

# Lifeline

**WATER, FIRE, THEFT:**

## Top Three Property Claims

Far too often, practice owners don't pay much attention to their property until it's too late. With the focus being on clinical care and running a business, preventative maintenance of systems and equipment often gets put on the back burner. It is only after a loss occurs that they realize something was amiss behind the scenes.

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## Claims from page 1

Damage or loss to property costs dentists thousands of dollars each year, not to mention significant stress and an emotional toll. The Dentists Insurance Company reports the top three causes of property loss from 2012 to 2017 as water, fire and theft. In fact, between Jan. 1, 2012, and Jan. 1, 2017, TDIC paid out nearly \$20.7 million for water-related losses, \$8 million for fire-related losses and \$1.8 for theft-related losses, including burglary and robbery.

While some of these losses were unavoidable, there are steps practice owners can take to help reduce their losses should they be faced with the unthinkable.

## Water

TDIC reports that water isn't just the costliest cause of damage — it is also the most common. In the past five years alone, TDIC handled 837 claims related to water damage, more than theft and fire combined.

Water is one of the few causes of loss that can, on some occasions, be prevented. One common cause of water damage in dental offices is the result of water pressure buildup when an office is closed for an extended period of time. Should there be a point of weakness in a water supply line, the increased pressure can cause it to burst, flooding the office.

Other common causes of water damage in dental practices include damaged valves and faulty quick connect/release lines. Some practices have also suffered flooding due to leaky faucets, toilets and damaged water heaters. Damage can be even greater if it stems from equipment that is tucked away in a closet or cabinet and is hidden from daily view.

Many of these causes of flooding and damage can be avoided by preventative maintenance. Practice owners should consider checking their water supply lines, connectors, valves and other equipment on a regular basis to ensure they are all in working order.

Louis Price, independent adjuster at AmeriClaim of Los Angeles, reports a case in which a dentist found a puddle of water on the floor in the utility closet. After further inspection, the dentist discovered that the source of the water was an electric water heater located inside the cabinet, so he shut off the water delivery to the water heater to stop the leak.

He realized the water heater was corroded and deteriorated beyond repair, so rather than preserve it for inspection, he discarded it. In doing so, he failed to obtain the manufacturer identification number, date codes or any other information that could have assisted in the investigation into why it failed. He did not know the age of the water heater, but because it was in the suite when the doctor initially signed the lease, he knew it was at least 14 years old.

Price says water heaters typically have a lifespan of 8–12 years, depending on the design of the unit, the quality of installation, the maintenance schedule and the water quality. Most manufacturers provide a warranty of about 7–10 years. The water heater in question was much older than the average lifespan and could have caused significant damage to the suite had the dentist not discovered the puddle on the floor.

“It is a good practice to check the condition of the water heater on an annual basis and to replace the water heater once the manufacturer warranty

## Top three property loss types reported to TDIC

Jan. 1, 2012 - Jan. 1, 2017

*(Total incurred includes indemnity and expenses)*



### Water damage

**\$20,684,743** total incurred

**837 claims**



### Fire damage

**\$7,979,111** total incurred

**39 claims**



### Theft

*(includes burglary/robbery)*

**\$1,784,136** total incurred

**39 claims**

has expired or if corrosion is visible on the fittings, tanks or if it is leaking,” Price advises.

In a case reported by Jim Cullen, independent adjuster at Cullen and Associates in San Diego, extensive water damage occurred in a three-story dental and medical office complex. The cause was a failed braided water supply line to a sink in a dental office, which separated due to a defect in design and construction.

Cullen explained there was a water solenoid switch that controlled the water supply to the office; however, it was not activated at the close of business on Christmas Eve. Because the office was closed for an extended period over the holidays, the damage went undetected, allowing the flooding water to build up and spread to other suites.

The practice was closed for six weeks, and the loss of business income during that time, plus the cost to repair and replace equipment, inventory, supplies and improvements, was in excess of \$350,000. A neighboring medical practice also sustained losses in excess of \$450,000 due to the extent of the damage.

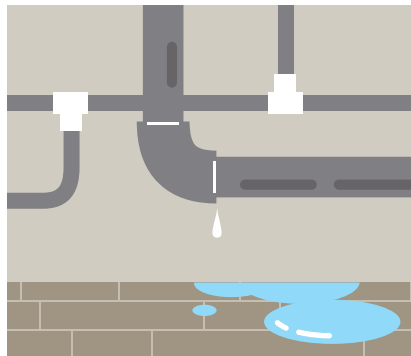
“Braided water supply lines should be carefully selected and installed by a licensed plumber. They have a life expectancy of one to three years and if not inspected and tested, they can fail without notice, resulting in substantial damage,” Cullen says.

