

The Hon John Rau MP
Deputy Premier
Attorney-General
GPO Box 464
ADELAIDE SA 5001

21 August 2012

Dear Deputy Premier

Review of the Professional Standards Act 2004

The Insurance Council of Australia¹ (the Insurance Council) appreciates the opportunity provided in your letter of 5 July 2012 to comment on whether the Professional Standards Act 2004 (the Act) has achieved its objectives as set out in section 3:

- to enable the creation of schemes to limit the liability of professionals and others;
- to facilitate the improvement of occupational standards of professionals and others;
- to protect the consumers of the services provided by professionals and others; and
- to establish the Professional Standards Council to supervise the preparation and approval of schemes to assist in the improvement of occupational standards and protection of consumers.

The Insurance Council consulted the members of its Professional Indemnity Committee on this question. Committee members advised that they consider that the Act met its objectives. However, in relation to the effectiveness of schemes to limit the liability of professions that have developed approved schemes, the experience of our members is that some professionals are not as well apprised as they could be of how to benefit from the regime established by the Act. For example, accountants may either fail to provide the appropriate information in their documentation, or else set up shell companies that are not registered as qualifying for the protection of the liability limits.

Consequently, members suggest that the relevant authorities could engage with the professional bodies having approved schemes in place to encourage their members to better embed protection into their day to day practice.

If you have any questions please do not hesitate to contact John Anning, General Manager Policy, Regulation Directorate on (02) 9253 5121 or janning@insurancecouncil.com.au.

Yours sincerely



Robert Whelan
Executive Director & CEO

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 2012 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$36.6 billion per annum and has total assets of \$115.9 billion. The industry employs approx 60,000 people and on average pays out about \$111 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).