

Protecting Your Office & Clinic – Wildfires and Other Events

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Doctors of BC offers members specialty and discounted commercial insurance for offices and clinics through its partner, Mardon Group Insurance.

Owning and operating a medical practice is a serious business and one which requires a significant financial investment to set up. Here are some key points to consider when purchasing insurance to protect your investment.

Leasehold Improvements, Office Contents and Medical Equipment

When renting office space, most leases typically make the tenant responsible for all improvements and renovations made to the space, even if the tenant did not have to pay for them at the start of the lease. As a result, most tenants are responsible for repairing or replacing any improvements which have been done to their space following a fire or a water damage loss. This can amount to many thousands of dollars and it is critical to make sure any improvements are included in the limits chosen under your insurance policy.

Contents of a typical medical office include computers, laptops, filing cabinets, office and waiting room furniture, various types of medical equipment ranging in cost from small stethoscopes to large laser machines and x-ray machines. It is important to make sure that these items are all insured on a replacement costs basis so that the items will be replaced with brand new items if they are lost, damaged or stolen. The total replacement cost of all office contents and equipment should be taken into account when choosing a limit of insurance. Failure to do this can lead to you having to contribute towards a claim out of your own pocket if it is found that you had underinsured the total value of your contents.

The importance of choosing a limit which reflects all of your Leasehold Improvements, Office Contents and Medical Equipment becomes even more critical in areas prone to forest fires. While damage caused by forest fires is covered under the policy, these types of losses tend to cause major damage and many policies will have to pay out to the full policy limit in the event a medical clinic is destroyed.

Smoke damage is also a major issue in forest fires. In Fort McMurray, whilst the medical clinics in the downtown area were spared from the fire, they suffered major smoke damage to the insides of the clinics. Most were forced to evacuate

on very short notice and left the heating and air conditioning systems running. This allowed the smoke to be sucked into the clinics. Again, while smoke damage is covered, it is important to make sure you choose an adequate limit of insurance to ensure there is enough money to repair or replace all of the damage items following the fire.

Loss of Business Income

Sometimes a fire or major water damage loss, even at your neighbor's premises, can result in the closure of your business for a few weeks. Loss of income resulting from such a forced closure can be recouped by ensuring your insurance policy contains loss of income coverage. For most offices, make sure the loss of income limit is at least 12 months and is not capped by a dollar limit. The policy should also provide 30 days of coverage for mass evacuation. In the past several years whole communities have been ordered to evacuate for several days or weeks on short notice and this mass evacuation coverage can provide some immediate emergency funds to cover the clinic while it is under an evacuation order.

Take a moment to review your current insurance policy and to make sure the medical office is adequately protected. Having the right type of policy that will respond to the various exposures faced by a commercial medical office is a critical part of protecting your business investment.

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