

Thu 6/10/2011

National Registration - Discussion Paper

Dear Sir / Madam,

By way of introduction P.I. Direct Insurance Brokers Pty Ltd are a specialist insurance brokerage dealing exclusively in professional liability products. We are the appointed broker to the Australian Acupuncture and Chinese Medicine Association Limited (AACMA) having placed their medical malpractice facility since 1999.

We are writing in response to the Chinese Medicine Board of Australia (CMBA) discussion paper in particular in relation to the proposed minimum limit of indemnity of \$2 Million.

While the current AACMA Facility has a minimum requirement of a \$2 Million limit, we would support an increase to a mandatory \$5 million limit of indemnity for Chinese Medicine activities particularly as this appears to be the trend for other health professionals. Indeed, a higher limit would provide members with a greater level of comfort in the increasingly litigious society.

However, such an increase, while for very sound reasons, would present a few issues that would need to be carefully considered as part of the process.

1. The costs of increasing cover from the current policy limit to a new \$5 Million minimum. I can confirm the AACMA facility is currently structured to ensure an increased premium from \$2 Million to \$5 Million is minimal and would not impose a significant additional burden on members, indeed we hope to encourage them to take a higher limit for their policy.
2. In addition to the premium costs, we also need to consider the other costs of the proposed increase, particularly if this is required to be implemented in the middle of a policy term. This would require the issuing of separate endorsements for each policy for all members, which would, in my opinion result in unreasonable additional expense to all parties, which may impact on the ongoing premiums provided for members in the long term.

If a minimum \$5 Million limit is introduced, a possible solution to this problem would be to allow members a "period of grace" before complying with the new mandated minimum requirements by allowing them until the expiry of their current policy to meet them. This would allow members to ensure their policy is compliant as part of their renewal process and avoid the unnecessary additional costs associated with mid-term endorsements to policies.

Naturally, we would be happy to elaborate on any of the points we have raised or discuss any other issues you may wish to.

Regards

Paul Burton

Paul Burton  
Operations Manager

P.I. Direct Insurance Brokers Pty Ltd (AFS License No. 229462)  
P O Box 976 Springwood Q 4127 | M 0413 775 216 | T 07 3387 2816 | F 07 3208 2200

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