

Professional Indemnity Insurance

AUSTRALIAN AND NEW ZEALAND COLLEGE OF PERFUSIONISTS Professional Indemnity Insurance

Limitations on this information:

This webpage contains general information, only; it does not contain legal advice.

You should seek legal advice or speak to a professional indemnity insurer if you have any insurance questions.

What is professional indemnity insurance?

Professional indemnity insurance is insurance which covers a clinical perfusionist in the event a civil liability claim arises due to the clinical perfusionist's negligent act, error or omission in providing perfusion services and/or advice. Professional indemnity insurance usually does not cover unlawful or illegal acts or omissions.

Why is professional indemnity insurance important?

Professional indemnity insurance protects you, and the patient or other person who makes a claim against you, for claims made which are covered by the insurance.

The below paragraphs are a simplified scenarios involving civil claims which could be covered by professional indemnity insurance.

If you are not covered by professional indemnity insurance and a professional liability claim is successfully made against you, or you settle such a claim, you will be personally liable for, as an example, the damages or other financial amount awarded or settled, and legal costs. If you do not have sufficient cash available to cover these amounts, the claim could be enforced against your personal assets, like your home.

If you had professional indemnity insurance in the same circumstances, the insurer would cover the amount of the damages or settlement (up to liability cap for the policy) and legal costs. Some policies will only pay after the liability arises (e.g. after you have received an invoice for legal services). Other policies are triggered in a different way, and the insurer will take a more active role in supporting you financially with upfront costs.

Professional indemnity insurance also protects your patients because they will receive financial compensation awarded or settled, from the insurer, regardless of whether you have sufficient personal assets to cover the amount.

What are the limits to professional indemnity insurance cover?

All policies are subject to terms, conditions, inclusions and exclusions which you should check carefully when you purchase a policy so you understand the situations in which you will be covered and to what extent.

Professional indemnity insurance is commonly subject to limits and sub-limits on the amounts that can be claimed against the policy. Common liability caps are \$2 million, \$5 million, \$10 million and \$20 million but sub-limits may apply, for example, restricting the amount that would be paid by the insurance in connection with any one claim or for claims of a certain type. When the amount you are liable for in connection with a successful claim or a settlement exceeds a limit or sublimit is exceeded, you would have to pay the difference between the amount covered by the policy and the amount of the liability.

When should I review my policy?

You should review your insurance regularly to ensure that the scope and amount of cover, and any sub-limits, are appropriate for the work that you do and the types and value of claims that could be made against you. You should do this:

- Annually when you renew your insurance, as insurers often change their policy terms and conditions from year to year; and
- If you change roles or the types of services you provide.

How can I work out if I am covered by professional indemnity insurance?

Any person practising perfusion should ensure that they are covered by an appropriate professional indemnity insurance policy.

If you are employed, you should check with your employer about the cover provided under their policy. For example, some government entities' professional indemnity insurance provides protection for employees.

If you are a member of a union, you may receive professional indemnity insurance automatically or may be able to purchase it as an extra benefit in connection with your membership.

If you are not working as an employee, e.g. you work as a sole trader or through your own company, you are very likely to need your own cover. You should check any contract between you/your company and the organisation engaging you to provide services, as such contracts are likely to require you to maintain a minimum level of professional indemnity insurance.

Where can I purchase professional indemnity insurance?

ANZCP is not affiliated with any major insurance company and has listed a few examples of companies that offer professional indemnity insurance to health professionals.

AON - <https://business-insurance.aon.com.au/professional-indemnity-insurance>

GUILD - <https://www.guildinsurance.com.au/professional>

VERO - <https://www.vero.com.au/professional-financial-risks/professional-indemnity.html>