## Fire

Fire is another leading cause of loss for dental practices. TDIC handled 39 fire-related claims in the past five years, resulting in a total cost of \$7,979,111.

There are numerous causes of dental office fires, from faulty wiring

Practice owners should consider checking their water supply lines, connectors, valves and all other equipment on a regular basis to ensure they are all in working order.



to overheated computers to failed equipment. And while not all fires are preventable, there are specific precautions practice owners can take to ensure their systems and equipment are in proper working order.

Cullen reported a case in which a short in a transformer and faulty wiring caused a fire in a neon sign inside a window in a dental office reception area. The sign fell onto an upholstered sofa, and the flames and smoke quickly spread throughout 1,600 square feet of office space, which included six operatories.

The dental office was closed for approximately six months and the loss of dental practice income was in excess of \$275,000. The total amount paid was in excess of \$820,000 to replace equipment, supplies and furniture lost in the blaze.

A few months prior to the fire, there was an electrical short in the sign. A handyman was hired to complete a repair, charging approximately \$150. The cost to replace the sign was approximately \$400, Cullen notes.

“When dealing with electrical issues such as the neon sign, the cost to repair needs to be compared to the cost to replace. If repair is the appropriate option, the work should be done only by a licensed contractor,” Cullen says.

Faulty wiring is one of the most prevalent causes of workplace fires within dental offices. Old, outdated wiring in commercial spaces can often be the culprit, especially with the electrical demands of dental equipment. If the breaker box is also outdated, the entire system can overload, starting an electrical fire. Practice owners should conduct regular inspections of their electrical systems or, if leasing space, contact the property owner and confirm systems are up to local building codes.

In another case reported to TDIC, a dental practice suffered major damage from a fire caused by an extension cord. The fire was severe – the flames vented through the roof, causing portions of it to collapse. The dental office was gutted, with fire and smoke damage to all of the dental equipment and supplies, rendering them useless. Several other businesses, including other dental offices within the complex, sustained major smoke damage as well.

**Claims** continued on page 6



## Caution + control: Reducing employment liability



**Changing employment laws and a litigation-conscious public can intimidate the most confident dentists.** Especially when practice employees are prepared to take legal action if they feel an employer breached their rights. With insights from Employment Practice Liability claims experience and calls to our Risk Management Advice Line, TDIC's seminar shows how to best handle employment concerns. Gain the caution and control to navigate past potential violations such as pregnancy discrimination, termination and sexual harassment.\*

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\*Due to the sensitive nature of the issues being addressed and our employer-oriented approach, this course is available to dentists and their spouses only.

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TDIC policyholders who complete a seminar or elearning option will receive a two-year, 5% Professional & Dental Business Liability premium discount effective their next policy renewal. To obtain the two-year, 5% Professional & Dental Business Liability premium discount, dentists must successfully complete the seminar by April 28, 2018. Any elearning tests received after the deadline will not be eligible for the discount. Nonpolicyholders who complete a seminar or elearning option and are accepted for TDIC coverage will also be eligible for this discount.

# Fall 2017 Risk Management Seminar Schedule

## Caution + control: Reducing employment liability

### Thursday, Aug. 24

9:00 a.m. – noon  
& 2:00 p.m. – 5:00 p.m.

**CDA Presents\* – Intercontinental Hotel**  
*San Francisco, CA*

\*Must register through CDA Presents.  
Visit [www.cdapresents.com/sf](http://www.cdapresents.com/sf) to register, reserve guestrooms or for additional information.

### Friday, Aug. 25

9:00 a.m. – noon  
& 2:00 p.m. – 5:00 p.m.

### Radisson Valley Forge\*

*King of Prussia, PA*

\*Please email [rmaxwell@pdais.com](mailto:rmaxwell@pdais.com) or call 1.877.476.4588 to register for the seminar.

### Friday, Sept. 29

9:00 a.m. – noon

### Friday, Oct. 13

9:30 a.m. – 12:30 p.m.

### Doubletree Hilton\*

*Mt. Laurel, NJ*

\*Must register through NJDA. Visit [www.njda.org](http://www.njda.org) to register, reserve guestrooms or for additional information.

### Wednesday, Oct. 18

9:30 a.m. – 12:30 p.m.

### National Conference Center\* (Holiday Inn)

*East Windsor, NJ*

\*Must register through NJDA.  
Visit [www.njda.org](http://www.njda.org) to register, reserve guestrooms or for additional information.

