

# RISK AND INSURANCE SOLUTIONS FOR THE HEALTHCARE INDUSTRY



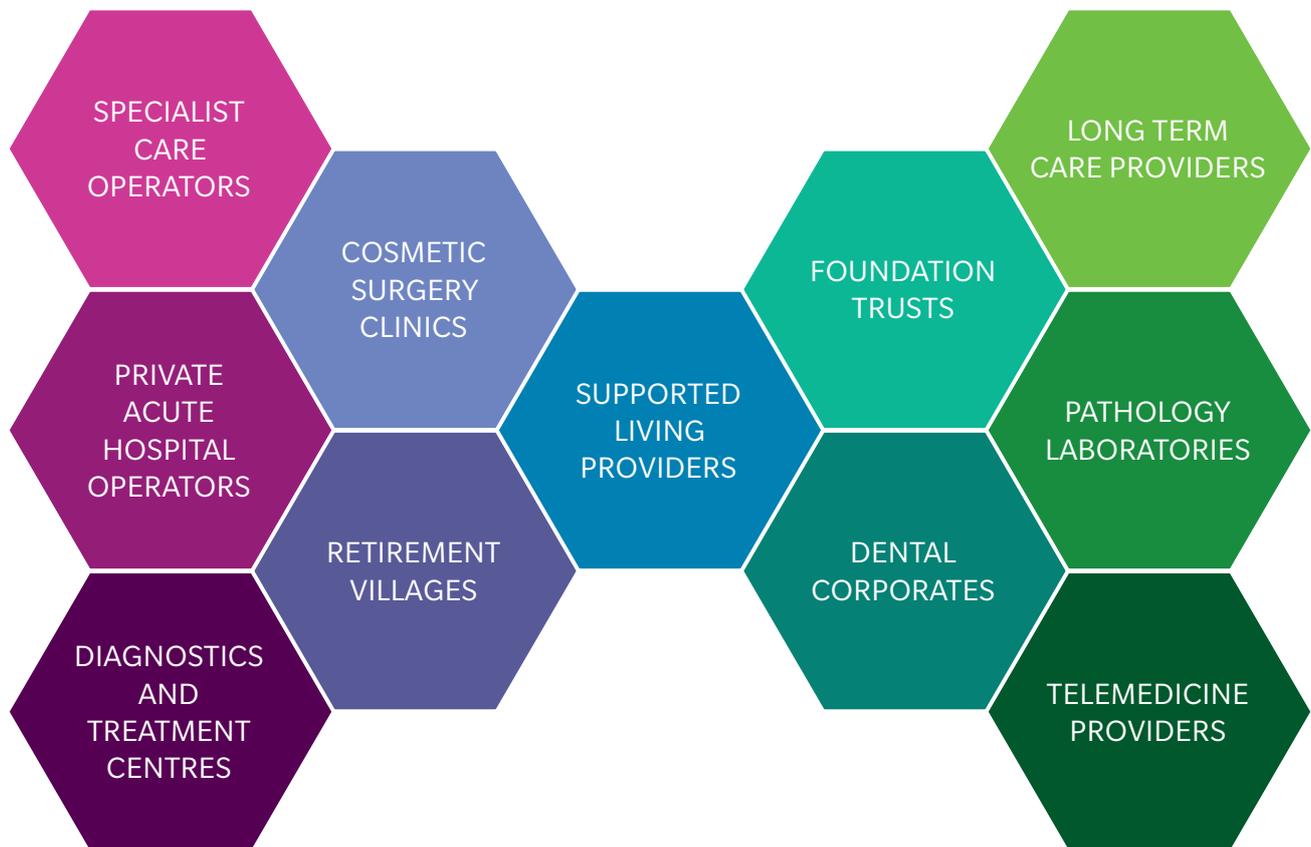


# DEDICATED EXPERTISE AND SUPPORT FOR THE UK HEALTHCARE INDUSTRY

In the UK, Marsh delivers risk and insurance solutions to key areas of your industry including major private hospital groups, some of the UK's largest care providers, over 30 foundation trusts, medical technology providers, and other healthcare service providers and funders.

We are proud to support the healthcare industry with an innovative range of specialist risk and insurance broking services to help you reduce costs, control risk, protect the future of your organisation, and achieve your objectives. Our aim is to reduce the cost of risk for clients. We understand the risks faced by the sector and through our ability to benchmark risk and pricing we strive to secure best value for clients.

