

BEAUMONT PHYSICIANS INSURANCE COMPANY

Information Security & Privacy Insurance with Breach Response Services

“Breach Response”

What would you do if your practice had a breach of patient information?

Recently, two physician practices received sanctions along with corrective action plans from the U.S. Department of Health and Human Services (HHS) Office for Civil Rights (OCR) which highlights the importance that all providers, regardless of size, fully comply with HIPAA Privacy and Security Rules.

[HHS Settles Case with Cardiac Surgery Group for Lack of HIPAA Safeguards](#) - April 13, 2012
Practice agreed to a \$100,000 settlement and a corrective action plan with HHS for failing to implement sufficient policies and procedures to appropriately safeguard patient information.

[Resolution Agreement with Dermatology Group](#) - December 20, 2013
Practice agreed to pay \$150,000 in fines and implementation of corrective action for failing to fully comply with the administrative requirements of the Breach Notification Rule.

Beaumont Physicians Insurance Company (BPIC) offers a unique turn-key product that provides a comprehensive solution to privacy breaches and information security exposures specifically tailored to the needs of physician groups at a very competitive premium.

Within seconds, large volumes of sensitive information can be lost or stolen. Under HIPAA (the Health Insurance Portability and Accountability Act), physicians are required to notify patients in the event of many types of data breaches. Unprepared physicians can swiftly find themselves engulfed in a firestorm of litigation and bad publicity. Breach Response Insurance offers physicians a means to cover the heavy costs, shift the administrative burden and protect against the reputational damage from a breach.

Some insurers are including limited coverage as part of their medical malpractice policies which provide a limited solution to the unique challenges posed by data breaches. Typically, they provide a lump sum, a single \$50,000 sublimit for example, to the insured in the event of a breach for all coverages including legal fees, notification, credit monitoring, regulatory defense and third party liability.

Each purchaser of the BPIC Information Security/Privacy with Breach Response policy will automatically be enrolled in ePlace Solutions via NoDataBreach.com, an online service that provides educational and loss control information relating to compliance with applicable laws, safeguarding information, training, preparing to respond to breach incidents and best practices. This is an invaluable resource to supplement physician offices on the HIPAA and HITECH requirements.

Please refer to the enclosed information for further details on the coverage offered through Breach Response. A simple seven question application needs to be completed in order to determine eligibility and receive a premium quotation.

Contact BPIC today at 947-522-1040 or BPIC@beaumont.org for more information

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Coverage Summary

The policy consists of four insuring agreements:

Information Security & Privacy Liability

- Third party coverage in response to theft, loss or unauthorized disclosure of personally identifiable information.
- Coverage for unauthorized access, theft of or destruction of data, denial of service attacks and virus transmission involving the insured's computer systems resulting from computer security breaches.
- Coverage for failure to comply with the insured's own privacy policies.
- Coverage for failure to administer an identity theft prevention program required by law or to take steps to prevent phishing or identity theft.
- Minimum limit of \$500,000 (up to \$10 Million*).
- Low retention of \$5,000 (up to \$15,000*).

Privacy Breach Response Services

- Each policy provides notification in compliance with breach notice laws for a minimum of 10,000 individuals (up to 200,000 individuals*).
- Pays costs of computer security expert services to determine how the breach occurred and the extent of lost or stolen information; as well as attorneys' fees to ensure compliance with breach notification laws with a \$50,000 sublimit.
- Low retentions of \$2,500 (up to \$10,000*) for expert services, attorneys' fees and notification costs and 100 individuals for credit monitoring services.
- 12 months of Experian credit monitoring offered to each notified individual.
- Access to www.physiciansecure.com, a free education and loss prevention information service.

Regulatory Defense and Penalties

Coverage for costs associated with response to a regulatory proceeding resulting from an alleged violation of privacy law causing a security breach with a \$50,000 sublimit.

Website Media Content Liability

Coverage for personal injury, trademark and copyright claims arising out of electronic content displayed on the insured's website.

This coverage is 100% reinsured by a leading syndicate of Lloyds of London.

** Limits vary by group size (single physician, 2-20 physicians and greater than 20 physicians)*

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Response Timeline

A Privacy Breach Occurs!

1. Notification to the reinsurer's New York claims office via phone or email as provided in the policy.
2. The insured selects Breach Response attorney and, if needed, a forensic expert will investigate and report on the scope of the breach and application of notification laws. The insured, reinsurer, counsel and experts consider and decide on actions to respond to breach.
3. The insured decides, with the assistance of experts and provided as part of the policy, whether and to what extent notification is required. If notification is required, a notification service provider is chosen to comply with mailing requirements.
4. The notification service provider works with the insured to obtain a list of names and contact information and with Experian to prepare for the notification.
5. The insured and attorney approve notification letter for mailing.
6. Experian Interactive, with the assistance of the insured and counsel, prepares scripts for call center employees.
7. The notification service provider sends letters.
8. Experian Interactive staffs call center to field inquiries from notified individuals.
9. Individuals receive letters and decide whether to elect a credit monitoring package. Enrollment is either online or through the call center.
10. The insured receives reports on the progress of the mailing and credit monitoring enrollment for continual monitoring of the event. Close contact is maintained with the insured and the service providers throughout the process to ensure the breach is handled as effectively as possible and that the insured is provided necessary information to make appropriate decisions at each step of the process.

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Data Breach Examples

- A practice with a fully enabled EHR had a hacker attack of their inadequately protected patient records. The hacker encrypted all of the EHR data then contacted the physician and offered to sell him the password for \$100,000.
- A practice had a burglary which resulted in several computers being stolen. The computers contained personal information and PHI for approximately 3,000 patients.
- An employee of a practice was to be terminated for assaulting another employee. Prior to her formal termination, the employee had unlimited access to patient information. After investigation, it was discovered that she changed information in some charts and copied PHI. The former employee refused to inform the practice which charts were modified or return the stolen PHI.
- An employee of a practice accessed various patient non-medical information and used that information to open credit cards and other accounts in the patient's name. She then used these accounts for her own personal purchases.
- A practice used a transcription service domiciled outside of the US. When the company completed the transcription, they would store it in an internet dropbox which was not encrypted. When patients “Googled” themselves, they found their PHI online.

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