

MANAGING RISK— ARE YOU PREPARED?

Managing risk can sustain your leading position in the business world's natural selection process. Smart companies protect themselves by reducing the likelihood of claims that can threaten their very existence.

Consider the following true claims scenarios:

<p>Scenario 1</p> <p>A patient suffered a cardiac arrest and was left disabled and in need of 24-hour care.</p> <p>The patient alleged his primary care physician (PCP) did not refer him for cardiac care and failed to follow his progress. Also, the patient alleged the independent physician association (IPA) failed to monitor his treatment and provide specialist referral.</p> <p>The patient sued the IPA with which the doctor is contracted. The defense incurred over \$325,000 in legal fees, based on the alleged agency relationship between the PCP and IPA.</p> <p>Is vicarious liability for medical malpractice a concern for you?</p>	<p>Scenario 3</p> <p>A peer review service organization (PRSO) was sued for libel over publicizing a list of doctors with patient complaints.</p> <p>A psychiatrist who specializes in helping relapsed alcoholics argued that he is more likely than his peers to have complaints levied against him.</p> <p>The PRSO incurred \$400,000 in defense fees with indemnity claims totaling \$100,000.</p> <p>Does your company have Media and E&O insurance to protect against a similar claim?</p>
<p>Scenario 2</p> <p>A disease management company was sued when a part-time employee gained unauthorized access to confidential electronic data and discussed a co-worker's HIV-positive status with others.</p> <p>The company paid out a \$250,000 settlement to the wronged employee, plus another \$85,000 in attorney's fees.</p> <p>Is Data Privacy and Network Security insurance part of your company's liability insurance?</p>	<p>Scenario 4</p> <p>A medical practice filed suit against an IPA. Shortly after signing the contract, the IPA created a new entity and transferred most of the medical practice's enrollees to the new company.</p> <p>Because the contract outlined a capitated payment schedule based on the total number of enrollees, the medical practice lost a significant amount of income.</p> <p>They sued the IPA and its chairperson for breach of contract and misrepresentation, among other claims. The suit settled for \$225,000 and defense expenses were approximately \$110,000.</p> <p>Does your company have E&O and D&O coverage to safeguard against unforeseen changes or breaches of contract?</p>

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HEALTH CARE SERVICE ORGANIZATIONS

CLAIMS SCENARIOS

And in the event any of these scenarios were to happen to you, would you know which of your insurance carriers to turn to?

Who would truly be there to help you navigate your exposure?

Many more cases like these play out in the courts every day.

Would your company survive?



Claims examples are based on actual cases or hypothetical situations and are for illustrative purposes only. Coverage for specific claims is determined by the insurance policy and actual coverage may vary subject to policy language as issued. Consult your insurance advisors or legal counsel for guidance on issues specific to your organization. © Darwin Professional Underwriters, Inc. All Rights Reserved. 060908