## AREAS OF EXPERTISE



# WHAT WE DELIVER FOR THE HEALTHCARE SECTOR

Access our dedicated healthcare team and you get help in identifying, measuring and managing difficult risks in an increasingly complex, evolving, and competitive healthcare environment. New risks impact performance. Through our commitment to reducing the total cost of risk (TCOR) and improving risk management, our advisory and transactional services support the necessary change agenda required to ensure high performance and market leadership of your organisation.

## CASE STUDIES AND SERVICE EXAMPLES

### CLINICAL NEGLIGENCE SCHEME FOR TRUSTS (CNST) – PRIVATE PROVIDERS

When the CNST announced in March 2013 that the terms of membership for private providers delivering services to the NHS would change significantly, Marsh was able to deliver alternative insurance solutions in a very limited time frame.

### ABUSE COVER

Marsh is able to benchmark the widely different insurance policy wordings, limits available, and approaches of different insurers to this key area of cover to ensure the protection chosen is the most appropriate for the type of healthcare provider.

### MEDICAL IMPLANTS

Marsh can provide insurance wording reviews, claims advocacy, and risk-transfer solutions to private hospital operators and healthcare providers that include medical implants as part of their services to patients.

### WHEN THINGS GO WRONG

Working proactively with a healthcare provider and its insurers, Marsh was able to ensure our client and its advisers received support in relation to media relations following allegations that resulted in adverse publicity.



## MEDICAL MALPRACTICE AND DIRECTORS AND OFFICERS LIABILITY

Marsh has specialist teams focussed on placement and claims advocacy for these key exposures. For private equity-backed businesses Marsh has specially developed policy wordings designed to provide cover for both the corporate entity and its officers.

## MERGERS AND ACQUISITIONS

Marsh has worked on some of the largest deals in this sector in Europe in recent years. We can provide risk and insurance advice that complements the traditional financial and legal due diligence. Our advice can help you better understand the risks in any given transaction, factoring them into negotiations and the pricing of a transaction. We can also provide tailor-made insurance solutions which may be used strategically to address transactional issues and improve deal certainty.

## TRUSTS WITHDRAWING FROM CNST

In recent years foundation trusts, motivated by the cost efficiencies driven by the Nicholson challenge, have started to explore potential commercial insurance alternatives to the CNST. This is a complex subject and Marsh is able to carry out detailed modelling exercises to ensure finance directors and their board colleagues at foundation trusts are able to make decisions based on a full and detailed report into the financial implications, both short-term and long-term, of potential exit from CNST.

## MEDICAL NEGLIGENCE

For some operators this can be the most costly and important area of risk transfer. Marsh can benchmark insurance pricing, wordings, deductibles and ensure that your cover is the most appropriate for your needs. Marsh has also undertaken gap analysis to establish how medical negligence cover links in with other covers such as public liability and professional indemnity.



# RESPONDING TO INSURANCE MARKET TRENDS

The insurance market for healthcare providers and medical practitioners is constantly evolving. There continues to be a focus on claims performance and emerging risks such as data protection, issues with medical implants, abuse involving the use of portable technology, and new and evolving risk such as telemedicine.

Those organisations with poor risk management and claims standards, or those who do not communicate their standards well, are at higher risk of premium increases and should take action to improve their position.

There is a wider market for medical negligence insurance, with increased capacity producing competition for good risks.

## THE MARSH TEAM IS HERE TO SUPPORT YOU

- We can use our sector knowledge to profile risks positively with the right insurance markets to generate competition and favourable pricing.
- Working with you, our healthcare, claims, and risk management specialists can help you put effective risk management plans and control actions in place.
- We can advise on optimum insurance programme design and deductible levels, based on professional financial modelling undertaken by our specialist team.
- We can benchmark your premiums, claims, and limits against your peer group. Our significant client base in your sector means we have the information you need.
- We undertake aggressive, factually-based broking, with premium targets based on our detailed assessment of the best price for your risk — not guesswork.



