

# Doctor Group Case Study

IN PARTNERSHIP WITH  Montage

## Client Concern/Issue:

An orthopedic surgeon is a partner in a doctor group. All of the partner doctors are contractually obligated to pay their proportionate share of the expenses associated with operating their highly successful orthopedic practice on a monthly basis. The doctors are responsible for their share of expenses regardless of how many surgeries they perform, sick days they take or vacation days they use.

The doctor was concerned that if he was to sustain a serious injury or illness that would prevent him from operating, he would still incur the expenses of the business while not receiving his ordinary income. In the case of a prolonged injury or illness the financial impact would be substantial.

## ERS Solution:

ERS worked with the doctor group to form a captive and provide coverage for Contractual Liability to reimburse the doctors for expenses they are obligated to pay each month while on disability. The doctor group also chose to insure against Governmental Action claims given the complexity of Medicare and Medicaid programs and changes in healthcare plans.

## Results/Benefits:

The owners of the doctor group are all part owners of the captive. ERS Insurance, a Utah based insurance company, issues the two policies that are filed in the state of Utah and the insured's captive reinsures ERSI. The captive is in its third year of operation and is generating an underwriting profit.

## Disclosures

***IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any U.S. federal tax advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties under the U.S. Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or matter addressed herein.***

The views and statements expressed in this presentation are for general information only. ERS, LLC is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This presentation provides general information about certain legal and accounting issues and should not be regarded as rendering legal or accounting advice to any person or entity. As such, the information is not privileged and does not create a client relationship with the companies, or any of its employees. This presentation does not constitute an offer to represent you, and you should not act, or refrain from acting, based upon any information so provided. In addition, the information contained in this presentation is not specific to any particular case or situation and may not reflect the most current developments.

**Robert Nizzi, President**  
11300 Tomahawk Creek Parkway  
Leawood, KS 66211  
tel: 913-220-0442  
rnizzi@eriskstrategies.com

**Dana Marino**  
East Coast Business Development  
tel: 610-353-4820  
dmarino@eriskstrategies.com

visit [www.eriskstrategies.com](http://www.eriskstrategies.com)