

# Buyers Guide: Liability Insurance for Energy Medicine Practitioners



## Table of Contents

- 1 Introduction
- 2 Practice Risk and Liability Insurance
- 3 Common Mistakes
- 3 Types of Insurance for Energy Medicine Practitioners
- 5 What to Look For in an Insurance Policy
- 5 Policy Details
- 8 Benefits of Liability Insurance
- 9 Coverage Checklist
- 9 Conclusion
- 10 Find the Correct Coverage Checklist

## Introduction

An Energy Medicine practice is based on the principle of doing mutual good for the client and practitioner so it may seem difficult to imagine that there could be risk involved in having a practice.

Growing a successful practice in Energy Medicine takes time, careful planning and growth. You have invested in learning how to effectively bring your clients health and well-being through natural energetic means. You

practice your modality with integrity and maintain high standards. Protecting the practice you have grown and clients you serve is a vital component of a best business practice.

The reality is that any time someone works with the public, there is the chance that something could go wrong. The danger comes from the fact that **even the most prepared person can not foresee every possible situation** or control how a client might react to a session or set of circumstances. Risk management is often overlooked or seen as a lesser priority, coming behind skill level or effectiveness as a practitioner.

Risk management in practice is actually a responsibility and the student or practitioner has to insure that they are taking care of their clients. Even if our practice is working on friends, family members or as a volunteer, as a practitioner, we need to insure that we are operating ethically and conducting our business as a professional healthcare provider. When you incorporate Risk Management into your practice you are raising your professionalism. Professionalism helps build your confidence as a practitioner, which in turn will help you build and grow your client base and increase referrals, making you a more successful practitioner.

## TIP:

Energy Medicine Practitioners can easily and affordably protect their practice.

Often, **it is easy to be caught up in the healing “services” we offer**, that we overlook the “business” part of our practice. Part of our service, and professional responsibility to our clients, is to have the proper insurance so if there is negligence or perceived negligence or if a client slips and falls during our care, they are taken care of.

# Practice Risk and Liability Insurance

## What is liability insurance?

Liability insurance is an insurance policy that protects an individual or business from the risk that they may be sued and held legally liable for something such as malpractice, injury or negligence. The intent is to protect you against the expenses you might incur should you be accused of failing to meet the standard of care for your practice of Energy Medicine or if some sort of accident were to occur on the premises during a session.

Carrying liability insurance protects not just your business, but also your practice, and your family from the risk of legal action.

## What is the risk of not having insurance?

The single biggest risk faced by Energy Medicine practitioners is a liability claim.

The risk of not carrying liability insurance for your practice is considerable. This risk includes financial loss, violating state laws, professional reputation, not being able to compensate your clients for any harm or perceived harm, injuring your practice and reputation and having all the unnecessary worry.

Even though the thought of litigation is frightening, we need to be aware of the financial obligations and risks involved. Here are a few examples of the financial obligations that someone might face in their practice. The monetary risk of having a slip and fall accident is considerable with the average cost

for the defense alone at \$28,000, not covering any medical treatment. Often the judgment awarded in a slip and fall case that goes to trial is around \$100,000. If you do not have liability insurance it could mean \$128,000 out-of-pocket for an incident that you had no control over. Not only that, malpractice settlements can run in the millions.

Another risk you face is your client's health, safety and welfare. If your client should have an accident while in your care, or on the premises, and you are unable to pay for them to be brought back to health, you risk your client's overall well-being. This is a troubling thought and can cause concern and worry.

Lastly, many companies that rent rooms to practitioners for sessions or put on events in which you might offer your services often require that you carry liability insurance that includes property damage to protect their property. By not having insurance, you may miss opportunities to offer your gifts to others.

## Common Mistakes

One of the most common mistakes made by practitioners is to believe they are covered by insurance when they are not.

This happens in a couple of ways. **The most prevalent mistake comes from the following myth.**

**Myth:** *"I'm covered under my homeowner's insurance policy."*

This statement is not necessarily true. The practitioner may be covered for some personal liability damages but **most homeowner's policies exclude work related incidents**, even if the incident occurs in the practitioner's home. This is because the policy does not cover business activities and incidents related to it.

**Another key mistake is having the wrong kind of insurance.**

This is a little trickier because if a practitioner gets general liability coverage they could be covered for some of the risks they face but may not be covered for all the risks they face.

