

Overview

We are pleased to announce a pending affiliation that will bring several important changes for the Practice, beginning with updates to its insurance coverage.

It is important to note that this is not simply a name change, it is a legal and financial transaction resulting in new ownership. As a result, certain policies, including EPL, PL, and WC, must be terminated and replaced with new ones. Attached is a document outlining our minimum insurance requirements; please review it before creating new binders and policies for the Practice.

As you begin this process, please be aware that the Practice will be adopting a new legal name. All binders and policies should reflect the updated name when issued.

We also understand that carriers typically do not hold quotes for more than 30 days, so the Practice will not be able to rely on premium quotes until the carrier conducts a final review in the weeks leading up to closing. However, any preliminary quotes you can provide will be greatly appreciated and will help us align budgets as closely as possible.

Children's Mercy Affiliated Practices (CMAPs) Insurance Requirements

Coverage	Required	Who will purchase	Minimum Limits
I. COVERAGE THAT MUST BE ACQUIRED BY CMAPs			
Professional Liability	Yes	Group	\$1M per claim/\$3M agg per physician \$1M per claim/\$3M agg CMAPs entity \$1M per claim/\$3M agg nurses/techs (shared) In KS, limit will be a combination of primary insurance and HCSF for physicians and entity.
Businessowners Pkg (BOP)		Group	
Property	Yes		Business property & Improvements & Betterments on replacement cost basis Business interruption - 12 months actual loss sustained
General Liability	Yes		\$1M per claim/\$3M agg (if available) Minimum \$2M agg acceptable if insurer can't provide \$3M agg in the BOP format CMH must be included as an additional insured Same limits as General Liability
Employee Benefits Liability	If available		Covers errors in administration of employee benefit plans. If available in BOP policy or if the group has a stand-alone GL policy such policies often include EBL and it is recommended that this coverage be retained. This coverage is not available alone.
Hired & Nonowned Auto	Yes		\$1M per claim (auto is not subject to an aggregate limit)
Workers Compensation	Yes	Group	Statutory WC \$1M/\$1M/\$1M Employers Liability
Cyber/Privacy	Yes	Group	See Below Coverage limits: < \$10M Revenue - \$1,000,000 minimum \$10M-25M Revenue - \$2,000,000 minimum > \$25M Revenue - \$3,000,000 minimum (Average health care breach is now \$2.2M) Required Coverage Parts: Network Security & Privacy Liability Event Management/Breach Response, including notification costs Privacy Regulatory Defense including Fines & Penalties Cyber Extortion PCI-DSS Fines & Penalties (if credit card payments accepted) Optional Coverage Parts: Media Liability (if practice distributes own materials) Business Interruption and Data Restoration Estimated Annual Premiums: 2 Physicians/\$2M revenue with \$1M limit: \$1,000-2,000 5 Physicians/\$5M revenue with \$1M limit: \$3,000-5,000 9 Physicians/\$10M revenue with \$2M limit: \$8,000-10,000
Employment Practices Liability	Yes	Group	\$500,000 per claim/\$500,000 aggregate. Policy must be endorsed to state the policy is primary to any other insurance. CMH will not be added as a codefendant.
II. COVERAGE THAT WILL BE PROVIDED BY CMH			
Directors & Officers Liability	Yes	CMH	If a CMAPs secures a directors & officers policy, the policy must have an endorsement stating the CMAPs'S policy is primary to any other insurance. CMH will not be added as a codefendant to any D&O policy obtained by the CMAPs.
Fiduciary and Crime	Yes	CMH	CMAPs will be instructed to drop their coverage and will be covered by the CMH policy.
III. COVERAGE THAT THE CMAPs MAY CHOOSE TO ACQUIRE			
Umbrella (Excess of GL, Auto & EL)	Optional	Group	\$1M per claim/\$1M aggregate Estimated Cost: \$2500/yr.