

**COREWELL HEALTH PHYSICIANS INSURANCE  
COMPANY  
(CHPIC)**

**MEDICAL PROFESSIONAL LIABILITY INSURANCE  
AND  
INFORMATION SECURITY AND PRIVACY INSURANCE**

**2024 SUMMARY**

## PHYSICIAN MEDICAL PROFESSIONAL LIABILITY INSURANCE

### *Including Information Security and Privacy Insurance with Breach Response Services*

Corewell Health Physicians Insurance Company (CHPIC) offers medical professional liability and information security and privacy insurance to eligible physicians.

## **BASIC INFORMATION**

### **Who is eligible to apply for coverage?**

Physicians who are in good standing on the active, attending, or ambulatory staff of Corewell Health East.

### **What insurance coverage is offered?**

CHPIC offers medical professional liability (MPL) insurance and information security and privacy insurance with breach response services (Cyber).

### **What insurance company is involved?**

Insurance policies are issued by Corewell Health Physicians Insurance Company (CHPIC), a Michigan captive insurance company. CHPIC is a wholly owned subsidiary of Corewell Health. The MPL policies are reinsured by Corewell Health Indemnity Company, Ltd, (CHIC), a company incorporated and domiciled in the Cayman Islands. An independent financial audit is conducted every year in accordance with Cayman Islands Monetary Authority regulations. CHIC also provides coverage to Corewell Health and its members. The Cyber policies are reinsured by a leading Lloyds of London syndicate.

### **Is CHPIC subject to the Michigan Guarantee Fund?**

No. The Michigan Property and Casualty Guaranty Association (commonly referred to as the “Guarantee Fund”) provides a source of funds to pay claims under policies issued by property/casualty insurers that become insolvent. The State of Michigan requires all property/casualty insurers that are licensed by the State to be members of the Michigan Guarantee Fund, but the law does not require Michigan captive insurers, such as CHPIC, to be members.

Although it is not required to participate in the Fund, CHPIC must meet minimum capitalization requirements by the State of Michigan, and it has internal procedures to assure that sufficient funds will be available to pay covered claims. CHPIC and CHIC are wholly owned subsidiaries of Corewell Health.

### **Is an office practice assessment provided to insured physicians?**

For new applicants only, Corewell Health Physicians Insurance Company will conduct a complimentary assessment of each physician’s office practice within 24 months of joining, in conjunction with the eligibility process.

## INSURANCE COVERAGE

### What types of coverage and limits are available?

Eligible physicians may purchase MPL insurance with primary limits of \$100,000 per claim/\$300,000 annual aggregate, \$200,000 per claim/\$600,000 annual aggregate or \$300,000 per claim/\$900,000 annual aggregate.

If a physician purchases primary insurance with limits of \$200,000 per claim/\$600,000 annual aggregate, he/she may also purchase an additional coverage limit of \$800,000 in excess of the primary coverage, subject to a \$1 million total policy aggregate. In the event the \$600,000 annual aggregate limit of liability is exhausted, there shall not be any excess coverage. This excess coverage option applies only for losses that occur within the confines of Corewell Health scheduled facilities. In no case does this excess coverage apply to claims arising from the private office practice or non-Corewell Health facilities.

For Cyber, the policy has different coverage parts (e.g., coverage for privacy liability claims, coverage for regulatory defense and penalties), and the policy limits vary by coverage part, as described on page 8.

### Is the MPL coverage limited to certain locations?

The MPL policy provides an insured physician with broad coverage on a 24-hour basis. Coverage applies to claims arising at Corewell Health, non-Corewell Health facilities, the physician's private office and anywhere else within the policy territory, unless specifically endorsed otherwise.

### What form of coverage is provided?

MPL coverage is offered on a claims-made and modified claims-made basis. Cyber coverage is offered on a claims-made basis only.

### What is the difference between claims-made, modified claims-made and occurrence policies?

- (a) A claims-made policy covers claims which are reported to the insurance company during that policy year and which are based upon covered incidents that occurred subsequent to the effective date of coverage with the insurance company issuing the policy. This means that if the insurance is canceled or not renewed, the person will not have coverage for claims subsequently made unless an extended reporting period (a "tail") is purchased for an additional premium.
- (b) Under the "modified claims-made" form of insurance, coverage will continue to be provided for claims which are made even after a person leaves CHPIC if the claim arose out of a covered incident occurring during the period of the person's participation with CHPIC.
- (c) An occurrence policy, although not offered by CHPIC, covers claims based upon covered incidents occurring during that policy year, regardless of when the claim is actually made.

### What is provided under the Cyber policy?

The Cyber policy is separate from the MPL policy. There is not a separate premium for the Cyber policy as long as all the physicians in your group are insured with CHPIC. The Cyber policy covers privacy breaches and information security exposures, specifically tailored to the needs of physician groups. Further details are provided on page 8.

