

## THE FUTURE OF MEDICAL INDEMNITY INSURANCE IN AUSTRALIA

### The role of MIIAA in representing the medical indemnity insurance industry

MIIAA is the peak body representing the medical indemnity insurance industry. The members of the MIIAA are four insurance companies, each of which is owned by a medical defence organisation.

MIIAA works at a national level to represent the medical indemnity insurance industry to governments, medical groups and the community.

### Recent legislative changes and their impact upon the medical profession

The last two years have seen many changes within the medical indemnity insurance industry. Medical indemnity must now be provided by insurance companies that are regulated by the Australian Prudential Regulation Authority, rather than via discretionary indemnity from medical defence organisations. This means that medical indemnity insurance now operates within the same regulatory system as other insurance companies, which provides a high degree of security for doctors and consumers.

Other changes have included the introduction of Federal Government schemes to address some of the major cost drivers in medical indemnity insurance and to assist doctors meet the cost of very high insurance premiums. The medical indemnity insurance industry was closely involved in the development of many of these policies.

MIIAA will continue to monitor implementation of the changes and work with the Government and the medical profession to address any problems that arise.

Some state governments have begun the process of tort law reform to ensure a more stable and secure indemnity insurance environment. MIIAA supports these reforms and will work with the medical profession to encourage other states to adopt similar reforms.

### How the medical indemnity insurance industry is working with medical representative groups and colleges

Supporting doctors to manage risk within their practices is a high priority for the medical indemnity insurance industry. Medical defence organisations are experts in collecting and analysing data on adverse events and identifying risks and trends in indemnity claims. MIIAA and its members are committed to working collaboratively with medical colleges to develop training programs and resources to assist doctors to improve the quality of their medical practice.

At a national level, the MIIAA coordinates the collation of annual data from medical defence organisations and makes this information available to governments, the medical profession and the community. This data is useful in the development of policies and strategies to reduce risk and increase the safety of the health system.

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Australia cannot have a high quality health care system without a stable and secure medical indemnity insurance industry.

## Recent trends in claims and premiums

Over the last ten years, the cost of medical indemnity insurance, and many other types of insurance, has risen dramatically. This is due to a range of reasons, including increasing numbers of claims and changes in the way courts are interpreting legislation and awarding damages.

There are promising signs that this trend has ended and that medical indemnity insurance costs are stabilising. For example, in 2003/04 the average premium increase was only 2%.

In the past two years, premiums collected by medical defence organisations have been greater than the cost of reported claims, allowing the industry to begin to rebuild capital and to minimise future premium increases.

The initiatives and reforms implemented by federal and state governments have also helped stabilise the industry.

## Current issues facing medical indemnity in Australia

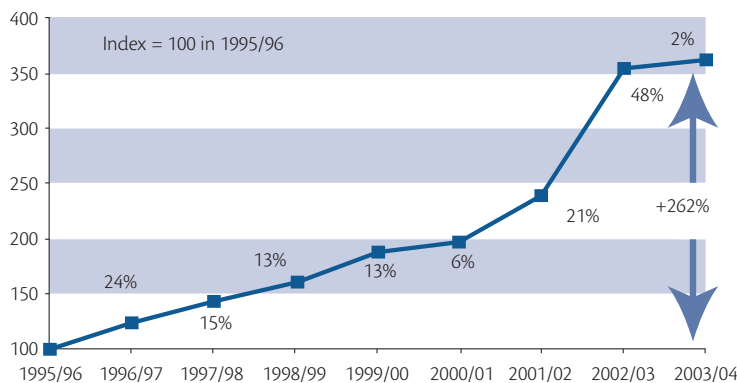
There are still a number of challenges that need to be met to ensure Australia's medical indemnity industry remains sustainable over the longer term.

For example, there are some specialty groups where the numbers of claims being made are still increasing. These include procedural GPs, cosmetic surgeons and gynaecologists. More work needs to be done to provide doctors in these professions with the education and support they need to reduce the numbers of claims being made against them.

External factors can also impact upon the medical indemnity insurance industry. For example, the development and introduction of increasingly more complex technologies and procedures into medical practice creates on-going challenges for risk management. Workforce shortages in many areas mean that doctors can find it difficult to meet their community's demands for health care and find time for on-going professional training and up-skilling.

MIIAA is committed to working collaboratively to meet these current and future challenges in medical indemnity and to support high quality and safe health care for all Australians.

## Trends in Insurance Premiums



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