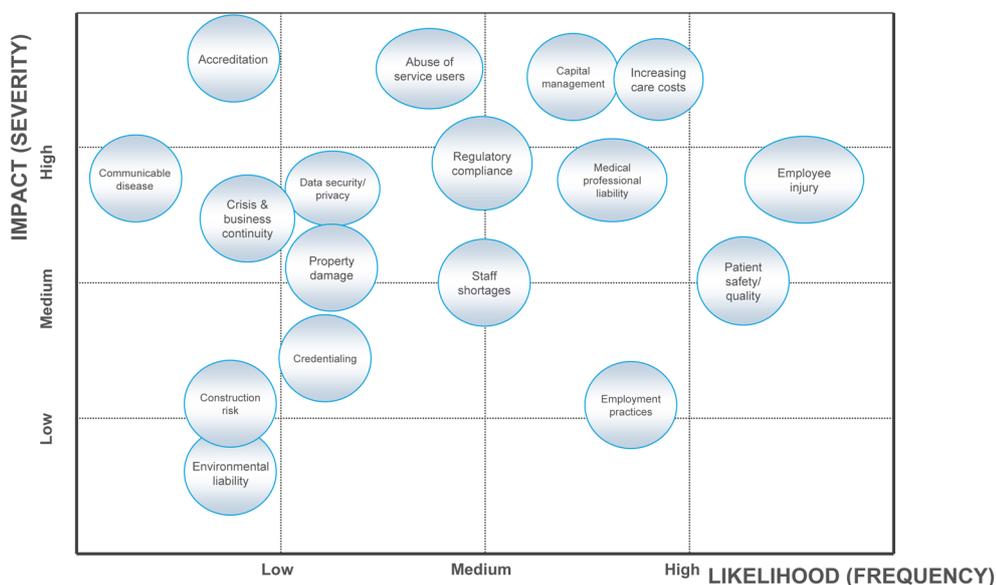
# HELPING YOU MANAGE HEALTHCARE RISK ISSUES

Marsh’s global experience of your sector, combined with our dedicated risk consultancy team, enables us to identify and find solutions for risks that could threaten your strategy, operations, and success. We have highlighted commonly occurring risks and challenges in your sector, below:

External Risk Issues		
<ul style="list-style-type: none"> <li>Falling reimbursement for services</li> <li>Increasing cost of care</li> <li>Regulatory changes</li> <li>Healthcare reform – political change</li> </ul>	<ul style="list-style-type: none"> <li>Quality transparency</li> <li>Economic uncertainty</li> <li>Growing population</li> <li>Increasing patient volumes</li> </ul>	<ul style="list-style-type: none"> <li>Insurance market changes</li> <li>Electronic medical records</li> <li>Competitor activity</li> </ul>

Internal Risk Issues				
Strategic	Operational	Financial	Regulatory	Hazard
<ul style="list-style-type: none"> <li>Reputation</li> <li>Physician alignment</li> <li>Changing market place</li> <li>IT investments</li> <li>Quality</li> </ul>	<ul style="list-style-type: none"> <li>Malpractice</li> <li>Patient safety</li> <li>Business continuity</li> <li>Injury to employees</li> <li>Abuse</li> <li>Data security</li> <li>Contractual risk management</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow/case management</li> <li>Bad debt</li> <li>Pay for performance</li> <li>Increasing benefits costs</li> <li>Mergers, acquisitions and exits</li> <li>Management liability</li> <li>Employment practices liability</li> </ul>	<ul style="list-style-type: none"> <li>Breach of regulatory requirements</li> <li>Accreditation</li> <li>CQC/monitor</li> </ul>	<ul style="list-style-type: none"> <li>Fire</li> <li>Storm and flood</li> <li>Power disruption and contamination</li> <li>Motor vehicles</li> </ul>

## INDICATIVE RISK MAP — LONG-TERM CARE PROVIDERS



# WIDE RANGING SUPPORT

Marsh is part of a wider global team of professional services companies offering clients advice and solutions in the areas of risk, strategy, and human capital. We have highlighted some of our additional services below.

## RISK MANAGEMENT CONSULTING

Marsh Risk Consulting (MRC) provides strategic advice and innovative solutions across a comprehensive range of insurable and non-insurable risks. It helps organisations to meet their business objectives by helping them understand how risk might impact performance, how to reduce the cost of risk, and how to monitor and manage risk effectively.

MRC in the UK and Ireland comprises over 60 consultants, operating across the region, with a variety of specialist skills and experience. It can also access specialist clinical risk management consultancy services from Marsh's global healthcare team.

Specific services that may be of interest to you as a healthcare provider include:



## PRIVATE EQUITY, MERGERS, AND ACQUISITIONS

Marsh's Private Equity and Mergers & Acquisitions practice has experience of working on healthcare sector deals. It provides a range of risk and insurance advisory and transactional services on mergers and acquisitions (M&A), private equity, development capital, public private partnerships (PPP), and project finance transactions.

