



Position Statement Number: 1 of 1	Release Date: March 2006
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Short Description:	MIIAA position on the Treasury Review of the Medical Indemnity (Prudential Supervision and Product Standards) Act 2003
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Background:

In January 2006 the MIIAA made a confidential submission to the Treasury Review of the Medical Indemnity (Prudential Supervision and Product Standards) Act 2003. The submission focused on:

- Prudential supervision of insurers of health care professionals
- Product standards for employed medical practitioners
- Minimum cover amounts
- Linking access to government subsidies with the product standards
- Training institutions, clinical trials and volunteer health professionals.

Position Statement:

1. The MIIAA believes that if prudential regulation is required for medical indemnity insurance, then it should apply to all health care professionals, not just medical practitioners. Effectively it should apply to all or should be removed for all.

The Government's stated policy objective for introducing the requirement in the first instance would be weakened if prudential regulation was not required of all insurers of health care professionals, with the potential for 'insurer' collapse increased and patients potentially being exposed to uninsured compensation claims for health care treatment.

2. The MIIAA believes that there should be product standards for all medical practitioners as there is no valid reason to have substantially differential standards for one subset of medical practitioners.

Given the majority of medical practitioners are 'employed' removing product standards for employed doctors may result in an outcome where a significant number of doctors no longer have insurance which meets the Federal Government's policy objective of access by patients to rights of adequate compensation.

There may, however, be a case for a different set of product standards for employed doctors eg a different minimum cover limit to apply which may be aggregated across the employer and all their employees. In effect, the application of the product standards would apply to the employing entity and their insurer rather than the individual practitioner.

Position Statement Continued:

3. The MIIAA proposes that the minimum cover limit (currently \$5 million) should not be removed as to do so would conflict with the stated policy intent of ensuring that medical practitioners have in place an appropriate level of insurance cover. Minimum levels of cover serve as an important mechanism for consumer protection. The fact that insurers offer and doctors are insured for limits up to \$20m to ensure access to the Exceptional Claims Scheme does not appear to be a valid reason for reducing or removing the requirement.
4. The MIIAA believes that access to Federal Government benefits should be limited to regulated contracts of insurance that meet legislated product standards. This would ensure that doctors have the benefit of the Government's "medical indemnity package" if they are insured via arrangements that deliver sustainability and security, which is the Government's policy objective. The MIIAA acknowledges the practical difficulties and increased cost to the Government of expanding the eligibility criteria.
5. The MIIAA supports the current exemptions given to training institutions and volunteer health care professionals given that they generally apply to individuals offering services which are often provided as part of the public sector setting and there are acknowledged difficulties in arranging such insurance.
6. The MIIAA believes that the temporary exemption for insurance for training institutions for clinical trials should be made permanent but only for public institutions. The exemption, however, should not be extended or continued for insurance for health care professionals and medical practitioners involved in other forms of clinical trials as cover for these risks as they relate to the individual practitioner is generally available.

Disclaimer:

All members of the MIIAA have agreed to the release of this Position Statement. Nothing in this Statement is to be taken as being binding on the rights, responsibilities and decisions of individual insurers.

This Position Statement is valid unless otherwise advised. Any queries in relation to this Statement are to be made to the MIIAA CEO at ellen@miiaa.com.au or 08 8113 5312.