

Professional Indemnity Insurance Standards

Standards and conditions

Upon application for membership or renewal of membership of PSOA, the applicant must be the holder of a Professional Indemnity Insurance Policy which complies with the following standards and conditions, certify to the PSOA that the insurance is current for the year of membership and provide PSOA with such information on a confidential basis as is reasonably required by the Professional Standards Council.

1. Coverage

- 1.1 Any civil liability of a member while engaged in professional business practice;
- 1.2 Includes any officers, directors and employees of members;
- 1.3 Must not exclude liability that would be limited by the scheme;
- 1.4 Must be for the minimum applicable amount as set out in the scheme.

2. Deductibles or Excess

- 2.1 Except with the prior permission of PSOA, any deductible or excess must not be greater than 3 percent of the members' gross fees and 5 percent of the member's indemnity cover under the scheme.

3. Reinstatements

- 3.1 Except with the prior permission of PSOA, a policy must provide at least 1 automatic reinstatement where the policy limits the aggregate of claims to the indemnity limit.

4. Defence Costs

- 4.1.1 The policy should provide that the insurer will pay costs and expenses, including legal costs and expenses, incurred in the investigation, defence and settlement of any claim covered by the policy.
- 4.1.2 Except with the prior permission of PSOA, defence costs should be in addition to the maximum amount of the cover under the policy.

5. Retroactive Date

- 5.1 The policy must cover claims made during the policy period irrespective of when the act of omission occurred.
- 5.2 If a member is unable to obtain the coverage referred to in clause 5.1 any retrospective date for acts or omissions must be no later than the date the scheme commenced to apply to the member.

6. Run-Off Cover

- 6.1 The policy should provide the member and other persons referred to in clause 1.2 with cover for the length of time for which the scheme applies to the member or other persons.
- 6.2 Where the scheme ceases to apply because the scheme expires, the insured ceases to practise, or retires, or the insured entity merges with another firm, the person must have run-off cover for the longest period reasonably available, where the person will not be covered by future policies.

7. Insurance Company

- 7.1 Except with the prior permission of PSOA, the Professional Indemnity Insurance Policy must be taken out with an insurer authorised under the *Insurance Act 1973* to conduct business in Australia.
- 7.2 Permission under clause 7.1 will only be given in accordance with the policies set out in the most recent Policy Statement on Professional Indemnity Insurance issued by the Professional Standards Council.

8. Claims Data

- 8.1 All members of PSOA will provide the PSOA with such claims data as is reasonably required by the Professional Standards Council and the PSOA will treat all such information as confidential but will provide the Professional Standards Council with such information as is necessary for the setting of a cap on liability.

9. Deviation from the Standards

- 9.1 Where a member cannot comply with these standards and there is very little risk to the consumer, the PSOA may raise with the Professional Standards Council a request to vary these standards.