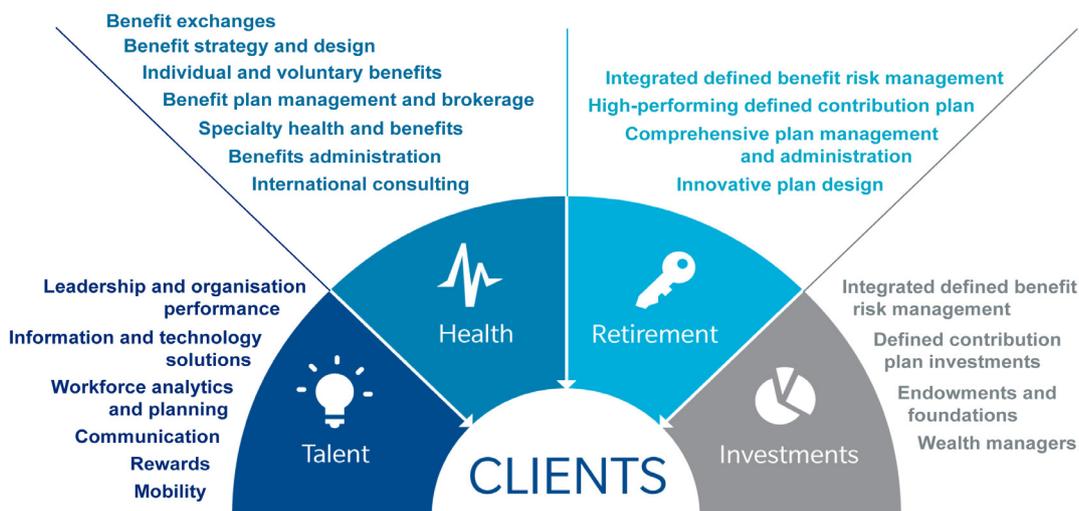
The team provides a suite of services associated with transactions, including:

- Risk and insurance due diligence — private equity and corporate M&A.
- Vendor assistance — private equity and corporate M&A.
- Lender due diligence and advisory — structured finance/project finance.
- Sponsor due diligence and advisory — local authority and contractor led PPP/PFI projects and developer/equity sponsors.
- Tailored products for the specific risks arising from a transaction — warranty and indemnity, tax opinion, environmental, and litigation buyout.
- Specific coverage for private equity liability exposures — private equity management liability.

# SISTER COMPANY EXPERTISE

## MERCER

Our sister company Mercer is a global leader in talent, health, retirement, and investment consulting and works with many healthcare clients.



## OLIVER WYMAN

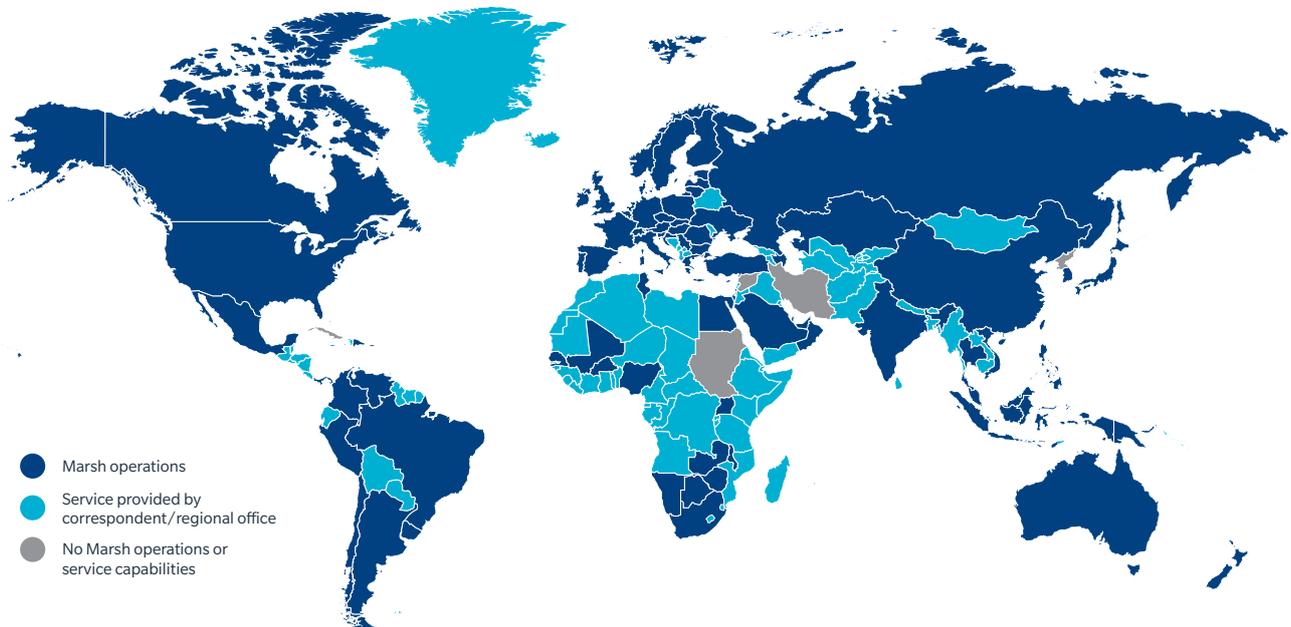
Our sister company Oliver Wyman, delivers management consultancy and has a specialist health and life sciences practice. Examples of projects they have delivered to your sector include:

