

I operate a Medical Office..... What kind of insurance do I need?

Owing 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.

Office Contents and Medical Equipment

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 hair removal 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

Leasehold Improvements

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.

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.

Commercial General Liability

This coverage is required by most leases, and it covers the medical office against general business liabilities including any bodily injury, such as slip and fall, and property damage suffered by members of the public whilst on your premises. A high limit is preferable for physicians, basically as much as the budget for insurance will allow. Please note this is different from medical malpractice liability insurance. This is provided to physicians by the CMPA.

Professional Liability/Medical Malpractice Insurance for Medical Clinics

There may be some situations where the CMPA will not provide malpractice insurance. This is typically where not all of the owners of the clinic are physicians or where the services being offered are not covered by the CMPA. The most common example of this is Medi Spas. Professional liability insurance is available for these situations and provides coverage for the clinic entity itself.

Electronic Medical Records

Commercial Property Packages will provide some coverage for electronic data and media. Coverage is typically provided for breakdown to electronic data processing equipment including their components as well as active electronic data and media which would include electronic medical records.

Breakdown means:

- (1) mechanical failure;
- (2) failure of operation due to faulty construction or error in design;
- (3) short circuit, blow-out or other electrical or magnetic disturbance, other than lightning, within electrical equipment, apparatus or devices;
- (4) any repairing, servicing or processing operation;
- (5) damage to data or media when electronic data processing and word processing equipment breaks down or malfunctions while data or media is being run through the system.

This type of coverage was not designed to handle 21st century cyber threats to electronic data and will not cover the main types of cyber crime happening today,

Technology has revolutionized the world for businesses and individuals alike and the past twenty years in particular have seen monumental shifts in human behavior directly linked to technological advancements. From the way we shop to the way we access bank accounts and book holidays, everyday life has changed fundamentally.

However, while the technology revolution has brought with it unparalleled levels of convenience and choice to millions of people across the globe, it has done the same for the criminal underworld. It is now far easier and far more lucrative for criminals to ply

their trade digitally rather than physically. Cyberattacks are the modern crime and cyber insurance is one of the ways to protect against them.

Today it's clear that the vast majority of cyber events tend to cause financial loss to businesses themselves as opposed to third parties that they deal with, and they fall into three broad categories:

Theft of Funds

This is straight forward theft of money from a company's bank account. The fact that nearly every business can now move its money around electronically and remotely means that it is much easier to steal. Criminals no longer target physical banks – they target online accounts. And if a business has somehow been negligent in allowing this to happen, the bank will not reimburse them.

Theft of Data

Data is valuable, and if something has value, it is worth stealing. Identity theft has reached record levels around the world and to commit identity theft, criminals need data. Seemingly innocuous information such as names and addresses stored on a computer network can be worth more money than you think.

Damage to Digital Assets

In order to operate, businesses now have an incredibly high dependency on their systems, and criminals know that. By either damaging or threatening to damage a firm's digital assets, attackers know that they can extort money from their victims who might prefer to pay a ransom rather than see their business grind to a halt. And even after paying up, the victim is often left with systems that are unusable and costly to fix.

In some cases, there may be no financial incentive for the attacker at all. In the same way that criminal damage to property doesn't always have a financial incentive, damage to digital assets doesn't need to either. Claims for theft of funds are actually very easy and quick to quantify, but for theft of data claims, the financial impact can vary depending on the nature of the data compromised and how much of it was stolen.

The costliest part of a cyber event is often responding to the incident. For example, if an attack has managed to compromise a company's computer network, then IT specialists are going to be needed to stop the attack, protect against further immediate threats, and work out what has been stolen. There is then a financial cost associated with limiting reputational damage, notifying clients or customers whose data has been stolen, and offering them identity theft protection solutions if necessary.

Damage to digital assets claims can be easy to determine especially if there is an extortion demand which the victim has paid (the amount of the claim is the cost of the ransom) but more difficult if we're talking about the cost of using IT specialists to rebuild systems or data – which might only be calculated after the work is completed.

While extortion, in the form of ransomware, has been one of the fastest growing forms of cybercrime in recent years, social engineering scams have also increased dramatically, and they tend to be more severe. So called “CEO fraud”, where fraudsters impersonate the CEO of a company (or other senior executives) and email instructions to staff in the accounts department to transfer funds to criminals’ bank accounts, has been incredibly successful and a huge source of claims by businesses

The key point underpinning each of these types of crimes is that there is a direct financial loss to the victim business which can be transferred with a cyber insurance policy

Directors and Officers Liability Coverage – also known as management Liability.

Why do I need this coverage?

If you are involved either as a director or as an owner in the business aspects of a medical clinic where you have no medical relationship with patients, you are well advised to have separate liability insurance for the business aspects of your clinic to ensure that the clinic will protect you financially for any claims arising from that business relationship.

With new laws and court decisions more broadly defining the responsibilities of corporate directors and offices, the number of personal liability suits - and the value of the settlements of these suits - is escalating every year. Legal costs are escalating along with the settlements. Every Director, and Officer of a company - public, private, or family-owned - is a potential target for significant financial loss.

Directors and Officers are being watched more closely than ever by shareholders, customers, government, suppliers and creditors. Wise management must protect its Directors and Officers against personal liability with effective insurance coverage when they act in the name of their company.

Doesn’t my Commercial General Liability insurance policy cover this?

A typical commercial general liability policy insures Directors and Officers against liability for bodily injury, property damage, personal injury and advertising injury, but not against liability for all other types of injury or damage. For example, everyday decision affecting shareholders, unions, customers, consumer groups, competitors, creditors and suppliers may result in lawsuits alleging misrepresentation, misleading statements, neglect, breach of duty or violation of a statute, which would not be covered under a commercial general liability policy. Directors and Officers Liability insurance provides coverage for errors and omissions in a broad range of management decisions that could conceivably result in a lawsuit against Directors and Officers.

What are my duties as a Director and Officer?

Directors and officers of private corporations are required by law to act diligently and with due care, and to both personally and corporately comply with the numerous federal and provincial statutes regulating management and corporate conduct

Failing to act properly can leave you liable to shareholders, employees customers, creditors, regulators and competitors. Shareholder's claims can be particularly significant, especially when new shareholders with different expectations and loyalties appear as a result of death, divorce, bankruptcy or other extraordinary occurrence. In Canada, Directors can also be held liable for unpaid employee wages, vacation pay and taxes. This liability is imposed without fault, on a strict liability basis, and can include liability for amounts which become outstanding even after the director has resigned.

What does Directors and Officers Liability Insurance Cover?

A Directors and Officers Liability insurance policy covers a company's Directors and Officers for defence costs, settlements and judgements on account of claims made by shareholders, creditors, employees, customers, regulators and other third parties for a broad range of allegations such as sexual harassment, discrimination, constructive dismissal, unpaid wages, vacation pay and taxes, negligent misrepresentation, mismanagement, negligence, anti trust, unfair trade practices, consumer protection violations, copyright, patent and trademark infringements.

Coverage responds to many types of claims, not just lawsuits such as a written demand for monetary damages, a civil lawsuit commenced by the service of a complaint, a criminal proceeding commenced by the return of an indictment, a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document.

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

These types of coverages along with exclusive rates are available through the Doctors of BC Home and Office Insurance Program. Quotes and coverage can be obtained by calling Westland MyGroup Insurance at 1-844-999-7687.