

HOW TO MAKE YOUR HEALTHCARE ORGANIZATION MORE INSURABLE

WELCOME

Welcome to the Webinar

- **You have been muted and your video turned off** so that we may all focus on the speakers.
- **We have taken the questions you have submitted in advance** and organized them into common themes that we will address today.
- **You can submit questions during the webinar using the Q&A feature** at the bottom of your screen and time permitting, we will address your question(s).
- **Next week** you will receive a copy of this recorded webinar, the PowerPoint slides and any additional resources we discussed today via email. The information will also be posted on our website www.psfinc.com.

Disclaimers

- **This is what we know as of today** and is subject to change.
- **This is not legal advice** and should not be construed as such.
- **Comments made by our speakers may not contemplate your particular geography** – please reach out to your legal counsel for state-specific information.

Panelists/Speakers



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Agenda

- **Overview of the state of the commercial insurance market**
- **Focus Area 1:** Property Insurance
- **Focus Area 2:** Medical Malpractice Insurance
- **Focus Area 3:** Cyber Liability Insurance
- **Q&A**

Everyone's Favorite Topic



State of Commercial Insurance

State of Commercial Insurance: Hard Market

"Market conditions in which insurer competition diminishes, buyers have difficulty finding coverage, premiums increase, and insurer profitability rises"

The Institutes, Risk Financing, 6th Edition

Insurance Carrier Trends:

- Re-evaluate their books of business
- Re-evaluate appetite for risk
- Establish stricter guidelines for underwriting to correct loss ratios
- Decrease in coverage limits and increase in deductibles

Social Inflation's Impact on Insurance

Top Verdict Categories

Dollar value of Top 100 verdicts by cause of action, in millions.

2020			2021		
1	Intellectual Property	\$14,858	1	Worker/Workplace Negligence	\$301,929
2	Products Liability	\$3,117	2	Intellectual Property	\$3,675
3	Worker/Workplace Negligence	\$706	3	Motor Vehicle	\$2,046
4	Construction	\$285	4	Transportation	\$730
5	Motor Vehicle	\$261	5	Products Liability	\$651
6	Medical Malpractice	\$199	6	Employment	\$489
7	Intentional Torts	\$138	7	Business Law	\$410
8	Legal Profession	\$108	8	Intentional Torts	\$364
9	Fraud	\$94	9	Insurance	\$251
10	Dangerous Condition of Public Property	\$76	10	Government	\$167

Source: VerdictSearch. Figures are rounded to the nearest \$1 million.

Property Insurance

Property Market Realities

- Building Replacement Cost Increases
- Catastrophe Insurance Capacity
- Excess and Surplus Carrier Appetites
- Terms & Conditions



Desirable Risk Characteristics

- 1) Good replacement cost to insured value metric
- 2) Healthy retention levels that eliminate attritional exposures
- 3) Low 2-year loss records
- 4) Quality asset with a sound approach to risk management
- 5) Part of stable layered insurance program with bifurcated capacity
- 6) Multiple long-term carrier partners.