- Corporate development plan for UK private treatment centre.
- “Lean” performance transformation at a leading acute hospital.
- Equipment maintenance efficiency improvement.
- Clinical quality strategy.
- System wide quality management enhancement.
- Hospital acquired infection strategy (MRSA).

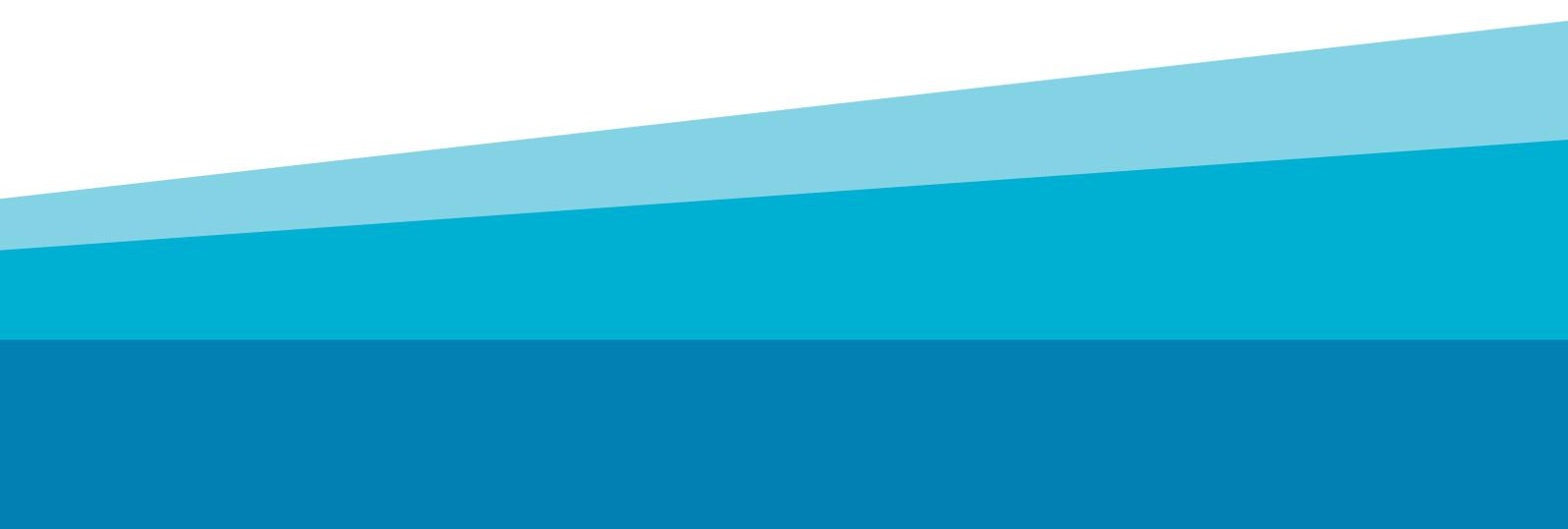
# ABOUT MARSH

Marsh, a global leader in insurance broking and risk management, teams with its clients to define, design, and deliver innovative industry-specific solutions that help them effectively manage risk. Marsh's approximately 27,000 colleagues work together to serve clients in more than 130 countries.

Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy, and people. With 57,000 employees worldwide and annual revenue exceeding \$13 billion, Marsh & McLennan Companies is also the parent company of Guy Carpenter, a global leader in providing risk and reinsurance intermediary services; Mercer, a global leader in talent, health, retirement, and investment consulting; and Oliver Wyman, a global leader in management consulting.



Specialist risk and insurance solutions  
for the healthcare sector.

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For a preliminary discussion about how Marsh could help your organisation please contact your usual Marsh representative or:

PHILIP DEARN  
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philip.dearn@marsh.com

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