



Executive Officer
Chinese Medicine Board of Australia
Australian Health Practitioner Regulation Agency
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Dear Sir/Madam

CONSULTATION PAPER: PROPOSED MANDATORY REGISTRATION STANDARDS

The Insurance Council of Australia¹ (***Insurance Council***) welcomes the opportunity to provide comment on the draft mandatory registration standards for the Chinese medicine profession released by the Chinese Medicine Board of Australia (the Board). We note that the Australian Health Practitioner Regulation Agency has been working with National Boards to establish mandatory registration standards across a range of professions. Although the nature of the requirement differs between professions, the majority of registration standards include an obligation to hold professional indemnity insurance (PII).

Professional Indemnity Insurance for Chinese Medicine Practitioners

Insurance Council members broadly support the proposed registration standard for PII and consider that the majority of the requirements are reasonable and fair. We have no objection to the minimum cover for a single claim proposed. We also support the proposal to rely on self declaration that complaint insurance is in place.

For the information of the Board, the systems utilised by Insurance Council members generally do not cater for the provision of notices to third parties (such as regulators or registration bodies) in respect to cancellation or amendments to PII policies therefore self declaration by the profession is the most suitable strategy to adopt.

However the requirements for unlimited retroactivity and run off cover are problematic. The definition of run-off cover notes that this type of cover may be included in a PII policy or may

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent more than 90 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. March 2011 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$34.3 billion per annum and has total assets of \$110.8 billion. The industry employs approx 60,000 people and on average pays out about \$91 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

need to be purchased separately. A strict requirement to obtain PII with run-off cover is likely to create difficulties for practitioners and severely restrict the availability of complying insurance. Similar to the practice with other professions, insurers will often agree to provide run-off cover on a case-by case basis, where they are confident of assessing the risk they are taking on -- for example where the practitioner is a long standing client. However, it is unlikely that Insurance Council members will offer automatic run-off cover to all, or even a majority of, practitioners.

Furthermore, the requirement to obtain product liability where the registrant uses, sells or dispenses therapeutic goods should be clearly drafted to allow for PII and Public/Products Liability insurance on either a standalone or combined basis.

Finally, we submit that unlimited retroactive cover should not be a compulsory requirement under the registration standard. Generally if a practitioner buys PII for the first time, the retroactive cover will be limited to the inception date of this policy. An insurer may offer greater retro cover to such a risk for additional premium on a case by case basis.

If you require any further information, please contact Mr John Anning on (02) 9253 5121 or janning@insurancecouncil.com.au.

Yours sincerely



Robert Whelan
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