It is important to understand the types of insurance that are available and what they cover. Knowledge of the basic types of insurance allows practitioners to make an informed choice about how best to protect themselves, their practice and their clients.

### TIP:

Knowledge about the basic types of insurance allows an informed choice.

## Types of Insurance for Energy Medicine Practitioners

Let us look in more detail at the types of insurance that are most important for Energy Medicine practitioners and how to obtain the correct coverage. The five types of coverage you need to protect your practice include: malpractice, slip and fall, personal and advertising, product liability and property damage.

## Types of Insurance

- ① Malpractice / Professional Liability / Errors and Omission
- ② General Liability / Slip and Fall
- ③ Personal and Advertising
- ④ Products Liability or Completed Operations
- ⑤ Property Damage / Renters Damage

### What does each type of coverage protect you from?

- ① **Malpractice / Professional Liability / Errors and Omission** insurance protects you in cases of faulty service (errors) or failure to provide a service altogether (omission). If you are sued for alleged negligence, the insurance company will provide a legal defense and pay the settlement or court ordered award to the claimant.

Professional liability policies provide coverage for actual or alleged errors, omissions, negligence, breach of duty, misleading statements and similar claims resulting from the performance, or non-performance, of professional services, client emotional damage or financial loss. Most policies cover defense costs and other costs connected to a lawsuit, for example attorney fees, court costs and settlements or judgments. One important note is that intentional wrongdoing is not covered.

Some examples of malpractice in the field of Energy Healers might be failure to refer a client to another professional when needed, failure to maintain client confidentiality or professional misconduct.

- ② **General Liability / Slip and Fall** insurance is usually limited to physical injuries, such as bodily injuries (slip and fall) or property damage caused by direct or indirect actions of the insured. This is the coverage you need if someone slips and falls in your parking lot/ driveway and breaks a bone or falls off your treatment table and chips a tooth.

- ③ **Personal and Advertising** insurance covers you for injury such as slander and false advertising. Libel and slander are types of defamation. The term defamation means a false statement made by one person about someone else. To qualify as defamation, the false statement must be hurtful and cause harm to the other party. A false advertising claim might arise if a client or a skeptic accused you of falsely representing the results you claim, using medical terms without having a medical license or how you title yourself as a professional in your advertising.

- ④ **Products Liability or Completed Operations Coverage** protects you if you are sued if someone is injured by a product you use or by work you have completed. For Energy Healers, someone could claim that your work or session was faulty or that your work injured them. Product liability in this case refers to products used by you on your clients, such as aromatherapy oils, lotions, etc. and not to products you make or sell. That is a different type of product liability. An example of product liability could be a situation where a massage therapist forgets that a client has an allergy to particular oil and mistakenly

applies it to the client's skin. The insurance company in this situation would pay for the client's medical expenses and for expenses for missed work from this incidence.

- 5 And lastly, **Property Damage / Renters Damage** insurance covers damage to a property you rent. In many cases, landlords will require that you have coverage that names them as an additional insured to protect the property you are renting.

## What to look for in an Insurance Policy

**There are several things to consider when comparing different liability insurance policies. These considerations will help you choose the company and your purchase wisely.**

Many companies offer liability insurance and no two policies are exactly alike. When choosing liability insurance for your practice three main areas to consider are: price, coverage, and benefits. Comparing the details in these areas will allow you simplify the process and to select the liability insurance policy that is best suited for your practice.

**Price** is going to be an important factor when choosing your liability policy. In the field of Energy Medicine our coverage is inexpensive compared to other medical fields because we do not diagnose or prescribe and our field does not require licensing. The risk is fairly low for the insurance company and this is reflected in the price. Liability insurance for a full-time practitioner is typically available for around \$300 per year.

**Coverage** should include, at a minimum, malpractice or professional insurance, general liability insurance, and product liability insurance.

**Benefits** - A quick overview of the important benefits a policy offers are items such as who is covered, what is covered, policy limits, exclusions, and policy terms. Policy terms include items such as when is coverage in-force, where it is valid, specific types of coverage, deductibles, and policy specific requirements like liability waivers.

## Policy Details

Now let's get into the coverage details that make policies different. Consider each of these aspects as you review a policy for your practice.

**Who is Covered**—It is important to know specifically who is covered through your liability policy. Typically when you purchase liability insurance it is an individual policy and only you are covered, not other people in your office or practice or a spouse.

