

# Guide to premiums and claim payments



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# How much will the policy cost?

## When calculating your base premium, we take a number of factors into account including:

- your category of practice;
- your gross billings;
- any optional covers selected or amendments to the standard cover that are requested;
- the states or territories where you practise;
- your claims history;
- the commencement date of your retroactive cover;
- any specific factor that increases risk; and
- any special discounts or loadings.

## Your policy premium has the following components:

- base premium;
- ROCS support payment;
- instalment fee (if applicable);
- retroactive cover premium (if applicable);
- any other Commonwealth, state or territory levy;
- GST; and
- stamp duty.

## Example of how a premium may be calculated:

Dr Jones is working as a general practitioner in Queensland and estimates that her gross annual billings will be approximately \$450,000 for the policy period. After reviewing Avant's Category of Practice Guide, Dr Jones has determined that based on the type of healthcare she provides she will fall into the General Practice Non-procedural category.

Dr Jones has elected to extend her cover to include the optional extension in Part C for away from work costs.

Insurance premium

<b>Base premium</b> category of practice + state + billing band	+	<b>Optional covers</b> Away from work costs	+	<b>ROCS levy</b> 5%	+	<b>GST</b> 10%	+	<b>Instalment fee</b> 2.5% if applicable	+	<b>Stamp duty</b> 10% in QLD (state specific)
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# Premiums

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## How your premium may change when circumstances change

Your policy premium may change if any of the factors on which we calculate your base premium change. This may mean that you need to pay an additional premium to Avant or you may be entitled to a refund.

### Example of how a premium may change:

A member contacts Avant to reduce their estimated annual gross billings for the current policy period. The member paid their premium in full at the start of the policy period. During the year, they realised that they had overestimated their gross billings and contacted Avant to change their billing band. By moving down a billing band, their premium was re-calculated and the difference between the premium paid and the re-calculated premium was refunded to the member.

In the above scenario, the following payments are required:

\$10,000	2017 policy premium paid
\$8,000	2016 re-calculated premium
\$2,000	Refund of 2016 premium
<b>\$2,000</b>	<b>Total refunded to member</b>

If payment was originally made by either direct debit or credit card then the refund will be processed back to the original account/card within five (5) business days of the changes being made.

*(Please note there may be exceptions to this and you may receive a refund by another payment method if we are unable to process a refund through the original method).*

## How cancellations may change your premium

You may cancel your policy at any time by notice in writing. We will then refund the premium on a pro rata basis less two (2) months' premium. If there is no premium payable, no refund will be available.

If you have notified us of an incident or made a claim during the policy period there will be no pro rata refund.

# How we calculate your deductible

The deductible is the amount that you will need to contribute to a claim made under your policy. You will only need to contribute a deductible if the terms of your policy require you to do this.

Defamation pursuit cover under the Practitioner Indemnity Insurance Policy Part B is subject to the payment of a \$20,000 deductible. Also, in certain cases, we will apply a deductible to some or all types of claims made under your policy. If we choose to do this the amount of the deductible will be set out in your policy schedule. When calculating a deductible we take a number of factors into account including:

- your claims history; and
- any specific factor that increases risk.

## Example of how the deductible is applied:

A member writes to Avant requesting indemnity for legal fees and expenses in a defamation pursuit claim. The member alleges that comments published in a local newspaper criticising his provision of healthcare to a recently deceased patient have defamed him and as a result he has suffered a loss.

The policy sub-limit for legal fees and expenses that Avant incurs with a lawyer or other person is \$150,000.

Avant appoints a lawyer, whether from Avant Law, or one from an external panel of legal firms, to represent the member. At the conclusion of the matter the total costs incurred for legal fees and expenses are \$100,000.

The first \$20,000 of legal fees and expenses incurred is paid by the member as a deductible.

The remaining legal costs of \$80,000 are paid by Avant.

\$20,000	Payment of deductible
<b>\$20,000</b>	<b>Total payable by the member</b>
\$100,000	Legal fees incurred by Avant on member's behalf
<b>\$80,000</b>	<b>Total payable by Avant</b>

# How a claim is paid

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## Coverage Part A: Civil liability

**Set out below are examples of how we calculate a claim under your policy.**

A patient brings legal proceedings against a member alleging that she failed to adequately provide healthcare to them leading to an adverse outcome.

1. The member writes to Avant seeking indemnity in a civil claim in which the patient is suing for compensation.
2. Avant reviews the request and grants indemnity.
3. Avant also reviews the member's conditions and determines there is no deductible that applies to the member.
4. The claim is investigated, including obtaining peer expert opinion.
5. Avant appoints a lawyer to represent the member and the lawyer obtains an expert medical opinion. The fees of the lawyer appointed by Avant are \$12,500. The cost of the medical opinion is \$2,500.
6. A legal and medical review is undertaken to determine if the claim should be settled or defended.
7. Avant agrees to settle the claim by paying a negotiated settlement of \$100,000. Avant also negotiates with the claimant in relation to costs they incurred in bringing the claim. In this case, the claimant incurred total costs of \$20,000 and following negotiation, Avant agrees to pay \$10,000 in full settlement of those costs.

The amount paid for bringing the claim is as follows:

\$100,000	Negotiated settlement amount
\$10,000	50% of claimants legal fees and expenses that Avant have agreed to pay
\$12,500	100% legal fees incurred by Avant on member's behalf
\$2,500	100% medical experts opinion incurred by Avant on member's behalf
<b>\$125,000</b>	<b>Total payable by Avant</b>

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## Coverage Part B: Disciplinary and other matters

### Medicare audits

Medicare is conducting an audit of claims made by the member with respect to a specific billing item number. The outcome of the audit is that Medicare has determined that a certain number of claims were made incorrectly by the member and they are required to return \$40,000 to Medicare.

