

Wrap+® for Health Care Organizations

DIRECTORS, OFFICERS AND TRUSTEES LIABILITY CLAIM EXAMPLES

\$788,000

Following a merger between a health care district and hospital, the health care district filed suit and sought court intervention to stop the closure of the hospital's OB/GYN department. The health care district alleged that during the merger negotiations, the hospital falsely represented that the hospital would remain a full service medical provider with an OB/GYN department. Shortly after the merger, the new hospital scheduled the closure of the OB/GYN department. The plaintiff also alleged fraudulent inducement and breach of the merger agreement. The matter was resolved with the health care district agreeing to withdraw its claims. Total expenses, including the cost of defense, were more than \$788,000.

\$125,000

The insured organization filed suit against a former employee who had started a tissue distributing company that the insured organization alleged unfairly competed with it. Subsequently, the former employee filed a counterclaim against the insured organization. The counter-plaintiff asserted allegations including disparagement; intentional or negligent misrepresentation; tortious interference with business relationships; and monopolistic practices. The matter settled for \$125,000.

\$305,000

A physician's surgical privileges were suspended by the insured hospital. After appealing the suspension, the physician's privileges were reinstated. Following reinstatement, the physician resigned his privileges and filed suit, alleging the insured hospital had improperly suspended his surgical privileges in violation of the hospital's Peer Review Policy and Credentials Manual and in violation of the state's Peer Review Act and the Health Care Quality and Improvement Act. The causes of action in the lawsuit included violation of due process rights, defamation/slander per se, defamation/slander and tortious interference with contract or prospective business advantage. The matter settled for \$240,000, with defense expenses totaling approximately \$65,000.



\$400,000

The owner of a regional imaging group filed suit against an insured hospital, its CEO and general counsel in which the plaintiff accused the defendants of providing inaccurate financial information and failing to disclose material facts. The plaintiff claims he was induced by the inaccuracies and omissions into lending more than \$1 million to the defendant entity. Defense expenses exceeded \$400,000.

\$760,500

A certified class-action lawsuit was brought against three insured hospitals arising from the hospitals' contracts with a third party that processed requests for copies of patient medical records. The complaint alleged that the insured hospitals engaged in price discrimination and violated the Unfair Trade Practices and Consumer Protection Act. The complaint included a demand for reimbursement of allegedly excessive fees charged to class members, attorney's fees and damages for each class member. The case was settled for \$600,000 plus \$160,500 in defense expenses.

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