**What is Covered**—The first thing you need to review is the list of eligible modalities that the policy covers. If your modality is not listed, it is a good idea to verify coverage with the insurance company for the particular modalities you use in your practice. Often a therapy that is not listed can be added, so be sure to ask the insurer if a particular modality you use is not listed. There are 100's of training programs in Energy Medicine therapies and often practitioners are trained in several modalities.

**Coverage Offered**—The next section to review is the listing of professional and general liability coverage, any umbrella coverage or additional coverage and the coverage limits. This coverage will vary from policy to policy. Reading the coverage descriptions will help you understand the coverage offered. We will look at this a little deeper in the next section, Policy Limits. The example below shows coverage types, descriptions and limits.

Example of Coverage		
Coverage	Coverage Description	Coverage Limits
Professional Liability similar to malpractice	Covers claims made for injuries due to misconduct or lack of ordinary skill. Coverage will respond to incidents arising from the coverage period regardless of when those claims are reported.	\$2 million per occurrence / \$4 million annual aggregate
General Liability	Covers claims for injuries that occur at your place of work, including trip and fall. Coverage will respond to incidents arising from the coverage period regardless of when those claims are reported.	\$2 million per occurrence / \$4 million annual aggregate
Personal and Advertising Injury	Protects you from suits involving libel, slander or wrongful invasion of privacy.	\$2 million per occurrence / \$4 million annual aggregate
Products/Completed Operations Aggregate	Covers claims made against you for damage or injury resulting from a product you use on clients.	\$3,000,000
Property Rented to You	Covers fire damage to the space you work in.	\$300,000

**Coverage Limits**—The policy limit is the maximum amount that can be paid for a claim, usually expressed as per claim or aggregate (the sum of claims during the one-year policy period). It's important to know what your coverage limits are. Coverage Limits are the largest total amount the insurance company will pay for covered losses. Many policies have multiple limits (a certain amount per person, another amount per accident, and sometimes an aggregate limit on all losses paid during the policy term). An aggregate limit is the maximum dollar amount your insurer will pay to settle your claims. For example, if your annual aggregate limit is \$4 million, and you have \$5 million worth of claims that occurred in the period, then the company would only pay up to \$4 million. Policy limit amounts typically range from \$2,000,000 to \$4,000,000 and up. We recommend having coverage of at least \$2,000,000.

**Exclusions**— Understanding what a policy excludes is important. Remember that policies will vary widely from company to company. Often in our industry certain procedures that lead to more costly claims may be excluded, such as any treatment that uses fire or things that are ingested. Also most policies will exclude sexual abuse/molestation. Make sure that any exclusions would not limit the practice of any modalities you are trained in.

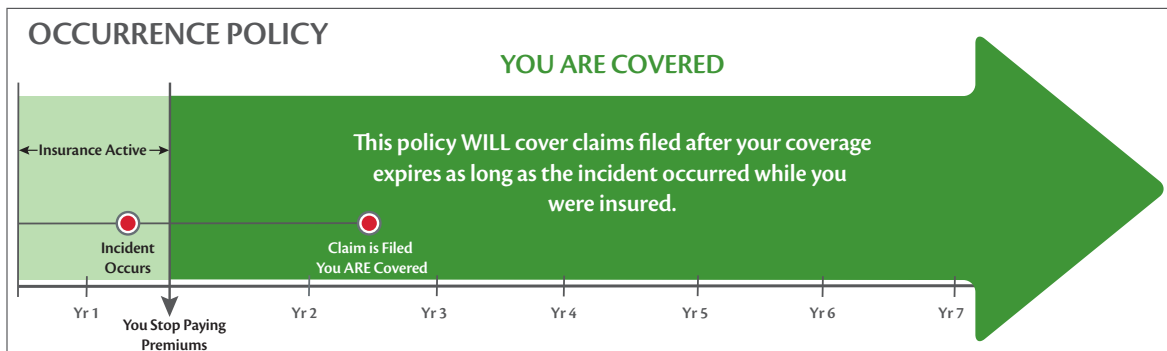
**Where Are You Covered**—You need to know what the policy states about where you are covered. Are you covered in your office, your home or at a public area? Are you covered anywhere in the US if you travel? How about outside the country? What if your office is in your home? It is important to know that you will be covered at the location where you choose to practice.

**Terms**—The following items are some of the terms that are generally included in a standard liability insurance policy. Consider the following when making your selection.