1. The member writes to Avant to seek indemnity for the Medicare audit.
2. Avant reviews the request and grants indemnity.
3. Avant also reviews the member's conditions and determines there is no deductible that applies to the member.
4. A review is undertaken to determine the most appropriate response to the claim.
5. Avant appoints a lawyer to represent the member. The fees of the lawyer appointed by Avant are \$1,500 including expenses.
6. Medicare determines that a certain number of claims were made incorrectly by the member and following discussions with the member and the lawyer, agrees that \$35,000 needs to be reimbursed to Medicare.
7. The member reimburses \$35,000 to Medicare.
8. Avant pays for any legal fees and expenses incurred.

The amount paid for the claim is as follows:

\$35,000	Returned to Medicare for incorrect claims
<b>\$35,000</b>	<b>Total payable by the member</b>
\$1,500	100% Legal fees incurred by Avant on member's behalf
<b>\$1,500</b>	<b>Total payable by Avant</b>

### Medical Board inquiry

A patient in South Australia underwent surgery for bladder repair. The patient makes a complaint to AHPRA alleging that he suffered a post-operative complication due to the member not appropriately assessing his condition. The Medical Board has requested that the member to respond to the allegations contained in the complaint, which the member does following advice by Avant Law. The Medical Board then requests the member to attend an interview which the member does with a representative from Avant Law.

1. The member writes to Avant to seek indemnity for the Medical Board inquiry.
2. Avant reviews the request and grants indemnity.
3. Avant also reviews the member's conditions and determines there is no deductible that applies to the member.
4. A review is undertaken to determine the most appropriate response to the complaint.
5. Avant appoints a lawyer to represent the member. The fees for the lawyer are \$11,500 including expenses.
6. Avant pays for any legal fees and expenses incurred.

The amount paid for the claim is as follows:

\$11,500	100% Legal fees incurred by Avant on member's behalf
<b>\$11,500</b>	<b>Total payable by Avant</b>

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## Coronial inquest

There is a coronial inquiry into the death of a patient of a member, who was unable to be resuscitated after severe intoxication takes place. The member was asked to provide a statement to the coroner, and was called to give evidence at the inquest.

1. The member writes to Avant to seek indemnity for a coronial inquest.
2. Avant reviews the request and grants indemnity.
3. Avant also reviews the member's conditions and determines there is no deductible that applies to the member.
4. The claim is investigated and Avant appoints a lawyer to advise the member. They obtain a peer medical expert opinion. They also appoint a barrister to provide representation at the inquest.
5. The fees of the lawyer and barrister appointed by Avant are \$45,000.
6. The cost of the medical opinion is \$5,000.
7. A legal and medical review is undertaken.
8. Avant pays for any legal fees and expenses incurred.

The amount paid for the claim is as follows:

\$45,000	100% legal fees incurred by Avant on member's behalf
\$5,000	100% medical experts opinion incurred by Avant on member's behalf
<b>\$50,000</b>	<b>Total payable by Avant</b>

## Employment dispute

A member is suspended from work at a hospital following a complaint made by a colleague alleging bullying by the member. The hospital is conducting an investigation.

1. The member writes to Avant to seek indemnity for an employment dispute.
2. Avant reviews the request and grants indemnity.
3. As the member has a Practitioner Indemnity Insurance Policy, the claim will be subject to joint contribution after the first \$50,000 of the claim.
4. A review is undertaken to determine the most appropriate response to the complaint.
5. Avant appoints a lawyer to represent the member. The legal fees are \$70,000 including expenses.
6. Avant pays for the legal fees and expenses incurred by their appointed lawyer.

The amount paid for the claim is as follows:

\$50,000	The first \$50,000 of the legal fees incurred by Avant on member's behalf
\$10,000	50% of the remainder of the legal fees incurred by Avant on member's behalf which is paid by Avant
\$10,000	50% of the remainder of the legal fees incurred by Avant which is paid by the member

# Contact us

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## Australian Capital Territory Office

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Suite 418, level 4,  
15 Moore Street, Canberra ACT 2601  
**Telephone** 02 6169 4106  
**Fax** 03 8673 5015

## New South Wales Office

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Level 6, Darling Park 3, 201 Sussex Street,  
Sydney NSW 2000  
PO Box 746, Queen Victoria Building NSW 1230  
**Telephone** 02 9260 9000 **Fax** 02 9261 2921

## Queensland Office

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Level 18, 345 Queen Street,  
Brisbane QLD 4000  
GPO Box 5252, Brisbane QLD 4001  
**Telephone** 07 3309 6800 **Fax** 07 3309 6850

## South Australia Office

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Level 1, 195 Melbourne Street,  
North Adelaide SA 5006  
PO Box 1263, Adelaide SA 5001  
**Telephone** 08 7071 9800 **Fax** 08 7071 5250

## Tasmania Office

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Suite 4, 147 Davey Street,  
Hobart TAS 7000  
PO Box 895, Hobart TAS 7001  
**Telephone** 03 6223 5400 **Fax** 1800 228 268

## Victoria Office

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Level 2, 543 Bridge Road,  
Richmond VIC 3121  
PO Box 1019, Richmond North VIC 3121  
**Telephone** 03 9026 5900 **Fax** 03 8673 5015

## Western Australia Office

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Level 1, 91 Havelock Street,  
West Perth WA 6005  
PO Box 950, West Perth WA 6872  
**Telephone** 08 6189 5700 **Fax** 08 6189 5713

 **1800 128 268**

 **avant.org.au**

**Avant Insurance Limited** ABN 82 003 707 471 AFSL 238 765  
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