

RISK MANAGE YOUR REVENUE

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What are the top 10 risks in your practice? This is often a difficult question for medicos and practice managers to answer – as the modern medical practice is exposed to a host of complex risks.

In running a number of risk workshops for medical practices, I've found it helps to think in terms of two areas:

Firstly, what could go wrong where the event triggers an impact to your:

- ▶ assets;
- ▶ liabilities to third parties;
- ▶ revenue;
- ▶ reputation;
- ▶ registration / licences;
- ▶ compliance with legislation.

Secondly, what are you reliant on in order to run a successful medical practice. Is it your:

- ▶ rooms or a hospital or other location/s?;
- ▶ IT system (including any third party such as a data centre or the cloud)
- ▶ key medical equipment
- ▶ key people including staff, doctors,
- ▶ patients, suppliers or referrers

A key area we often find missing in the insurance programs for practices is the identification of events which could trigger a significant loss of revenue.

Not every risk is insurable – e.g. a key risk is the loss of medical registration, so mitigating this risk is essential. The same largely applies to your reputation. While some insurance policies cover public relations expenses for certain events, they won't cover lost revenue when patients simply stop turning up.

So what insurances cover loss of revenue?

There are a range of policies available which cover a loss of revenue following an 'insured event'. Common policies which medical practices should think about:

Policy	What does it cover
1. 'Business Interruption' (under a Business Package or commercial property policy)	Lost revenue as a result of an 'insured peril' at your premises such as fire, storm, water damage, theft, loss of electricity – which prevents you from practising for a period of time. Cover can also extend where you lose revenue as a result of a key supplier having an insured peril event at their premises (e.g. a hospital).
2. Equipment Breakdown	Business Interruption policies (as above) generally do not extend to cover lost revenue as a result of a breakdown of key equipment. A specialist equipment breakdown policy can cover repair/replacement following breakdown, plus any subsequent lost revenue.
3. Cyber	Most medical practices are reliant on IT systems. In the event of a cyber event (say your system is infected with the cryptolocker virus) many cyber insurance policies provide cover for lost revenue (usually with a 1-2 day waiting period before you can claim).
4. Income protection	Lost income of the insured person from accident or illness. Speak to a financial planner or life insurance adviser.

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Your particular circumstances will dictate whether you have an exposure to certain risks. For example many specialists are not reliant on their consulting rooms and often see patients from multiple locations, so a fire in one location is unlikely to lead to significant lost revenue.

The above list of policies is not exhaustive. It provides some common policies to consider. Conduct your own risk self-assessment. Once you have identified your risks, then decide the appropriate action – this may be insurance, or it may involve other risk management measures.