**When Does Your Coverage Start and Stop**—Make sure you know the date the policy will start, that is the effective date, and when coverage will run out, the expiration date. It is important to understand that different types of policies cover incidents differently based on when the incident occurred, see claims versus occurrence policies below.

**Claims Made Verses Occurrence Policies**—Insurance policies are often offered in two forms, claims made, and occurrence. They both do the same job of protecting you against the legal expense of defending yourself if you are sued for malpractice or your client has a accident, but they go about it in two different ways.



Most malpractice policies are claims made, meaning that coverage is triggered when the incident occurs and claim is made during the policy period. It is important with this type of insurance to make sure that you do not allow gaps to occur in your coverage.

A **claims made** policy covers you for the claims arising from your practice while the policy is in force but only if the policy is still in force at the time that the claim is made against you. When your policy terminates, your coverage terminates as well unless you continually renew that policy. If you choose not to renew the policy, for example you retire from practice, you can purchase a policy called a tail policy or a continued reporting endorsement. What this does is allows you an additional amount of time to report claims that occurred during your coverage. This only covers you for past activities not any future practice.

**Occurrence** policies are triggered based on the date the event or events in the past that give rise to the present claim. An occurrence policy protects you against allegations of professional negligence arising from your practice while the policy was in force no matter when the actual claim


was asserted against you. For example if you had a client that you treated two years ago and you have changed insurance companies, or retired from practice and given up your professional liability insurance, you are still covered if you had an occurrence policy in force on the day that this incident occurred with this client that is giving rise to this claim now. You have coverage for this claim even though you no longer have professional liability insurance. In short, occurrence policies cover any incident that occurs during the policy period – regardless of when the claim is filed or whether the policy is still in effect. As with any liability policy, it is important you do not allow gaps to occur in your coverage.


Our opinion is that occurrence coverage is the better of the two types of policies because the protection continues to exist for the specific time period covered. This allows the practitioner a greater peace of mind knowing that they are covered regardless of when a claim is filed. In either case, knowing what your insurance requires for you to maintain your protection is the most important thing.

**Deductibles**—A deductible is the amount of a claim that the insured party is expected to pay. Most of us are familiar with this term from our other insurance such as our auto and home policies. The important thing to know about the deductible in a policy is what you will have to pay out of pocket for an incident. Some policy deductibles are a set dollar amount, some are a percentage of the total coverage, some policies have no deductible at all and others may have a mixture of these, depending on the type of claim.


**How Defense Costs Are Covered**—Defense covered costs can include attorney's fees for investigating and defending the claim. Policies typically cover defense costs in one of two ways; inside your limits of liability or in addition to those limits. Policies that include defense expenses paid inside the liability limit will have these expenses deducted from the total limit of liability that would be available to pay court awards thus reducing the coverage available for awards.

## The Benefits of Having Liability Insurance

 **Credibility** The field of Energy Medicine is new. We know that some of our clients are having their first experience with us and may be untrusting or skeptical of Energy Medicine modalities. Having liability insurance for your practice raises your clients' level of trust and therefore your credibility.

 **Professionalism** Carrying liability insurance is an expectation for health care professionals and is considered a best-practice. The fact that practitioners carry liability insurance speaks to their professionalism. By letting your clients know you carry liability insurance for your practice, you indicate your professionalism as a practitioner, that you take your business seriously and that your clients and their well-being are important to you.

By carrying liability insurance, you promote and serve the entire Energy Medicine industry. Creating a professional practice helps the growth of Energy Medicine as well as each individual practitioner. The reputation of both the field of Energy Medicine and its practitioners depends on the professionalism of individual practitioners and their practice.

 **Protection** Having liability insurance for your practice offers the protection of coverage in case something ever goes wrong. This coverage pays for accidents that cause injury to your clients, such as slip and fall, or negligence due to misconduct or lack of skills (malpractice). Insurance also protects you from suits involving libel, slander, invasion of privacy, claims made against you



for damage or injury resulting from a product you used on a client, it covers damage to your rented work space and it will pay for your legal defense cost if you are sued.



**Freedom from Worry** The fear of having to face a lawsuit is a very real concern in today's litigious society. No one wants or expects to be sued, but people are unpredictable and it can and does happen. It is a huge relief to know you are supported if something ever comes up. Having proper insurance alleviates concerns over accidents and injuries our clients might sustain - on your premises or during a session. We all know that these things can happen, despite our best efforts. Peace of mind comes in knowing that you and your clients are protected. Lastly, many practitioners are concerned about being held accountable by clients that may refuse traditional medical care or even more problematic, their family members who may be uncomfortable with the alternative and complimentary therapy choices made by your client. Professional Liability Insurance helps to reduce or eliminate the concern these issues can bring.



