

The value of a separate practice policy

Case study 1

XYZ Practice Pty Ltd is a practice company owned by Doctors X, Y and Z.

Receptionist Jenny is employed by XYZ Practice Pty Ltd (i.e. not employed by the doctors personally) and breaches patient privacy with serious consequences. The patient was new to the practice.

A claim is subsequently made against the practice, Jenny and the doctors in their capacity as directors of the practice (no allegations are made against the doctors personally).

Avant's Practice Medical Indemnity Policy would respond to cover the practice entity, Jenny and the practice owners.

Case study 2

Avant received an application from a doctor insured with another medical indemnity insurer. His previous insurer covered the practice staff and his liability as practice owner under the doctor's personal policy. He also had several colleagues in the practice.

During the course of several years >\$500k was paid for claims made against practice staff relating to his colleagues' patients. As a result of these claims his insurer applied:

- a significant premium loading of tens of thousands of dollars
- a deductible of >\$50K for each and every claim (i.e. where the doctor must contribute that amount for any claim made under the policy)
- restrictions on the types of procedures the doctor would be insured for.

Even though the doctor has no personal involvement in these claims – as both his personal and practice risks were dealt with under the same policy – his personal cover was similarly affected by the claims of the practice.

Separate policies ensure you are protected from such risks.

If you are a sole practitioner (i.e. no other medical practitioners in your practice) and you meet the staff limits and supervision requirements, you may choose to rely on cover provided by your own Avant Insurance Practitioner Indemnity Insurance Policy (excluding cosmetic procedures). It is important to consider your risk exposures in the context of your practice and whether adding a practice policy may be suitable for your needs.***

IMPORTANT: Professional indemnity insurance products available from Avant Mutual Group Limited ABN 58 123 154 898 are issued by Avant Insurance Limited, ABN 82 003 707 471, AFSL 238 765. The information provided here is general advice only. You should consider the appropriateness of the advice having regard to your objectives, financial situation and needs before deciding to purchase or continuing to hold a policy with us. Please read and consider the policy wording, which is available at avant.org.au or by phoning 1800 128 268. Practices need to consider other forms of insurance such as directors' and officers' liability, public and products liability, property and business interruption insurance, workers compensation etc.

**Practices are recommended to review employees' professional indemnity insurance requirements via the appropriate registration boards and ensure adequate arrangements are in place. Health professional employees may ask for a copy of the practice's policy schedule as part of their registration renewal, or if audited.

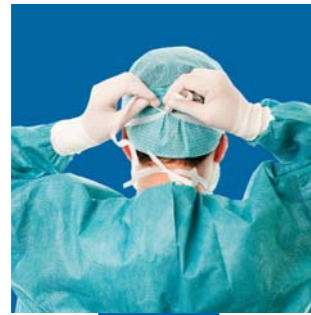
*Applications are subject to approval by Avant Insurance.

†Avant annual report year ending 30 June 2010.

Practice Medical Indemnity Policy



You wear two hats as a doctor and practice owner



Medical practitioner exposures

Claim against the medical practitioner involving:

1. direct treatment of patients
2. supervising others treating patients
3. Legal representation for VMO and employment disputes etc.
4. Legal representation for Medical Board inquiries and other matters impacting the doctors ability to practise.

Practice owner exposures

Claims against the practice entity, partners, directors or employees from:

1. Failure of practice protocols, including systemic failures that could result in multiple claims.
2. Liability assumed as a partner, employer
3. Breaches of patient privacy by staff
4. Errors by unsupervised practice staff, or where the patient sees multiple doctors.

1 A doctor orders pathology tests which are delivered to reception and filed away by staff without being passed onto the doctor. The tests contain abnormal results and these are not discovered until 6 months later. While the error was largely the receptionist's, the patient's lawyer makes a complaint against the doctor – alleging the doctor had a non-delegable duty of care.

2 A senior doctor has agreed to supervise an overseas trained doctor (OTD) – who is about to complete their AMC exams. The senior doctor sets out their expectation on treatment of a patient which the OTD fails to follow. An adverse incident occurs and the patient brings an action against the senior doctor alleging that they failed to adequately supervise the OTD.

3 A doctor holds a VMO position at a public hospital. The hospital terminates their contract and the doctor believes there are no such grounds for termination. They require legal assistance to lodge an unfair dismissal claim with the hospital.

4 A doctor terminates a patient relationship, as the patient continuously fails to attend appointments and to settle their account. The doctor follows the protocols to terminate the relationship, however the patient writes to the medical board claiming the doctor's actions were inappropriate. The medical board investigates and the doctor requires expert legal representation.

