

Frequently asked questions - Professional indemnity insurance arrangements

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Do I need professional indemnity insurance (PII)?

Registered practitioners who provide healthcare or opinion about the physical or mental health of any person in Australia must have professional indemnity insurance (PII) arrangements that meet their National Board's registration standard.

What are the requirements?

Each National Board's requirements for PII arrangements are set out in their [PII registration standard](#).

When you practise your profession in Australia and are providing healthcare or opinion about the physical or mental health of an individual, you must be covered by your own or third-party PII arrangements that meet this registration standard:

- for all aspects of your practice
- in all locations where you practise
- whether you are working in the private, non-government and/or public sector, and
- whether you are practising full-time, part-time, are self-employed, employed, or in an unpaid or volunteer capacity, or any combination of these factors.

Why do I need PII?

Under the National Law, a registered health practitioner must not practise their profession unless they have appropriate PII arrangements that cover all aspects of their practice.

Requiring registered health practitioners to hold appropriate PII arrangements is an important part of how the National Scheme protects the public by addressing the risk posed by uninsured practitioners. It is your responsibility to ensure that you have adequate and appropriate cover that meets the requirements set out in the standard.

When do I need PII?

If you are practising in Australia, you must have PII arrangements in place to cover you if you are providing healthcare or opinion about the physical or mental health of an individual.

How much cover should I have?

You must have an appropriate amount of cover for all aspects of your practice. This means that your PII arrangements provide cover appropriate to the nature, context and risks of your professional practice.

The amount of cover needs to be enough to meet any liability (that is, legal responsibility) to pay compensation if a successful claim is made against you. The appropriate amount of cover for you may depend on a combination of factors, including, for example:

- the practice area or areas you work in
- the service users you work with, and
- the risks involved with your practice.

What might be appropriate cover for one registered health practitioner may be not be appropriate for another. You need to make sure that you consider the risks which may arise from your own practice especially if you practise in an area that has or may have a higher risk than is common in your profession. You must provide accurate information about the practice area/s that you work in, the types of patients/clients that you see and any other factors that might change the level of risk of your practice to your insurance broker, provider or indemnifier. This will allow them to determine an adequate level of cover for your practice.

You have obligations to fully disclose accurate information about your practice so that the advice received is suitable for your situation.

Am I covered by my employer's PII?

If you are employed, and you only work for an employer(s), your employer(s) is likely to have arrangements that will provide appropriate cover for your practise and the risks involved in your work. An employer's PII arrangements may only provide cover for activities you carry out as part of your duties during your employment.

The arrangements may vary between different employers, so if you are not sure about what is covered by your employer's PII arrangements, you should always check with your employer.

What about in other situations?

If you are self-employed, you will need to make sure that you have made your own PII arrangements. Some trade unions, professional bodies and defence organisations offer professional indemnity cover as part of their membership or for an extra fee. Alternatively, you can also arrange your own cover directly.

If you carry out a combination of employed and self-employed roles, you will need to make sure that you have PII arrangements in place which provide appropriate cover for all aspects of your practice. You are unlikely to be covered for your self-employed practice by your employer's PII arrangements. Therefore, you will need to ensure that you have made your own PII arrangements to cover your additional practise.

If you are practising as a volunteer or in an unpaid position, you are still required to have appropriate PII arrangements in place. Some voluntary organisations will have PII arrangements which cover their volunteers' activities. If you hold your own PII arrangements, you should check to see if these cover any practice you do as voluntary work.

If you hold non-practising registration you are not required to have PII arrangements in place, as you are not practising. However, as required by your National Board's PII arrangements registration standard, when you decide to cease practice you must take out appropriate run-off cover to make sure you have cover for all matters arising from your previous practice. You should seek advice from your insurer on the arrangements that are necessary while you are taking a break from practice.

If you are registered but are not practising for part of the registration period (for example, if you take a six-month leave of absence to travel overseas), you do not need to have PII arrangements for that period. However, as above, when you decide to cease practice for any period you must ensure you have appropriate run-off cover for matters that would otherwise be uncovered arising from your previous practice.

If you are registered in Australia but are practising exclusively overseas, you are not required to have PII arrangements. You should make sure that you understand and comply with the requirements in the country where you are practising.

What is run-off cover?

Run-off cover is a type of cover that covers you after you have stopped practising. It protects you after you have stopped practising against claims arising out of activities that occurred when you were conducting that practice.

This type of cover may be included in a PII policy or may need to be purchased separately. You should check with your insurance broker or provider to make sure that you are covered when you cease practising.

What does automatic reinstatement mean?

‘Automatic reinstatement’ is a provision in insurance policies which allows for the amount insured (the limit of indemnity or liability) to be reinstated (restored) for new, unrelated claims, after one or more claims has been paid to the limit of the amount insured.

Most National Boards have included a requirement for automatic reinstatement in their revised PII arrangements registration standard to ensure that a health practitioner’s cover would not be exhausted if there was a single large claim.

This result may also be achieved by a practitioner’s PII policy providing for aggregate coverage of a certain amount, with a lower limit (usually half of the total insured) set on the amount that will be covered in relation to any one claim.

What if my practice changes?

We recognise that your practice may change. For example, this might be because you decide to focus your practice on a particular area, expand your practice into new areas, start working with a new client group, or move into a role in management, education or research.

This might mean that the level of cover you need changes. If your practice changes you will need to make sure that your PII arrangements remain appropriate. You should advise your insurance broker or provider that your practice is changing so that they can advise you about whether you need to change your PII arrangements.

What PII documentation do I need to retain?

If you have your own PII cover you must keep written advice from an approved insurer or insurance broker that PII has been issued or that a premium has been paid and accepted. This will usually be in the form of a Certificate of Currency.

If you are covered by an employer’s, union’s or professional body’s cover, you must keep any PII documentation issued to you.

If you do not usually receive PII documentation you will only need to get it if requested in writing to do so by the Board.

The Board will not usually request this evidence but may request it if there is concern that you may not have PII arrangements in place, that the arrangements are not appropriate or if you are audited.

What will the Board do if my PII arrangements lapse?

When you apply for registration you are asked to declare that you will not practise the profession unless you have PII arrangements in place to meet the Board’s PII arrangements registration standard. Each year when you renew your registration, you will be asked to make a declaration that you practised the profession in accordance with the requirements of your National Board’s PII arrangements registration standard and that you will not practise the profession unless you have PII arrangements in place that meet this standard.

Because you must have PII arrangements in place that meet the Board's standard before you practise, if you do not complete the declaration, your National Board can refuse your application for registration or renewal or impose a condition on your registration. For example, the National Board may impose a condition that you not practise your profession until you have appropriate PII arrangements in place.

You must advise the Board within seven (7) days if your PII has ceased (i.e. lapsed or cancelled) and you must not practice until PII is again in place. If you are found to have practised without PII arrangements in place, the Board may subject you to disciplinary action.

Are there approved insurers?

Yes. In Australia an approved insurer is any insurer authorised by the Australian Prudential Regulation Authority (APRA) to conduct new or renewal of insurance business in Australia. The [APRA website](#) hosts a list of such insurers.