

Barriers to the Development of Nurses' Professional Liability Insurance

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Abstract

According to Article 1 of the Civil Liability Law, anyone who, without legal authorization, intentionally or through negligence, causes harm to the life, health, property, freedom, dignity, commercial reputation, or any other legally recognized right of another person, resulting in material or moral damage, is liable to compensate for the loss arising from their action. The idea of establishing a specific compensation system for damages occurring in hospitals and clinics emerged when the solutions proposed by legal doctrines and judicial precedents for compensating such damages failed to resolve the issue completely. Today, medical service insurance policies in developed countries have become increasingly specialized, and insurance companies cover only those losses explicitly stated in the policy. Medical professionals, therefore, are often required to obtain multiple liability insurance policies to achieve comprehensive coverage of their professional responsibilities. This review article attempts to address issues related to nurses' professional negligence, professional liability insurance, and its objectives and barriers. The research method is based on a library study and searches conducted on databases such as Google Scholar, PubMed, and SID, using keywords including professional liability insurance, nursing negligence, and objectives of liability insurance. The findings of the study indicate that the occurrence of errors in healthcare systems is inevitable. Despite significant scientific advancements in diagnostic and therapeutic services, the rate of malpractice complaints continues to rise. Therefore, acquiring precise knowledge about nursing liability is essential for reducing patient damages and enhancing the sense of security among healthcare personnel.

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1. Introduction

Liability insurance initially emerged to compensate for substantial damages resulting from industrial development and the expansion of professional and technical fields. Hence, this type of insurance is primarily associated with the theory of risk (Katouzian, 2017).

With the rapid advancement of societies, the emergence of professions related to new industries and technologies, and the increasing attention to the principle of damage compensation, the scope of liability insurance has considerably expanded. Today, it covers all risks borne by the insured due to their legal responsibilities, regardless of whether the liability arises from a breach of contract or from non-contractual obligations (Salehi, 2014).

At present, medical, nursing, and paramedical liability insurance holds great significance in modern societies. Material losses incurred by nurses due to professional liability can impose heavy financial burdens. However, many nurses, because of their lack of legal awareness and insufficient familiarity with the regulations governing their profession, are unable to properly defend their rights (Najafi Abrandabadi, 2018).

Liability insurance, as one of the crucial branches of the insurance industry, directly affects social relations, individuals' awareness of their rights and responsibilities, and the occupational security of various professions. With the insurer's commitment to compensating damages, the insured can achieve peace of mind and confidence in their professional activities (Babayi, 2003).

The application of this insurance lies in the insurer's obligation—once the liability of the insured is established—to compensate damages and legal costs according to the general and special terms of the policy. Furthermore, if the insured is legally required to pay blood money (diyah) under judicial ruling, the insurer must pay it according to the applicable tariff (Abbasi, 2019).

Contracts designed to eliminate or limit liability, whether wholly or partially, may be concluded either before or after an incident occurs. Such agreements may relate to contractual civil liability or to non-contractual (tort) liability. However, the most controversial are exemption or limitation clauses made before the occurrence of damage, particularly in the domain of tort liability, even though these agreements are relatively rare in practice (Shams, 2019).

The main objective of insurance is that once the insured sustains a loss, the insurer compensates it and restores the insured to their pre-damage financial condition (Babayi, 2003).

This article aims to explore various dimensions of professional liability insurance for nurses, which represents one of the primary branches of voluntary civil liability insurance (Salehi, 2014).

2. The Necessity of Professional Liability Insurance for Nurses

Nurses are in direct contact with the life, health, and dignity of patients. Even the smallest negligence, carelessness, or error can lead to irreparable consequences, exposing the nurse to civil and criminal liability and threatening their job security (Najafi Abrandabadi, 2018).

Moreover, the high-risk work environment, shortage of resources, and heavy workload in hospitals increase the likelihood of nursing errors, emphasizing the need for professional liability insurance. This insurance serves as the most effective protective mechanism, simultaneously safeguarding both the rights of the injured patient and the nurse (Rahmani, 2016).