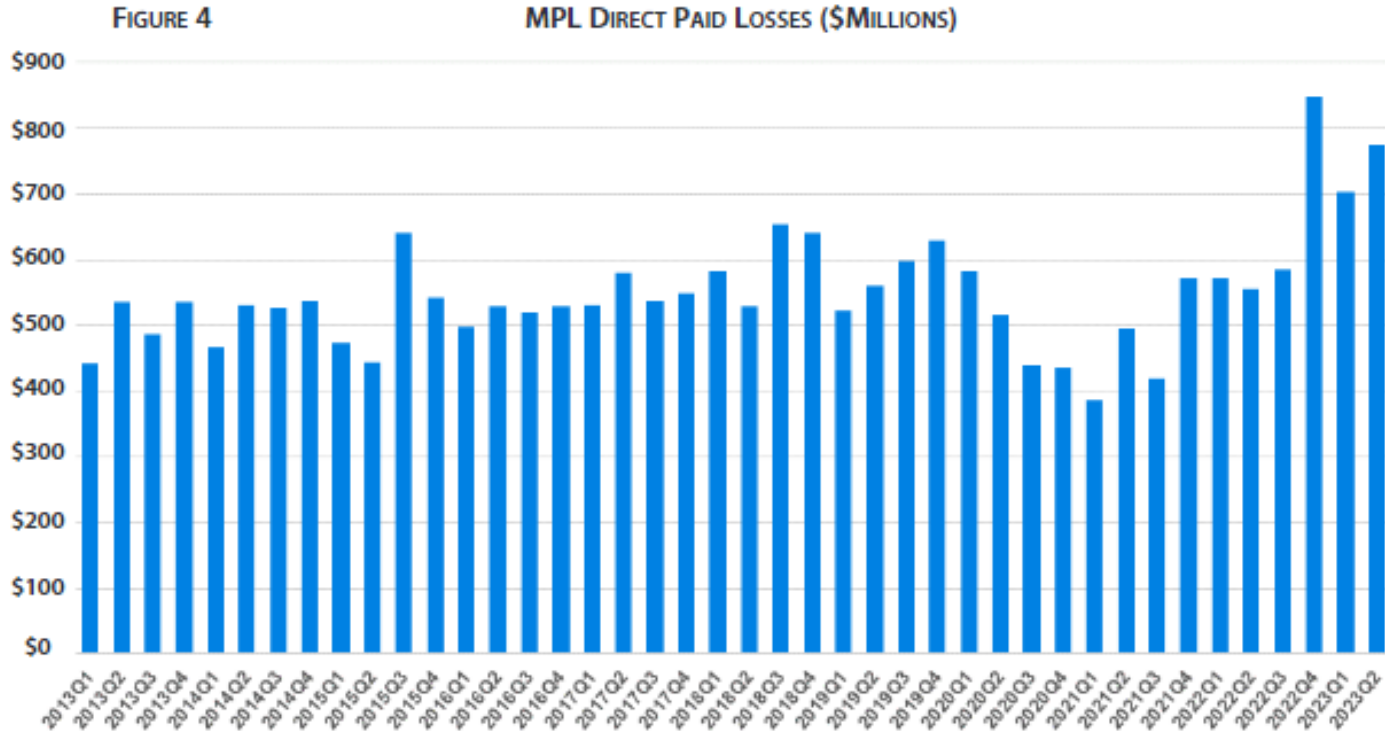
Source: RPS Q4 2022 State of the Property Market

How to be “more insurable”

- Prepare for the renewal process 120 prior to renewal
- Utilize your carrier’s RM tools/checklists
- Update insurable locations & confirm property replacement cost values (SOV)
- Build relationship with the carrier’s risk engineers/loss control consultants
- Ensure recommendations are closed from previous loss control visits
- Provide underwriters with a narrative of what you have done to protect your property: Water Damage Mitigation Plan, Water Sensors, New Roof, Security Systems, Newly Sprinklered, etc