### Friday, Oct. 27

9:30 a.m. – 12:30 p.m.

### Hanover Marriott\*

*Whippany, NJ*

\*Must register through NJDA. Visit [www.njda.org](http://www.njda.org) to register, reserve guestrooms or for additional information.

### Friday, Oct. 27

9:00 a.m. – noon

### Marriott – Riverside at the Convention Center

*Riverside, CA*

Call 1.951.784.8000 for guestroom reservations or visit [www.marriott.com/hotels/travel/talmc-marriott-riverside-at-the-convention-center](http://www.marriott.com/hotels/travel/talmc-marriott-riverside-at-the-convention-center).

### Friday, Nov. 3

9:00 a.m. – noon

### Prince Waikiki

*Honolulu, HI*

Call 1.888.977.4623 for guestroom reservations or visit [www.princeresortshawaii.com/prince-waikiki](http://www.princeresortshawaii.com/prince-waikiki)

### Friday, Dec. 1

9:00 a.m. – noon

### Catamaran Resort Hotel & Spa

*San Diego, CA*

Call 1.858.488.1081 for guestroom reservations or visit [www.catamaranresort.com](http://www.catamaranresort.com)

## C.E. Details

- 20% – 3.0 per session

To receive C.E. credit, registrants must be present for the entirety of the three-hour seminar. This seminar meets the Dental Board of California's requirements for 3.0 C.E. credits.

## Special Needs

If you or someone in your group requires special assistance to fully participate in the seminar, please call TDIC at 800.733.0633 or email us at [risk.management@cda.org](mailto:risk.management@cda.org).

## ADA CERP® | Continuing Education Recognition Program

The California Dental Association is an ADA CERP Recognized Provider. ADA CERP is a service of the American Dental Association to assist dental professionals in identifying quality providers of continuing dental education. ADA CERP does not approve or endorse individual seminars or instructors, nor does it imply acceptance of credit hours by boards of dentistry. CDA designates this activity for 3.0 continuing education credits. This continuing education activity has been planned and implemented in accordance with the standards of the ADA Continuing Education Recognition Program (ADA CERP) through joint efforts between CDA and TDIC.

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## Fees

- Dentist: **\$50**
- Part-time\*: **\$25**
- New TDIC Policyholder: **Free** (within the first policy year)

\*Must have a TDIC part-time Professional Liability policy to be eligible for this discount.

Professional Liability premium discount effective their next policy renewal. To obtain the two-year, 5% Professional Liability premium discount, Alaska, Hawaii, Illinois, Minnesota, New Jersey, North Dakota and Pennsylvania dentists must successfully complete the seminar by Oct. 27, 2017. Arizona, California and Nevada dentists must successfully complete the seminar by April 28, 2017. Any eLearning tests received after the deadline will not be eligible for the discount. Nonpolicyholders who complete a seminar or eLearning option and are accepted for TDIC coverage will also be eligible for this discount.



### Claims from page 3

Due to structural instability, the owner was forced to demolish portions of the existing building and rebuild the majority of the previous structure. The dentist within the practice where the fire originated leased a temporary office while waiting for the original office to be rebuilt, as did several other tenants.

TDIC provided property insurance to several dentists within the building and has paid nearly \$4 million toward the replacement of dental and office equipment, extra expenses and loss of business income due to the fire.

Fires have also started from computers that are improperly vented and overheat, thus igniting a buildup of dust. Staff should make sure all computer equipment has appropriate circulation and are regularly cleaned to prevent a buildup of dust, debris and other material.

Simple human error can also cause fires within a dental practice. Overloading an electrical outlet, failing to turn off space heaters and placing combustible materials too close to a heat source have all led to fires. Staff should be trained on fire safety and practice owners should ensure approved prevention techniques are employed at all times.

## Theft

Theft is an unfortunate reality for many dental practices. Whether a snatch-and-grab or breaking and entering, theft causes enormous loss to practice owners. In fact, TDIC reports 267 theft-related claims in the past five years, with a total payout of \$1,784,136.

Crimes of opportunity are by far the most prevalent type of theft

Not every type of property loss is preventable, but for those that are, a little goes a long way to keep your property and your practice safe.

dental practices face. For would-be thieves, purses left out in the open or unattended portable electronic devices are hard to resist, and while these are relatively minor crimes, they can have major implications. But a few simple precautions can help keep these types of crimes from occurring in the first place. Ensure staff members keep purses, wallets, phones and other personal items in a locked drawer or cabinet. Never leave cameras, portable electronics or any other item of value in plain sight.