1 Receptionist files away all pathology reports without providing them to the treating doctors. A number of these include reports with abnormal results and the practice does not identify the protocol error for some time. There is a significant delay in treatment of some patients who all bring claims against the practice.

2 A contracted locum (who held their own PI cover) provides negligent treatment. After the locum finishes a claim is made against the practice and locum. The locum can't be located, and the Practice is named as a co-defendant.

3 Two employees are discussing a patient's diagnosis, which is overheard by a family member who is unaware of the diagnosis. The patient makes a privacy complaint against the employee and the Practice.

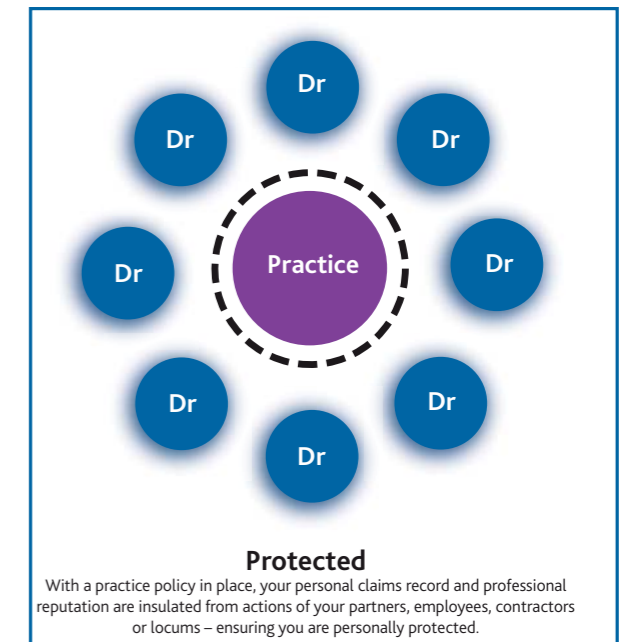
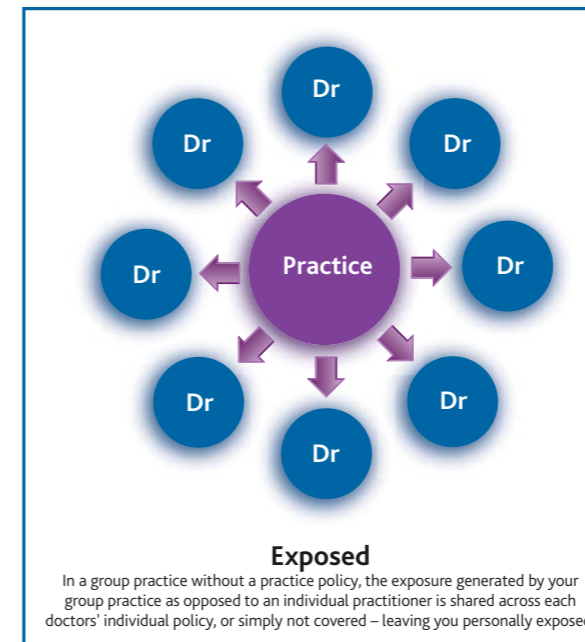
4 A person arrives at reception complaining of chest pain. The employee fails to alert the doctor/s or call an ambulance. The person suffers a heart attack and dies. The family brings a claim against the practice.

Why does your practice need its own cover?

Protection

Doctors who employ staff, contractors or locums, or have financial interests in a multi-practitioner practice need appropriate protection. Practice risks can arise if:

- the patient sees multiple doctors or is unsure of the identity of the doctor(s) involved
- the medical practice trades under a practice name, which may be named as a defendant in a claim
- the alleged error or injury relates to the actions or advice of a practice staff member and any involvement of an individual doctor is unclear
- there are divided responsibilities and obligations for patient care.



Avant's insurance solution ensures a structure where each doctor holds their own personal cover, and the practice holds a practice policy which:

- insulates doctor-owners' personal policies and claims records as practice claims are covered under the practice policy
- protects doctor-owners' individual cover so staff members' actions do not trigger an exclusion clause or impact the doctor-owner's personal policy.

Why Avant?

Avant insures more than half of Australia's medical practitioners¹, so we understand the risks you face in owning and running a healthcare practice. From staff breaching patient privacy to failures in practice protocols, we've supported practices through it all. Whether you run a general practice, a specialist clinic, a consulting room or a day surgery, Avant's Practice Medical Indemnity Policy can provide you with the depth of cover needed to protect your practice entity.