



By
Steven R. Pozzi

The health care information technology industry presents agents and brokers with an opportunity to generate new revenue and establish themselves as risk management leaders in this developing market.

Gartner Inc., a global IT consultant and research firm, projects IT spending among all industries, including health care, will grow in 2010 and continue to increase thereafter.

According to Dr. John Kenagy of Kenagy & Associates, previous IT

companies assist health care and medical research industry players in more effectively and efficiently delivering patient services and products to improve treatment outcomes.

Data security, privacy, medical malpractice and technology errors and omissions exposures present unique challenges to the HIT industry. They also present opportunities for an agent or broker to help these companies navigate potential obstacles. Too often, these risks are approached on a silo basis. As a result, HIT companies purchase insurance at terms, conditions and limits that do not reliably reflect the exposure—too much for one risk and too

little for another. HIT companies, even those working with contract attorneys, often need the expertise of an agent or broker to help ensure that the company's liability insurance policies adequately protect against errors, omissions and other technology-related breach-of-contract claims by customers or other third parties.

This silo approach to risk management often fails to recognize that a single error or omission may lead to multiple liability lawsuits. For instance, an HIT company develops software for a hospital; the software malfunctions and a hacker accesses confidential patient information. The HIT company is sued by the hospital for breach of contract, and the hospital's patients sue the HIT company for violation of privacy. Suddenly, what appeared to be a well-formulated portfolio of insurance, sufficient to protect against the claim made by the hospital, is insufficient to defend and protect the insured against the privacy claims made by the patients.

As this industry develops, those agents and brokers who quickly demonstrate a grasp of the industry's true exposures can establish themselves as HIT risk specialists and risk management thought leaders who are poised to play an important role in the HIT industry's development and, at the same time, improve their own business. **BR**

Growth Proposition

Federal spending on health care information technology is not without risk management issues.

investments in the health care industry have not been used efficiently, leaving opportunity for HIT companies to provide the tools needed to improve patient services and the utilization of medical products.

A January 2009 report by the National Research Council of the National Academy of Sciences concurs. As a result, two federal advisory committees established by the American Recovery and Reinvestment Act of 2009 (the federal stimulus bill) are developing guidance to advance effective data aggregation and analysis for HIT companies and the health care industry.

In addition, the stimulus program has allocated nearly \$20 billion to be invested in the health care and information technology industry. These factors have generated interest in an industry that few people truly understand.

A fusion of the information technology, health care and life sciences industries, HIT companies offer unique, hybrid products or services to all facets of the global health care and medical research industries. By integrating those disciplines, HIT

As this industry develops, agents and brokers who grasp the industry's true exposures can establish themselves as health care IT risk specialists.

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