

1. INTRODUCTION

1.1 This report has been prepared to comply with certain requirements of the *Medical Indemnity Act 2002* (Medical Indemnity Act). Section 34ZW of the Medical Indemnity Act provides for a report on aspects of the Run-Off Cover Scheme (the Scheme) to be tabled each year in Parliament. The report is required to contain a statement of the:

- number of persons eligible for membership of the Scheme;
- total Run-Off Cover indemnity payments (ROC indemnity payments) paid by the Commonwealth during the financial year, including claims handling and administration expenses;
- total Run-Off Cover support payments (ROC support payments) paid to the Commonwealth during the financial year; and
- projected liabilities of the Scheme in future financial years.

1.2 This is the seventh report that has been prepared under section 34ZW of the Medical Indemnity Act. It relates to financial year 2010-11. The sixth report was tabled in Parliament on 21 June 2011.

2. BACKGROUND

2.1 Medical indemnity insurance

2.1.1 Medical indemnity insurance is a form of professional indemnity insurance. It covers practitioners for their professional negligence.¹

2.1.2 Doctors who undertake private medical practice in Australia generally purchase medical indemnity insurance from private sector underwriters.² This report considers the five private sector underwriters operating in Australia during 2010-11. Figure 1 below illustrates the market shares of the five private underwriters calculated on the basis of premium data provided by them.

1 Medical indemnity insurance can also cover other costs such as those associated with appearing at coronial inquiries.

2 On the other hand, many employed practitioners such as doctors practising solely in a public hospital will be indemnified by their employer against negligence.