While less common than crimes of opportunity, break-ins lead to greater loss for dental practices in terms of dollar amount. Lured by valuable dental equipment, electronics and drugs, thieves take advantage of predictable closures, where they can enter undetected. While plenty of high-tech security measures are on the market, sometimes it's the simple things that make the greatest impact. Here are some basic security measures practice owners can take to deter break-ins:

- Install an alarm system with motion sensors.
- Use surveillance cameras both inside and outside.
- Keep exterior doors and windows well illuminated.

- Eliminate hiding spots, such as tall bushes or grass.
- Use deadbolts on all exterior doors.
- Keep track of office keys.

Cullen reported a case in which a dental practice suffered a theft of dental equipment, inventory and supplies valued at more than \$150,000, not including the loss of income during a 10-day closure following the crime.

The 2,400-square-foot practice with six operatories had an alarm system with both perimeter and motion detectors and central station monitoring. But there was no obvious sign of forced entry. The alarm did not activate nor was any unusual activity reported by the monitoring company.

Cullen notes that during the six months prior to the theft, various contractors and vendors had been working on a remodel of the office after hours or on weekends. Each was given a key to the office that they kept in a lockbox secured to the front door. They were also provided with the code for the alarm.

“Alarm companies will generally provide a temporary code for the alarm system that is good for a period of 24 to 48 hours and it is advisable to use the temporary code whenever possible,” Cullen says. “In addition, all keys should be returned before the contractor or vendor is paid.”

The costs associated with property loss are far reaching. Whether through water, fire or theft, the consequences go beyond replacement costs. Office closures mean a loss of income, while fees associated with recovery, remodeling, relocation and storage can add up fast. Not every type of property loss is preventable, but for those that are, a little goes a long way to keep your property and your practice safe.

## Questions and Answers

**Q: I performed a restoration on a new patient. The patient paid her copay with her credit card. She did not book any follow-up appointments even though she had two additional teeth that needed treatment. The next thing I knew, the patient's credit card pulled the money back from my bank account. I called the bank to find out what had happened, and the bank stated that the charge was in dispute with the credit card company. I received a notice from the credit card company claiming that this transaction was made without the patient's authorization but I had the right to an appeal. My office made several attempts to contact the patient. The patient will not return our phone calls.**

**What kind of information should I provide to the credit card company? The only thing I have is a signed receipt. Since the charge for this procedure was so small I did not have the patient sign a treatment plan. Can I send the chart or the ledger to prove that the patient authorized the transaction?**

**A:** Regardless of the dollar amount associated with a treatment, you should always review and have the patient

sign a treatment plan that clearly communicates the charges involved. We recommend you incorporate this requirement into your office policy immediately.

To address your existing problem, you should provide the credit card company with the minimum amount of information necessary to receive payment. You can state that you provided dental treatment, but due to the Confidentiality of Medical Information and Health Information Portability and Accountability Acts, you

are limited as to what you can provide without the patient's written consent. With these types of disputes, you are correct to exercise caution.

A signed treatment plan demonstrates the patient was made aware of the treatment plan and has accepted the costs associated with it. Without a signed treatment plan, you might encounter problems keeping the payment. The lack of a signed treatment plan can also limit your ability to move forward with collection efforts should a patient ever owe you for a past-due balance.

Regardless of the financial dispute, you have an obligation to address the patient's treatment. You mentioned this patient has outstanding treatment and that the patient is unresponsive to your calls. Since this patient is not in the middle of treatment, you can consider dismissing her from your practice. Follow a formal patient dismissal protocol and document all communications.

**Q: I received a phone call from someone who is not my patient, but who wanted to be seen for an emergency toothache. What is my obligation?**

**A:** You have the obligation to make reasonable arrangements for emergency care of the patient, regardless of whether the person is a patient of your practice. Dentists are legally and professionally obligated to respond

in the event of a dental emergency. A dental emergency exists if professional judgment determines that an individual needs immediate attention to deal with uncontrolled bleeding, swelling, traumatic injury or severe pain. If the patient contacts you in the middle of the night, you are not required to see him or her right away. Instead, refer the patient to a hospital emergency room or urgent care facility for pain relief and advise the patient to contact you or their own dentist as soon as feasible. If you agree

to see the patient at a time when your office is typically closed, take appropriate precautions for your safety. Have a staff member present when you see the patient to perform an evaluation or treatment. Do not prescribe medications without performing an exam, as you may not know the patient's health history, any current medications the patient is taking or possible drug interactions that could lead to adverse reactions. Make a record of any after-hours consultations for documentation purposes.



# Liability Lifeline

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