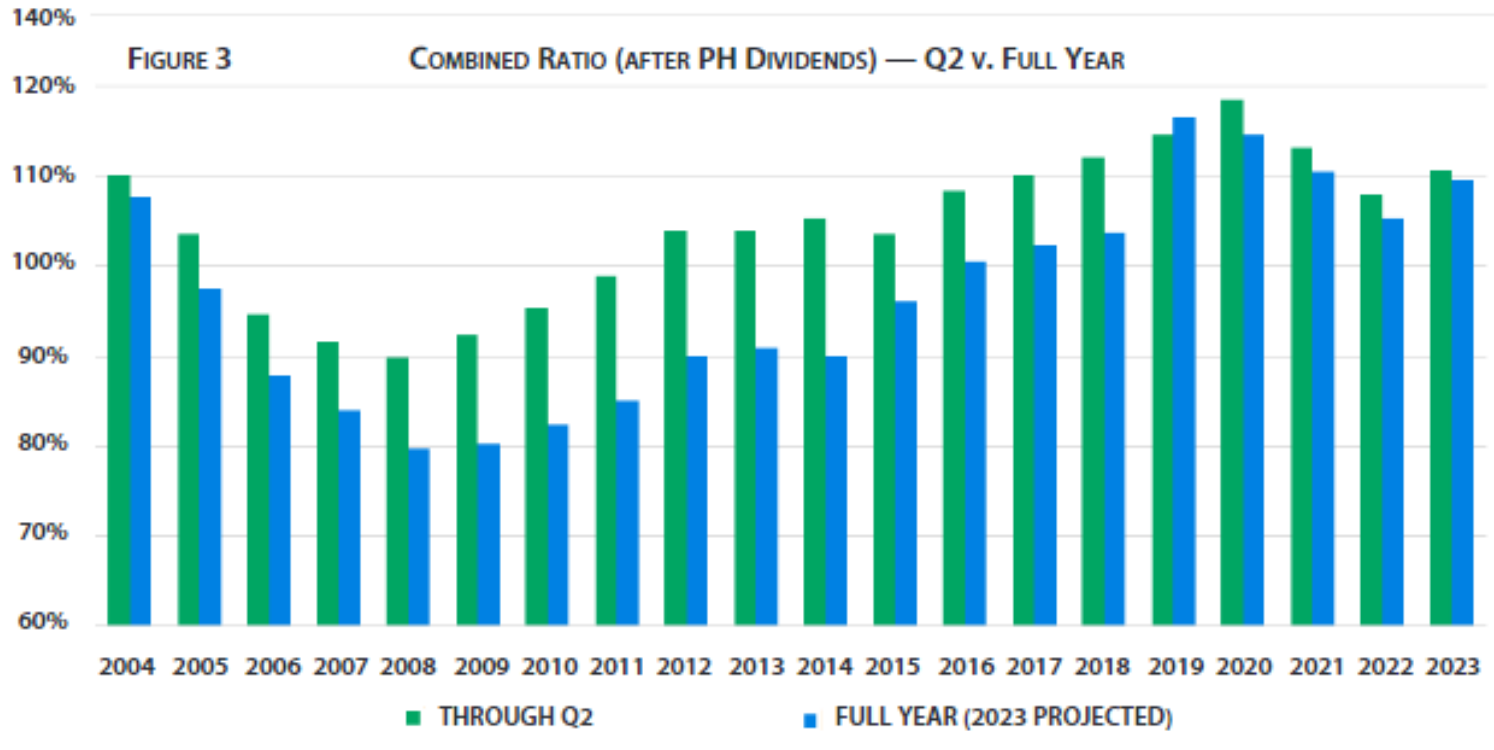
Medical Professional Liability

Medical Professional Liability - Paid Indemnity



Source: Medical Liability Monitor, September 2023

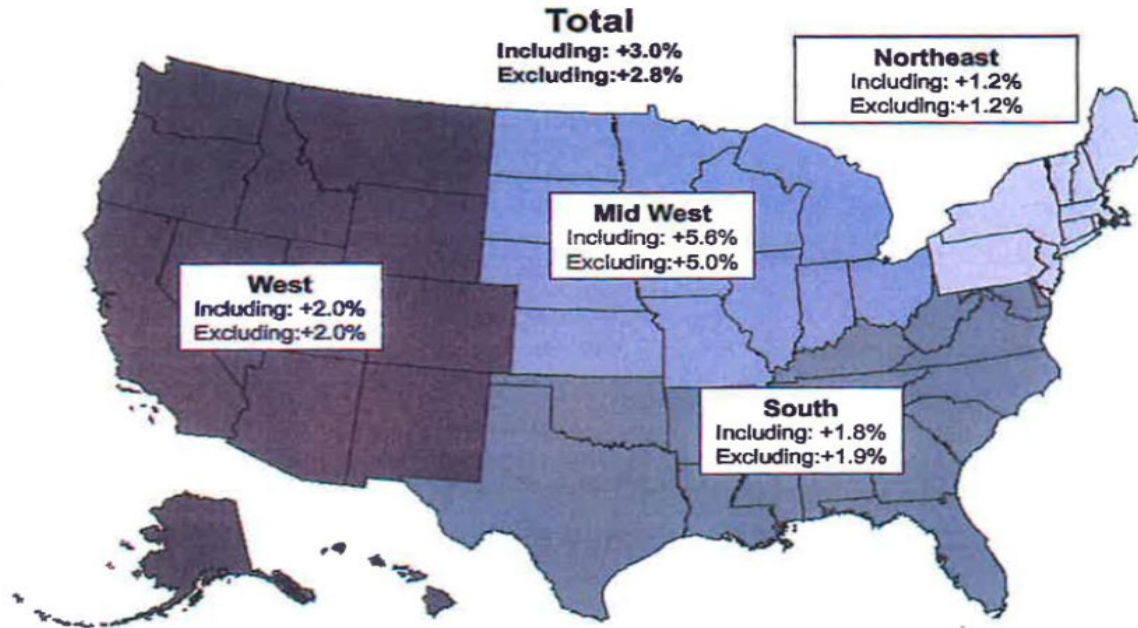
Medical Professional Liability - Combined Ratio