## FREQUENTLY ASKED QUESTIONS

### (1) Is “tail” coverage offered and under what conditions can a physician purchase tail coverage?

Yes. MPL tail coverage is automatically included under the modified claims-made coverage described on page 3. The premium charge for MPL tail coverage is included in the annual premium.

If purchasing claims-made coverage, CHPIC will provide tail coverage at the limits of liability in effect when the physician terminates from CHPIC. There is an additional charge for this coverage. Under certain circumstances, CHPIC will provide free MPL tail coverage in the event of (1) death; or (2) permanent total disability; or (3) full retirement at age 55 or older and when the physician has participated with CHPIC for five or more consecutive years.

A single per claim and aggregate limit of liability will be provided for all tail MPL claims.

As noted above, coverage under the Cyber policy is on a claims made basis. Consequently, in the event that the Cyber policy is cancelled or non-renewed, the physician or physician group should consider purchasing tail coverage, and CHPIC will provide a premium quote. Note that the cancellation or non-renewal of the MPL policy will also result in the cancellation or non-renewal of the Cyber policy, unless a separate policy is purchased.

### (2) Is coverage for “prior acts/nose” claims available to those who currently have claims-made coverage elsewhere and wish to apply for coverage?

“Nose” coverage is available for MPL coverage for physicians who have maintained continuous claims made coverage with another insurer prior to joining CHPIC. A physician purchasing nose coverage from CHPIC is required to certify that he/she is not aware of any incidents that could give rise to a claim which have not already been reported to the prior insurer. Also, if a physician qualifies for nose coverage, he/she will be assigned a retroactive date which coincides with the inception date of the claims made policy from the previous insurer. Nose coverage is not available under the Cyber policy.

### (3) Can professional corporations, partnerships, and professional limited liability companies (LLC) apply for coverage?

Yes. There is no additional charge for your Professional Corporation, Partnership or LLC to be covered as an additional insured under the MPL policy. Limits of liability are shared with the covered physician and will not be increased.

A separate limit of liability can be purchased for the Professional Corporation, Partnership or LLC at an additional charge which is applied to the total group aggregate premium, if all employed or associated physicians are insured with identical coverage with CHPIC.

In all cases, Professional Corporation, Partnership and LLC coverage extends to the entity, only for liability arising out of covered activities of an insured physician or non-physician employees while acting under the supervision of an insured physician.

**(4) Are office employees and allied health professional employees of participating physician's also eligible for coverage?**

Yes. MPL coverage is available to office employees and allied health professional employees, if PC, LLC or Partnership coverage is provided. Office employees and allied health professional employees of the PC, LLC or Partnership are insured while acting under the supervision of the insured physician, per the terms and conditions of the insured physician's policy.

The office employees and allied healthcare professional employees would share the limits of the supervising insured physician's MPL policy.

Individual rates are available for Certified Nurse Midwives upon request.

**(5) Does the physician's policy require written consent of the physician to settle a claim?**

The MPL policy does not contain a "consent" clause requiring written consent from the insured prior to settling a claim. However, every effort is made to fully apprise physician insureds at each stage of the claim evaluation process if settlement is contemplated.

Parties involved in the claims evaluation process (defense counsel, claims representative, risk manager, etc.) adhere to a common philosophy to aggressively defend claims and to expeditiously and equitably resolve cases where there is evidence of negligence.

**(6) How is legal defense provided for an insured physician's claims?**

Should the hospital and any insured physician(s) be involved as co-defendants in a professional liability claim or suit, joint defense will be provided by counsel selected by CHPIC. If CHPIC determines that joint defense is not appropriate in a given situation, separate counsel for the physician will be provided.

**(7) How do physicians report an incident, potential claim or notice of intent?**

A claim reporting protocol worksheet is provided to all insured's at each January 1 renewal.

**(8) Does CHPIC recognize physicians with favorable claims experience?**

Yes. A credit is provided to those physicians who have claims free experience. New applicants are subject to verification of claim free via a current carrier loss run. Physicians who have an unfavorable loss history may be surcharged.

**(9) Are physicians required to comply with risk management and quality assurance activities?**

Yes. Insured physicians are required to support hospital and physician risk management and quality assurance initiatives and activities. Participating physicians are also provided with an office assessment, including facility and patient record review.

#### (10) Do physicians receive individual policies?

Physicians will receive an Advice of Insurance (similar to a “face sheet”) which serves as evidence of the insurance coverage purchased. Physicians can request a copy of the master policy under which he/she is insured. Coverage for all insureds is renewed on January 1, regardless of the inception date of coverage. Any physician that joins after January 1 will have his/her premium prorated based on the physician’s inception date.

