

THE 3 BUSINESS INSURANCE GAPS MOST DENTAL PRACTICES DON'T KNOW THEY HAVE

Most dentists are meticulous about clinical risk.

But when it comes to business insurance, many practices assume they are fully protected simply because they have a policy in place.

Unfortunately, having coverage and having the right coverage are two very different things.

When I review dental practice policies across Western New York, there are three gaps I consistently see.

1. Cyber Liability: “I Thought My Business Policy Covered That.”

It usually does not.

Most standard Business Owner Policies (BOPs) do not cover ransomware attacks, phishing and fraudulent wire transfers, HIPAA breach notification costs, forensic IT services, data restoration, or business income loss due to a cyber shutdown.

Real example: A phishing email compromised login credentials and encrypted a practice's server. The office was down for nine days. Between downtime, forensic IT specialists, data recovery, legal consultation, and required patient notifications, the total financial impact exceeded \$100,000.

Cyber risk is no longer just an IT issue. It is a business survival issue.

Questions to consider: Do you carry a standalone cyber policy? Is your limit at least \$1 million? Does it include business interruption coverage?

2. Underinsured Equipment: Replacement Cost vs. Reality

Dental equipment is expensive — and often drastically undervalued on insurance policies.

I frequently see \$150,000-250,000 of equipment coverage in practices with \$500-600,000 or more in actual equipment value. (It costs \$70k to replace an operator at today's cost) I also see policies written on Actual Cash Value rather than replacement cost, and insured values that do not account for removal of damaged equipment, electrical upgrades, or required code compliance changes.

Real example: After a water line failure, a practice lost two operators and a digital imaging unit. The equipment was insured at depreciated value. The coverage fell short by more than \$120,000 — a gap the practice had to finance to reopen fully.

Modern dental policies should reflect true replacement cost — not what equipment was worth years ago.

Questions to consider: When was your equipment schedule last updated? Does it reflect today's replacement costs?

3. Employment Practices Liability (EPLI): “That Won’t Happen in My Office.”

Most dental practices employ hygienists, assistants, front desk staff, and office managers — yet many BOPs do not automatically include Employment Practices Liability coverage.

EPLI responds to claims such as wrongful termination, discrimination, harassment, retaliation, and wage disputes.

Real example: A terminated employee alleged wrongful dismissal and gender discrimination. While the claim had little merit, legal defense costs exceeded \$42,000 before resolution. The policy's sublimit was only \$25,000 — leaving the practice responsible for the difference.

Even defensible claims can be expensive.

Questions to consider: Do you carry EPLI coverage? What are your limits? Does your policy include third-party coverage?

As dentists, your largest asset is not your equipment.

It is your ability to produce income.

Small gaps can quietly create six-figure consequences. And most of these exposures are not discovered until after a claim.

Because I have worked alongside many of you — in study clubs, district meetings, and throughout your careers — I understand how much effort it takes to build and protect a practice. When I share these observations, it is simply to make sure no one in our dental community is caught off guard.

Before your next renewal, it may be worth asking yourself:

- Would my policy truly cover a ransomware shutdown — including lost income?
- Could I replace my CBCT or digital imaging system tomorrow without financing the gap?
- If a former employee filed a claim, who pays the legal defense bill?
- When was the last time someone reviewed all of my policies together — not just at renewal time?

Insurance should feel boring — until the day it is not.

If you would ever like a second set of eyes on things, I am always happy to sit down with you.
No pressure. Just a conversation.

Warmly,

Christine Garvelli
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