

MAKING THE SWITCH

If the time has come to find a new medical indemnity insurer, **Chris Mariani** suggests undertaking some comparisons to ensure you have all of your needs covered.

Doctors often cite their major concern when switching medical indemnity insurers as being whether their ‘tail’ will be covered – i.e. *“I’ve practised for 10 years and been insured with the one insurer. If I move to a new insurer, will they cover a claim that develops tomorrow from a patient I treated 10 years ago?”*

The good news is your ‘tail’ will be covered, as long as you avoid the traps. But the decision to switch should be based on a number of other equally important factors, as summarised in the table opposite.

From my observations, doctors tend to consider switching after experiencing poor service, when their colleagues suggest they switch or when they discover another insurer is cheaper. So, if the time has come for you to switch, it’s essential to do it safely. The first step is to seek expert advice based on your particular circumstances – medical indemnity and the legislation surrounding it is complex.

CHANGING TIMES

Recently, MIGA acquired the commercially owned Invivo, which is backed by QBE Insurance. Doctors previously insured with Invivo have – or will be – offered renewal into MIGA upon expiry of their Invivo policy. This may lead to changes in cover and premium.

The Invivo sale effectively means doctors now have four Medical Defence Organisations (MDOs) to choose from when selecting a medical indemnity provider – Avant, MDA National, MIGA and MIPS.

Most doctors tend to choose a MDO based on the recommendations of their peers or mentors, and often they do so as a medical student or young doctor – at a time when most policies are either free or a few hundred dollars. Over time, premiums can rise to tens of thousands of dollars for higher-risk specialities, and the policy originally chosen may not suit their particular circumstances.



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Please refer to the relevant Product Disclosure Statement before purchasing any insurance product. If you have any questions or would like to arrange an obligation-free discussion and review, contact Chris Mariani on 02 9905 7005 or 0419 017 011, or email chris@mgrs.com.au

WHAT TO CONSIDER

If the time has come to consider switching, what should you review in making your decision? While each practitioner's circumstances will be different, the following provides a general overview of the items you should query.

| Topic | Summary |
|---------------------|---|
| Claims reporting | Ensure your tail is covered with the new insurer. This means selecting the appropriate 'retroactive date' with the new insurer. Secondly, ensure you report all claims and circumstances to your current insurer before you switch. If in doubt, report it! |
| Continuous cover | Some of the MDO policies provide 'continuous cover', which means as long as you stay continuously insured with that MDO, you can 'late notify' a claim that you should have notified in an earlier policy with that MDO. You lose this benefit when switching insurers. |
| Policy coverage | Compare the actual policy coverage of your current policy to the new policy. Does the new policy cover suit you and your practice structure and risks. Some policies do not provide cover for employment and hospital disputes, tax audits or Medicare audits. Some policies include cover for the doctor's practice entity and employed staff, but the extent of cover varies widely and you need to read the fine print closely. Also read the insurer's category guide to check you are covered for all of the procedures and aspects of healthcare you provide. |
| Membership benefits | Weigh up what membership benefits will you lose when leaving your current MDO, if any, against those you may gain from the new MDO. For example, one MDO may provide a loyalty payment that increases based on tenure, therefore reducing premiums over time. |
| Future premiums | Don't just look at the premium quoted. Ask what the premiums will be in future years, especially where you are starting out in private practice or changing specialities or billings – all of which can significantly change. |

COVERING UP

The Medical Indemnity (Prudential Supervision and Product Standards)

Act 2003 Cth requires an insurer to make a compulsory offer covering all 'otherwise uncovered prior incidents'. This means a medical indemnity insurer has to provide you with 'retroactive cover'. There are two important items you need to address when switching insurers:

1. You must provide the new insurer with the correct 'retroactive date'. This date should be stated on your current policy schedule – it will depend on your circumstances and may be:
 - The date you first commenced practice or first registered in Australia.
 - The date your insurance cover

moved from an 'occurrence' policy to a 'claims made' policy (the MDOs moved to 'claims made' policies between 1997 and 2004).

- If you have purchased a run-off policy with a previous insurer and continue that cover, your new policy may provide a retroactive date starting at the end of the run-off policy.
2. Before you cancel your current policy or allow it to lapse, you must report to your existing insurer all claims and all circumstances in which a reasonable person would expect may result in a claim being made against you in the future.

Even if you are not switching insurers, it's wise to check that the retroactive date noted on your policy covers you correctly. Your MDO will rely on the retroactive date you declare – if

it's wrong, you risk a gap in your cover. If you discover the date is not correct, simply put in a call to your MDO.

WORTH NOTING

Medical indemnity insurance in Australia is generally provided under a 'claims made and notified' policy. This means the 'trigger' is the date you first become aware of a claim (or a circumstance that a reasonable person would expect may result in a claim) and first report it to your insurer.

Generally, claims-made policies require you to report the claim to the insurer during the policy period. Some policies provide 'continuous cover', which we recommend as a key policy feature when advising clients at Medical and General Risk Solutions. Our general rule is: 'If in doubt – report it!' This is particularly relevant when you are switching insurers. ©