Source: Medical Liability Monitor, September 2023

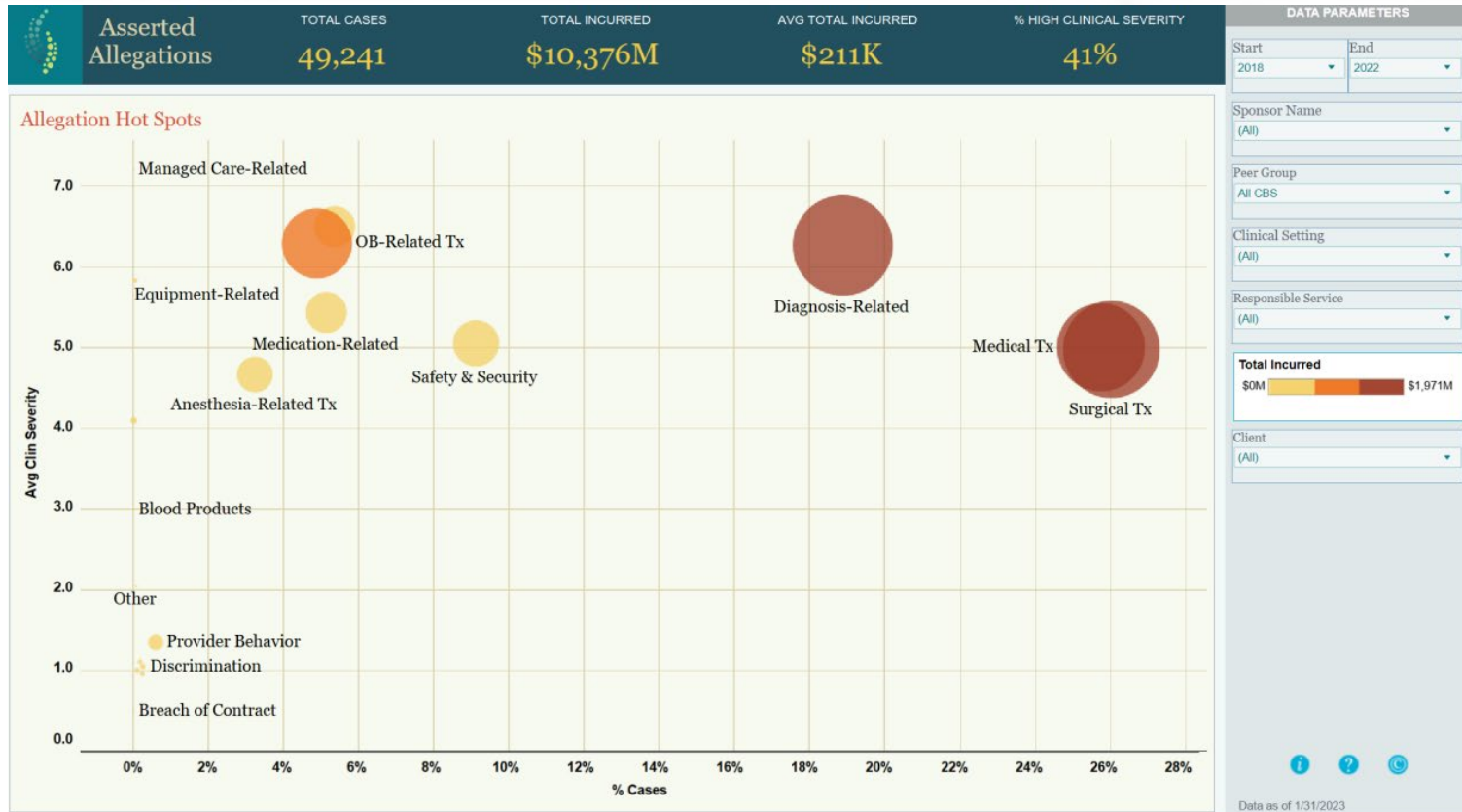
Medical Professional Liability Rates

Average Rate Change by Region



Source: Medical Liability Monitor, Oct. 2022 "Annual Rate Survey Issue"

