



# PROGRAM BULLETIN

**ATTENTION: ALL RISK MANAGERS OR RISK MANAGEMENT CONTACTS OF HEALTH CARE PROTECTION PROGRAM (HCPP) COVERED ENTITIES**

**SUBJECT: AMENDMENT TO HCPP CRIME AGREEMENT, ADDING COVERAGE FOR SOCIAL ENGINEERING FRAUD as of Feb. 1, 2023**

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Social Engineering Fraud is a growing financial risk for Health Care Agencies (HCAs). It occurs when someone uses fraudulently obtained confidential business or personal information to trick an HCA employee into transferring money to unauthorized people or accounts.

Criminals use a variety of techniques to exploit a person's trust. They may impersonate a trusted coworker, vendor or client, communicating with the victim by email, phone or social media, instructing them to transfer money or deliver securities under false pretenses. For example, a fraudster posing as a legitimate vendor may convince an HCA employee to change the vendor's banking information. Payments intended for the vendor are then redirected to the fraudster. These schemes can be hard to detect, and it can be very difficult to recover the lost funds – particularly if they have been wired to overseas accounts.

To help HCAs manage this risk, the Health Care Protection Program (HCPP) started providing limited Social Engineering Fraud coverage on Feb. 1, 2023. The coverage provides \$100,000 per loss, with a maximum limit of \$100,000 per year, for HCAs that suffer financial losses due to this activity. It is subject to a \$25,000 deductible.

The endorsement covers losses resulting from an HCA having transferred, paid or delivered any Money or Securities to an unauthorized party, as the direct result of Social Engineering Fraud. It does not cover fraudulent/ dishonest acts by an HCA employee, computer fraud or forgery, loss of data, loss while in the mail, or loss when an employee knowingly cooperates with the fraudster. Some of these losses are covered under other sections of the HCPP Crime Agreement, subject to the applicable terms and conditions.

This new endorsement is intended to provide basic Social Engineering Fraud coverage, similar to what is available in the commercial insurance market. HCAs that would like extra coverage for this risk are advised to purchase an "excess" crime policy, with a Social Engineering Fraud Coverage Endorsement, from a commercial insurer.

The Social Engineering Fraud Endorsement is attached for your convenience. Please keep this Endorsement with your HCPP Crime Agreement. If you have any questions or require clarification of this change, please contact HCPP at: [HCPP@gov.bc.ca](mailto:HCPP@gov.bc.ca), or: 250-356-1794