

21 August 2006

Medical indemnity: encouraging signs

In its annual report released today, the Medical Indemnity Industry Association (MIIAA) has reported encouraging trends in medical indemnity with claims frequency returning to that of the late 1990s and premium rates reducing by about 11% over the two years since 2003.

The MIIAA is the Australian medical indemnity industry peak body representing MDA National, MDAV, MIGA and UNITED.

The MIIAA report, independently prepared by Insurance Statistics Australia (ISA), analysed premium and claim trends for medical indemnity in Australia from 1995 to 2005 based on data contributed to ISA by MIIAA members. The MIIAA members provide cover to 83% of all privately insured medical practitioners in Australia¹.

"The report is further evidence that the actions taken by both federal and state governments seem to be having a positive impact, and premiums are becoming more affordable. This is good news for both medical practitioners and patients," said MIIAA Chair, Dr Andrew Miller.

"The report demonstrates that medical indemnity insurers are building their capital reserves in accordance with APRA's requirements of general insurers. In recent years premium income collected exceeded the actuarial undiscounted cost of claims in line with more rigorous prudential standards.

"Because of the volatility of medical indemnity with long tail and high value claims, it will be some years before these trends are fully realised. It is therefore important that existing reforms, which are supported by the medical indemnity industry, are maintained," Dr Miller said.

Other observations from the report include:

- a reduction in the overall cost of claims, claims frequency and average cost of claims per practitioner over the past two years;
- significant decreases in claim frequency for some specialty groups including neurosurgeons, orthopaedic surgeons and anaesthetists over the past decade;
- increases in claim frequencies for non-procedural GPs, procedural physicians and obstetricians over the past ten years;
- obstetricians remain the specialty group most exposed to large claims; and
- issues surrounding diagnosis and interpretation, and intraoperative complications, are the cause of more than 50% of unsettled large claims as at 30 June 2005.

"MIIAA welcomes this report and looks forward to working with our members, government and other stakeholders to continue to improve the stability and security of medical indemnity for the medical profession and the broader community," said Dr Miller.

For comment: Dr Andrew Miller, Chairman, MIIAA, 0419 941 274

An overview of the report can be obtained from the MIIAA website <http://www.miaa.com.au/reports.php> or by calling the MIIAA office on 08 8113 5312.

¹ Australian Government Actuary, *Report on the costs of the Australian Government's Run-Off Cover Scheme for medical indemnity insurers – 2004-05 financial year.*