3. The Scope of Professional Liability Insurance for Nurses

Professional liability insurance for nurses provides coverage only under specific conditions for damages resulting from a nurse's error or negligence; beyond these conditions, the nurse remains personally liable (Katouzian, 2017).

The covered cases typically include unintentional errors, negligence, and omissions occurring during the provision of medical or care services within the nurse's defined job responsibilities (Salimi, 2018).

Additionally, this insurance is limited to the period of validity of the policy and the approved workplace. Thus, if an error occurs after the policy expires or outside the agreed professional premises, it is not covered by the insurance (Abbasi, 2019).

4. Barriers to the Development of Professional Liability Insurance for Nurses

Although professional liability insurance for nurses plays a vital role in compensating for medical accident-related losses, numerous untapped potentials still exist for expanding this type of insurance. Insurance companies need to identify and address the barriers to development, which involve both internal and external factors ([Salehi, 2014](#)).

4.1. *Cultural Factors*

In many areas of insurance, people have not fully recognized its compensatory function. Cultural barriers such as fatalism, reliance on divine destiny, altruism, and general unawareness—even among medical personnel—have hindered the growth of professional liability insurance. Changing these factors would significantly contribute to the advancement of this insurance branch ([Ameli, 2003](#)).

4.2. *Inadequate Marketing and Advertising*

Insurance companies have not effectively communicated the advantages of liability insurance contracts to healthcare personnel, particularly nurses. The risks associated with the lack of coverage are often not clearly explained. Therefore, insurers should allocate sufficient marketing budgets and employ qualified and experienced staff in departments handling professional liability insurance to raise awareness and foster a strong insurance culture ([Ameli, 2003](#)).

4.3. *Complexity and Length of the Claims Process*

Under civil liability law, the obligation to pay compensation arises only after a court confirms the incident, which leads to prolonged settlement periods. Enhancing cooperation between the insurance industry and the judiciary could help expedite this process ([Shams, 2019](#)).

4.4. *Limited Coverage and Numerous Exclusions*

According to the general terms of professional liability insurance policies, insurers typically do not cover moral damages or loss of profit, indicating a lack of sufficient protection for both insured parties and claimants ([Salehi, 2014](#)).

Moral damages—recognized as compensable under Article 1 of the Civil Liability Law—are among the key factors for expanding liability insurance worldwide. Nevertheless, Iranian courts often refrain from issuing judgments for such compensation, despite its explicit recognition in law. This gap represents a major deficiency in Iran's compensation system ([Katouzian, 2017](#)).

4.5. *High Insurance Premium Costs*

One of the most critical barriers to expanding professional liability insurance among nurses is the high premium cost. Given nurses' modest income levels, allocating a significant portion of their annual earnings to insurance premiums diminishes their motivation to enroll in such plans ([Rahmani, 2016](#)).

Furthermore, due to the inherently risky nature of nursing, insurers often assign high premium rates, which in turn discourage participation—a vicious cycle that limits the insurance's reach ([Najafi Abrandabadi, 2018](#)).

Unfortunately, in Iran, the absence of governmental and institutional support policies—such as partial premium contributions from hospitals or the state—places the full financial burden on nurses. In contrast, in many countries, governments or employers cover a substantial portion of the premiums, thereby promoting broader insurance participation ([Noorbaha, 2021](#)).

4.6. *Weak Oversight and Performance Evaluation of Insurance Companies*

A lack of trust in the quality and reliability of insurance companies' services and their adherence to contractual commitments constitutes one of the major barriers to the development of nurses' professional liability insurance. The establishment and reinforcement of effective supervisory bodies capable of continuously monitoring the quality of insurance services can play a crucial role in mitigating this mistrust. Clearly, the existence of such regulatory mechanisms would increase nurses' confidence and encourage greater participation in insurance programs (Abbasi, 2019).