Medical Professional Liability Claims Trends

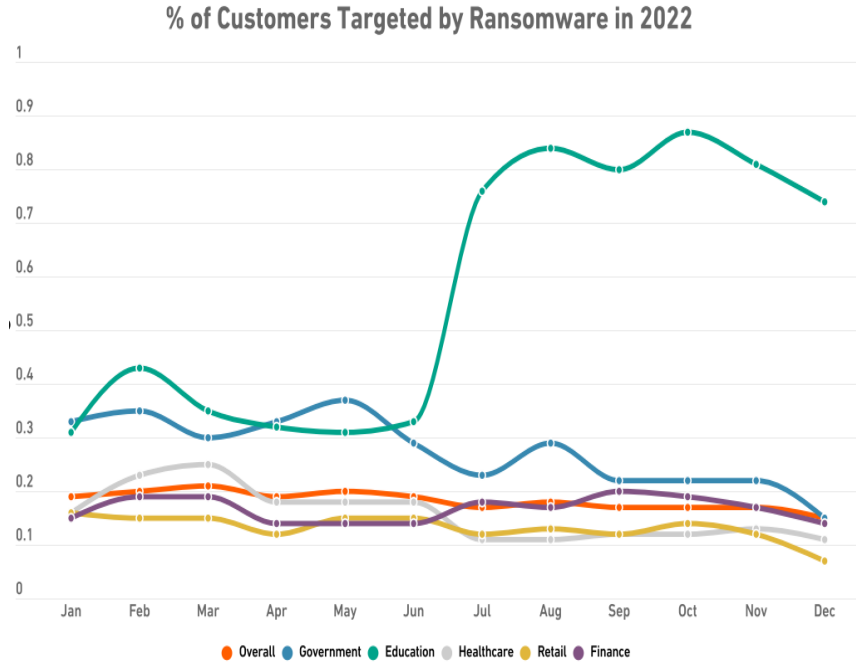


How to be “More Insurable”

- Prepare for the renewal process 120 days prior to renewal
- Review current retentions and coverage limits
- Talk to business partners/compare strategies
- Meet face to face with underwriters and respond to questions quickly
- Have good claims handling
- Continue to practice good risk management and safety practices and share those with underwriting
 - Develop a risk management plan
 - Provide information on your event review process and pro-active risk mitigation
 - Collaborate with your carrier's risk services (free Risk tools and CMEs)
 - Undergo annual or bi-annual risk assessments
 - Confirm that you have contemplated and have implemented policies for new exposures

Cyber Liability Insurance

Cyber Claims by Type



Trending Health Cyber Risk Alerts

- Ransomware attacks increased 750% in the healthcare industry between February and March 2023
 - In April, a healthcare conglomerate was targeted incurring of \$100m in lost revenue
- Data Breaches continue
 - Shields Healthcare Group over 2 million records
 - Broward Health over 1.3 million records
- Meta Pixel and tracking technology
 - Recent settlement of \$18.4M

**information courtesy of SonicWall 2023 Cyber Threat Report and Corvus Risk Insight Index Q2 2023, Intro: What is ransomware now?*

Market update

- Carriers are becoming more competitive
 - Negotiation is in the policyholder's favor
- Data privacy has now become a focal point
 - Coverage restrictions are becoming more apparent
 - Supplemental information could be required in order to consider affirmative coverage availability

How to be more “insurable”

- Prepare for the renewal process 120 prior to renewal
- Utilize your Cyber carrier’s Risk Management tools, staff trainings and/or free cyber security scans
- Implement technical controls:
 - Multi-Factor Authentication (MFA) for remote access into network, access to web email and for domain administrator accounts.
 - Endpoint Protection Platform (EPP)
 - Email filtering solutions for malicious links or attachments, including the ability to automatically detonate and evaluate attachments in a sandbox
 - Disabling administrative rights for ordinary users
 - Prompt patching cadence for critical/emergency patches (ASAP or within 2 weeks)
 - Backups maintained offline and regularly tested for integrity
 - Employee phishing training and testing
 - Robust practices for the management and protection of service accounts within domain admin groups
- The following signal higher maturity in an organization’s cybersecurity program:
 - Security Operations Center (SOC) manned 24/7/365
 - Endpoint Protection and Response (EDR)
 - Develop a breach response and disaster recovery plan

**information courtesy of Beazley Risk Control*

Q&A

Thank you!



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