**Additional Benefits** One last consideration when choosing a liability insurance company is whether there are any additional benefits that may be provided. For instance, some membership associations or professional organizations may include liability insurance as a benefit of membership. Purchasing insurance through them may not only give you an excellent price and good coverage, but also access to membership resources such as education and discounts on other items, the membership's professional community and other valuable business associations. It is worthwhile to evaluate if the vision and mission of an organization offering insurance are in alignment with your own goals and are supportive of your modality and profession.

## Coverage Checklist

If you choose to consider several companies, we recommend that you obtain and keep track of the pertinent information about the policy and company you are considering. Collecting and keeping track of the policy details is very important. This will allow you to compare policies and make an informed and wise decision. Whether you are considering one company or several, we recommend that you use the handy checklist resource we created for this purpose. It can be found on the following page (page 10).

## Conclusion

Now that you have the above knowledge and have reviewed what is involved in a liability insurance policy, you have a good grasp of the components of a liability insurance policy and a better feel for which elements are most important to you. You can now feel confident when selecting a policy that fits your practice, if you don't already have one. If you do have insurance, you can look at your current policy to make sure you are satisfied with your current coverage.

If you are in the United States, I invite you to review the liability insurance offered by Energy Medicine Professional Association—[www.energymedicineprofessionalassociation.com](http://www.energymedicineprofessionalassociation.com). **This policy offers all five types of insurance you need for your Energy Healing practice.** If you have questions, call the EMPA office for assistance. Contact information is on their website.

# Find the Correct Coverage Checklist

First do a Google search for Energy Medicine insurance or insurance for your modality. Next, fill out the checklist below for each insurance company that you wish to consider when considering and choosing the best policy for your practice.

Insurance Company Name \_\_\_\_\_

Website/Contact \_\_\_\_\_

Annual Cost \_\_\_\_\_

## Who is Covered?

- ☐ Yourself
- ☐ Other people in your office (group policy)
- ☐ Others

## Types of Coverage Offered

- ☐ Professional
- ☐ Malpractice
- General
  - ☐ Slip and Fall
  - ☐ Personal and Advertising
  - ☐ Product Liability
  - ☐ Property Damage

**Underwriting Company Review** - This rating should be an A or above. (*The A.M Best issues financial strength rating measuring insurance companies' ability to pay claims.*)

☐ A.M. Best Company Rating \_\_\_\_\_

## What is Covered?

Are all of the modalities you use covered? ☐ Yes ☐ No

Modalities you use that are excluded \_\_\_\_\_

Are products you use in your practice covered? ☐ Yes ☐ No

## Coverage Offered

- ☐ Professional Liability \_\_\_\_\_
- ☐ General Liability \_\_\_\_\_
- ☐ Personal and Advertising Injury \_\_\_\_\_
- ☐ Products/Completed Operations Aggregate \_\_\_\_\_
- ☐ Property Rented to You \_\_\_\_\_
- ☐ Umbrella Liability \_\_\_\_\_
- ☐ Any Other Additional Coverage \_\_\_\_\_

## Find the Correct Coverage Checklist (Continued)

### Coverage Limits

- ☐ \$1,000,000
- ☐ \$3,000,000
- ☐ Other Amount \_\_\_\_\_

### Exclusions

Are there any exclusions that limit your practice of a modality you use? ☐ Yes ☐ No

If so, what are they? \_\_\_\_\_

### Where Are You Covered?

- ☐ Your Office
- ☐ Place of Residence
- ☐ In the U.S. if you travel
- ☐ Outside the country
- ☐ Other locations \_\_\_\_\_

### Terms

- ☐ Claims Policy
- ☐ Occurrence Policy
- ☐ Coverage Starts \_\_\_\_\_
- ☐ Coverage Stops \_\_\_\_\_

### Deductibles

- ☐ Set dollar amount \_\_\_\_\_
- ☐ Percentage of total coverage \_\_\_\_\_
- ☐ No deductible
- ☐ Mix of above

### Defense Costs

- ☐ Inside limits of liability
- ☐ In addition to limits of liability

### Membership Benefits

- ☐ Discounts on additional items
- ☐ Education
- ☐ Access to other membership resources
- ☐ Professional community

### NOTES:

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