■

1. Brennan K. Disability insurance: what you need to know. Review of Ophthalmology. December 11, 2017. Accessed March 1, 2022. [www.reviewofophthalmology.com/article/disability-insurance-what-you-need-to-know](http://www.reviewofophthalmology.com/article/disability-insurance-what-you-need-to-know)

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