PROTECT & DEFEND

Regrettably Liable but Wisely Covered

When complications spiral into insurance claims, a well-designed policy safeguards you and your practice.

BY BILL BUTLER, CIC, CISR, CWCA

One session I found particularly interesting during the VetPartners annual meeting in January was a discussion on legal issues facing veterinarians and their practices. The panelists were outstanding attorneys in the animal health space, with many years of experience. What grabbed my attention was the conversation about professional liability insurance coverage, state veterinary boards, and informed consent.

I'll leave the legal opinions to Legal Lingo columnist Peter H. Tanella. Still, I would like to review with readers the components of a veterinary professional liability policy, how your coverage responds to a claim, and the critical components for properly protecting yourself, your practice, and your team.

What It Is

Professional liability insurance provides coverage that is distinct from standard general liability insurance. The International Risk Management Institute defines the former as "a type of liability coverage designed to protect professionals and businesses from errors and omissions in performing their professional services."

An error is a mistake that you made. An omission is something you should have done but did not. A professional liability insurance policy contemplates both.

Coverage for veterinary professional liability insurance often starts at $1 million, although a carrier might offer lower limits. These policies can be purchased by individual veterinarians or by a practice that wants to cover employed veterinarians.

Many veterinary professional liability policies are written on a claims-made basis, meaning coverage is triggered by the filing of a claim, not by when the incident occurred. If you plan to retire or sell your practice soon, you should purchase coverage that extends beyond the sale or retirement date. The insurance industry often refers to this option as tail coverage or an extended reporting period.

Occurrence-based coverage, by contrast, is tripped when the incident occurs, regardless of when someone files the claim.

Another necessary component of professional liability protection is animal bailee coverage, a type of insurance for when another person's property is in your care, custody, or control.

Suppose you euthanize a pet because of a poor clinical outcome. You might owe the client the value of the animal since animals are legally considered property. That framework has allowed veterinary professional liability insurance to remain reasonably priced compared to medical malpractice coverage in human health.

When purchasing animal bailee coverage, select limits sufficient to protect the maximum financial exposure you might face. For most companion animal practices, $25,000 to $50,000 is adequate. However, mixed, large, and ambulatory practitioners might require higher limits due to the greater value of the animals they treat.

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You should also have license defense coverage for when a client lodges a complaint with the state veterinary board or an equivalent authority. Having legal defense at your side when your license is at stake is critical.

What's Excluded

Most veterinary professional liability insurance policies won't cover:

- Intentional wrongful acts or criminal conduct
- Fraud or misrepresentation
- Employment-related claims
- Workers' compensation injuries
- Sexual misconduct (often excluded or subject to sublimits)
- Contract disputes unrelated to professional services

Understanding these exclusions is just as important as understanding what is covered. Coverage disputes often arise not because a policy failed but because a veterinarian's expectations exceeded the insurance policy's intended design.

Putting a Price on Protection

How much should veterinary professional liability insurance cost? The published 2025 rates on the AVMA PLIT website, showing $1 million per occurrence and $3 million in aggregate coverage, were as follows:

- **$313:** Small animal exclusive
- **$367:** Predominantly small animal
- **$916:** Food animal or mixed practice
- **$2,635:** Predominantly equine

As for license defense, published rates for $100,000 in annual coverage were $163. While lower limits are available, the small premium reduction does not warrant the limited savings and less protection.

With animal bailee coverage, the 2025 AVMA PLIT annual coverage ranged from $16 for $2,000 per animal and $25,000 per premises to $4,613 for $1 million per animal and $3 million per premises.

BILL BUTLER
The Protect & Defend columnist founded Butler Vet Insurance, which serves the veterinary and pet services industries. Before entering the insurance industry, he spent 12 years with the Minnesota Army National Guard and the U.S. Army. Learn more at butlervetinsurance.com.

A Sample Claim

My wife and I own a cat named Louie, an otherwise healthy 5-year-old neutered male domestic shorthair who needs his teeth professionally cleaned. During a routine cleaning at your practice, the veterinarian perforates Louie's trachea due to an error, requiring a trip to an emergency clinic.

In this case, the veterinary care needed because of medical errors would fall under your professional liability policy. Louie's emergency care, ongoing treatment, and associated costs would typically be covered, subject to policy terms and conditions. Most policies cover reasonable and necessary expenses resulting from a direct error.

My wife and I are reasonable about pet care but thought the practice handled things poorly after the issue arose. The care at the emergency clinic was not much better.

In this hypothetical case, Louie needed to be euthanized. While our out-of-pocket medical costs were covered, we were upset that the animal bailee policy provided only the cost to replace Louie — a couple of hundred dollars at a shelter.

While most pet owners are understanding when medical errors occur, we have all heard of clients becoming upset and involving attorneys or a veterinary board when disputing a few thousand dollars' worth of care or replacement costs.

Timely notice to your insurance carrier is critical when a situation begins to escalate. In professional liability matters, how you communicate a complication to the client often influences whether the case resolves informally or progresses to a legal claim or board complaint. Clear documentation, consistent follow-up, and early carrier involvement can significantly impact defensibility and the outcome.

Many veterinarians obtain coverage from professional organizations such as AVMA PLIT, which specializes in tailored policies. Independent agents and brokers who focus on veterinary or medical professional liability can also place coverage with carriers that underwrite veterinary risk.

I recommend working with an agent or broker who understands the unique exposures of veterinary practice, including policy structures, retroactive dates, limits, sublimits, and the interplay between professional liability, bailee, and board defense coverages. TVB

A NOTE ABOUT RELEASE FORMS

Informed consent generally does not determine whether insurance coverage applies, but signed forms can significantly affect the defensibility of a claim and the outcome of a board complaint. Veterinary practices should find the right mix of technology, client interaction, and workflow to document a pet owner's informed consent.