4.7. *Bureaucracy and Complexity of Insurance Processes*

As in other administrative systems, excessive bureaucracy and procedural complexity tend to slow down institutional operations. The same applies to the processes of policy issuance and claims compensation in the insurance sector. Considering that nursing is a demanding and high-stress profession, nurses generally have limited mental and physical capacity to cope with the burdens of administrative disputes and complex regulations. Consequently, this discourages them from purchasing or renewing insurance policies (Abbasi, 2019).

5. **The Impact of Barriers to Nurses' Professional Liability Insurance**

The existence of barriers to the expansion of nurses' professional liability insurance has far-reaching consequences for nurses, patients, and the entire healthcare system. Uninsured nurses face significant financial and psychological pressures resulting from legal claims, while patients experience delays or inefficiencies in obtaining timely compensation due to the weak performance of insurance mechanisms. As a result, the healthcare system itself suffers from a decline in service quality and an increase in legal disputes.

At the macro level, these obstacles and their outcomes affect not only nurses but the entire healthcare sector, leading to reduced job security, lower motivation, declining care quality, and the erosion of public trust in the health system (Shams, 2019).

6. **Strategies to Reduce the Impact of Barriers to the Development of Nurses' Professional Liability Insurance**

Strategies to mitigate the barriers hindering the development of nurses' professional liability insurance can be examined from two main dimensions:

- (1) the policy-making dimension, and
- (2) the executive and operational dimension.

In the policy-making dimension, the existing regulations governing medical and paramedical professions are often inefficient and outdated, failing to adequately cover the risks inherent to these professions. The current legal framework does not fully align with the modern needs of society. Therefore, it is essential to revise and update the related laws to provide a clear definition of nurses' responsibilities, delineate the shared duties of patients, nurses, and physicians, and simplify the complaint and compensation process.

Moreover, the development of complementary regulations, granting greater authority to the Iranian Nursing Organization, and increasing cooperation between this body and insurance companies can significantly enhance professional insurance coverage. Introducing insurance subsidies, and requiring healthcare institutions to purchase group liability insurance for their staff would also strengthen participation and raise professional motivation among nurses.

Continuing initiatives such as group insurance programs, offering significant premium discounts, providing loans or financial assistance for premium payments, and designing supportive insurance schemes—including those that cover compensation exceeding the legal blood money (diyah) or offer special coverage for public sector employees—can further encourage nurses to participate in professional liability insurance programs.

In the executive dimension, hospitals and employers play a crucial role by implementing policies that mandate or encourage nurses to obtain liability insurance. For example, including liability coverage clauses in employment contracts and facilitating premium payments through electronic systems can simplify the insurance process and increase compliance.

Additionally, the Iranian Nursing Organization can contribute by holding educational courses and legal workshops to enhance nurses' awareness of their rights and obligations, thereby boosting their motivation to maintain insurance coverage. On the other hand, insurance companies must adapt their policies to current work conditions and modern healthcare systems, offering customized insurance packages suitable for nurses. They should also work to simplify and expedite the compensation process, while expanding the scope of their commitments to improve service reliability and satisfaction.

7. Conclusion

Professional liability insurance for nurses is a critical instrument for protecting healthcare personnel and patients while improving the overall quality of healthcare services.

Although the importance of this insurance is officially recognized in Iran's legal and healthcare frameworks, its development still faces several significant barriers—such as high premium costs, weak oversight of insurance companies, and insufficient legal and policy support.

These obstacles have multifaceted consequences: nurses experience financial and psychological strain from legal claims; patients face delays and difficulties in receiving compensation; and the healthcare system as a whole suffers from reduced service quality and increased legal conflicts.

Findings suggest that reforming insurance policies, adjusting premium structures, strengthening legal and judicial support, enhancing supervision of insurance companies, and expanding specialized training for nurses could substantially alleviate these barriers. Such measures would not only improve nurses' job security but also restore public trust and enhance the efficiency and integrity of the national healthcare system.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

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