#### (11) How are premiums determined?

Premiums will be set each year at a level deemed sufficient to cover anticipated MPL and Cyber claims, necessary reserves and other administrative costs. Each year the rates are reviewed by the actuary to assure that they are adequate to cover the expected liabilities and administrative costs.

#### (12) Are part-time rates available?

Yes. Physicians who meet certain criteria are eligible for part-time rates. A Supplemental Application, including a signed Statement of Eligibility of part-time status, is required.

#### (13) Are new physicians eligible for a discount in premium?

Yes. Physicians who have completed their residency training or separated from active military service without previous private practice experience can receive a discount off the applicable rates during their first three years of private practice. A Supplemental Application, including a signed Statement of Eligibility, is required.

#### (14) Is Locum Tenens coverage offered?

Yes. Locum Tenens MPL coverage is available for insured physicians who require a substitute physician to work in his/her absence due to vacation, leave, disability or illness.

The substitute physician must be an eligible member of the Corewell Health East medical staff (see eligibility classifications on page 2). The specialty must be the same or equivalent to that of the insured physician. The coverage provided to the substitute physician will be limited to the same coverage form, policy limits and within the scope of practice of the insured physician. Coverage is restricted to no more than 60 days in one policy period. The substitute physician must complete and submit an application, at minimum, 10 business days prior to the desired date of coverage. Obtaining prior acts/“tail” coverage for locum tenens coverage is the sole responsibility of the insured physician. Coverage is free for the first 10 days or less, then subject to a flat charge of \$250 per each additional substitution.

**(15) Is a payment plan available?**

Yes. An installment payment option is available to physicians whose premium is in excess of \$5,000 at a nominal administration charge.

Information regarding this payment plan is included in the insurance application. The installment plan includes 3 payments (40% payable within 30 days of the effective date, 30% payable within 90 days after the effective date and 30% payable within 180 days after the effective date). This option is only available to insureds who join prior to July 1.

**(16) Can a physician cancel coverage with his/her current carrier to participate without paying a penalty for short-term cancellation?**

In Michigan, if an insurance policy issued by an admitted carrier has been in force for 55 days, a physician can cancel his/her insurance without having to pay a short rate cancellation penalty.

**(17) How do physicians apply for coverage?**

Applications can be obtained as referenced below. Applications must be complete and signed according to the instructions. Applications should be submitted at least 30 days before the insurance is to take effect.

**(18) How is coverage cancelled / terminated?**

Coverage is subject to cancellation at the earlier of:

the date upon which the Insured elects to cancel coverage by providing written notice of cancellation stating when thereafter the cancellation shall be effective; or

the date upon which the Insured receives written notice of cancellation stating when, but in no event less than 10 days thereafter, such cancellation shall be effective except in the event of cancellation for nonpayment of premium. Cancellation resulting from nonpayment shall be retroactive to the first day of the policy period unless the Insured remitted partial payment of premium, then the pro-rated cancellation will be retroactive to the last day earned premium.

**This summary highlights key features; however, it is not intended to cover all of the terms, conditions and provisions of CHPIC. With respect to matters relating to insurance coverage, this summary provides only a general description, and specific coverage terms are set forth in, and governed by, the insurance policies. In order to meet future contingencies, as with any insurance program, changes in features should be expected.**

**Information may be obtained by contacting Corewell Health Physicians Insurance Company (CHPIC) at (947) 522-1040 or [CHPIC@CorewellHealth.org](mailto:CHPIC@CorewellHealth.org)**



# COREWELL HEALTH PHYSICIANS INSURANCE COMPANY

## Information Security & Privacy Insurance with Breach Response Services

### "Breach Response"

#### Coverage Summary

The policy consists of nine 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. Limits available up to \$1,000,000 for additional premium.
- Low retention of \$5,000

##### **Privacy Breach Response Services**

- Each policy provides notification in compliance with breach notice laws
- Pays costs of breach services and 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 \$100,000 sublimit.
- Low retentions of \$2,500 for expert services, attorneys' fees and notification costs
- Credit/identity monitoring offered to each notified individual.
- Access to [www.breachsolutions.com](http://www.breachsolutions.com), a proprietary risk management website

##### **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.

##### **Payment Card Liabilities & Costs**

Coverage for fines and penalties an insured becomes liable for, under the terms of a merchant services agreement, as a direct result of a data breach.

##### **Cyber Extortion**

Coverage for costs incurred by an insured with the company's consent from a cyber extortion threat and the reimbursement of an extortion payment made by an insured with the company's consent.

##### **Business Interruption**

Coverage for lost income sustained by an insured as a result of the interruption of their operations from a security breach on the insured's computer system.

##### **Data Recovery Costs**

Coverage for the reasonable costs to replace/restore data impacted as a result of a security breach.

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