

Mr Neil Hicks
Chair
Medical Radiation Practice Board of Australia
G.P.O. Box 9958
Melbourne VIC 3001

23 May 2012

Dear Mr Hicks

PROFESSIONAL INDEMNITY INSURANCE ARRANGEMENTS REGISTRATION STANDARD

The Insurance Council of Australia¹ (Insurance Council) has a Healthcare Indemnity Committee and a Professional Indemnity Committee, the members of which have a common interest in indemnity cover for healthcare practitioners. We have recently become aware of the professional indemnity insurance standard for medical radiation practitioners which was approved by the Australian Health Practitioner Regulation Agency (AHPRA) in December 2011 and will take effect from 1 July 2012.

We note there was a public consultation period in relation to this Standard. Unfortunately, we were not aware of the consultation and did not comment on the draft standard. We will be taking up separately with AHPRA how a process can be put in place to ensure the timely involvement of the Insurance Council and its members in the development of standards relating to insurance.

Insurance Council members broadly support the registration standard for PII and consider that the majority of the requirements are reasonable and fair. However we wish to make the Board aware that the requirements for unlimited run off cover are problematic.

The definition of run-off cover notes that this type of cover may be included in a PII policy or may need to be purchased separately. Similar to the practice with other professions, insurers will often agree to provide run-off cover on a case-by case basis, where they are confident of assessing the risk they are taking on – for example where the practitioner is a long standing client. However, it is unlikely that Insurance Council members will offer automatic run-off cover to all, or even a majority of, practitioners.

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent more than 90 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2011 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$36.0 billion per annum and has total assets of \$115.6 billion. The industry employs approx 60,000 people and on average pays out about \$110 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

A strict requirement to obtain PII with run-off cover is therefore likely to create difficulties for practitioners and severely restrict the availability of complying insurance. The Insurance Council would welcome the opportunity to organise a meeting of relevant members to discuss insurance issues with you or your colleagues.

If you require any further information, please contact Mr John Anning on (02) 9253 5121 or janning@insurancecouncil.com.au.

Yours sincerely



Robert Whelan
Executive Director & CEO