

Alberta Doctors' Digest

I operate a medical office ...

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

Office contents and medical equipment

Contents of a typical medical office include desktop computers, laptops, filing cabinets, office and waiting room furniture, and 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.



Data is valuable, and if something has value, it is worth stealing (photo credit: FLY:D, unsplash.com)

Loss of business income

Sometimes a fire or major water damage loss, even at your neighbour'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.

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

Cyber events

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 straightforward 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. 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.

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 when talking about the cost of using IT specialists to rebuild systems or data – which might only be calculated after the work is completed.

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. Westland MyGroup is able to provide a complete review of your current property insurance coverages.

These types of coverages are available under the AMA Commercial Office Insurance Program. Quotes and coverage can be obtained by calling Westland MyGroup Insurance at 1-844-999-7687 with a discount for AMA members.

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