Template

Insurance standards

# Instructions

This template will help you to develop and describe your association’s professional indemnity insurance standards.

It includes our 30 stipulations for professional indemnity insurance standards. Read each stipulation and then note in the space below whether your standards conform or vary. Provide reasons and supporting documents as needed.

When you submit this template to us with your application, please also provide:

1. an overview of the scope and levels of professional indemnity insurance available to your members.
2. broker analysis and advice on extra insurance coverage available to members.

For help completing this template, including more information about the stipulations, see the Insurance standards [guidance](https://www.psc.gov.au/sites/default/files/SAF/SAF_Module_2/2_Guidance_Insurance_standards.pdf).

# Stipulations

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| The insurer |
| 1. The insurer must be APRA authorised.
 |

Add your association’s response to this requirement here. Type over or delete this text.

Use the Body text style to complete your answer. If you need more styles, use built-in styles:

* Heading 2 and Heading 3
* Bullet list, Numbered list.

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| 1. Despite stipulation 1 above, the policy may be placed with an Unauthorised Foreign Insurer (UFI) provided that the occupational association has been provided with a letter signed by a qualified insurance broker certifying that:
2. at least one policyholder is a high-valued insured;
3. an atypical risk is being insured against;
4. the risk being insured against cannot reasonably be placed in Australia; or
5. the policy is required by the law of a foreign jurisdiction within the meaning of Part 2 of the Insurance Regulations 2002.
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Add your response.

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| 1. The insurer must be financially stable and able to meet the claim(s) in full.
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Add your response.

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| Who is covered? |
| 1. The professional member must be either:
2. an insured or
3. a third-party beneficiary.
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Add your response.

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| 1. The policy must cover non-professional past, present and future persons employed by professional members or by corporate entities which employ professional members where such persons, by reason of their role in connection with the provision of professional services by a member, are or might be entitled to the benefit of the scheme.
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Add your response.

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| 1. The policy must cover past, present, and future officers of a corporate member (if any), or corporate entities which employ professional members of a scheme, where such officers are or might be entitled to the benefit of the scheme.
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Add your response.

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| 1. The policy must cover any past, present and future partners of a professional member where such partner is or might be entitled to the benefit of the scheme.
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Add your response.

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| 1. The policy should preferably cover the insured for vicarious liability that may arise from services delivered by any contractors of a professional member, where such contractor is engaged by the member to carry out the occupational activities to which the scheme applies or is otherwise involved in the performance of such occupational activities (whether in a professional capacity or not).
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Add your response.

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| 1. Where the policy does not cover contractors referred to in stipulation 8, the member should take reasonable steps to satisfy itself that the contractor has its own professional indemnity policy which provides cover in respect of the contractor’s performance of the occupational activities which policy would be compliant with the association’s Insurance standards.
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Add your response.

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| Claims made |
| 1. The policy must be a ‘claims made’ or ‘claims made and notified’ policy.
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Add your response.

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| 1. The policy should have a continuous cover extension.
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Add your response.

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| Scope of insuring clause |
| 1. The policy must either:
2. provide cover in respect of occupational liability arising from professional activities carried out by the member which fall within the scope of the occupational activities to which the scheme applies
3. provide cover in respect of occupational liability arising out of an alleged act, error, or omission in the conduct of the professional activities by the member which fall within the scope of the occupational activities to which the scheme applies.
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Add your response.

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| Limit of liability |
| 1. The limit of liability under the policy in respect of any one claim must be equal to or greater than the highest monetary ceiling specified in the scheme applicable to the member by reference to the class of persons to which the member belongs and the kind of work undertaken by the member (or any discretionary monetary ceiling approved by the association in respect of that member).
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Add your response.

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| 1. The policy should either:
2. provide at least one automatic reinstatement of the limit of liability; or
3. have an aggregate limit of liability of at least twice the any one claim limit of liability.
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Add your response.

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| 1. The limit of liability under the policy should be defence costs in addition.
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Add your response.

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| 1. Notwithstanding 15 above, the limit of liability under the policy should preferably be cost inclusive provided that the limit of liability under the policy is sufficient to meet both:
2. the highest monetary ceiling specified in the scheme applicable to the member by reference to the class of persons to which the member belongs and the kind of work undertaken by the member; and
3. all legal costs which could be reasonably anticipated to be incurred in connection with a claim for occupational liability.
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Add your response.

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| 1. The deductible or excess under the policy should be set at a level which, having regard to the financial position of the professional member at the time the policy is entered into, can reasonably be expected to be able to paid by the member at least twice in any 12-month period.
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Add your response.

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| 1. The policy should contain an aggregation clause which provides that, for the purposes of calculating the number of excesses payable:
2. all causally connected or interrelated acts, errors or omissions shall jointly constitute a single act, error, or omission under this Policy; and
3. where a single act, error, or omission gives rise to more than one claim, all such claim(s) shall jointly constitute one claim.
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Add your response.

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| 1. The policy should not contain an excess provision which is expressed to apply on a per claimant basis.
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Add your response.

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| Retroactive date |
| 1. Where the policy contains a retroactive date, that date must be no later than the latter of:
2. the date on which the contracting insured first commenced carrying out the occupational activities
3. the date on which the contracting insured first took out insurance in respect of its occupational liability
4. the date on which the contracting insured took out a new insurance policy as a result of a merger or acquisition of a business, where past liabilities are covered under a separate policy.
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Add your response.

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| Consumer protection legislation |
| 1. The policy should preferably contain an extension or clarification clause specifying that the cover provided by the policy includes cover for any unintentional breach of the misleading and deceptive conduct provisions of consumer protection legislation applicable to the occupational activities to which the scheme applies.
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Add your response.

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| Run-off cover |
| 1. The policy should preferably provide automatic run-off cover for a period of at least 7 years in the event that the named insured ceases to carry on the insured professional business at any time during the currency of the policy.
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Add your response.

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| 1. Where a policy of the type referred to in stipulation 22 is not reasonably available, the member must arrange and maintain run-off cover for a period 7 years following cessation of the business.
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Add your response.

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| Maintaining continuity of cover |
| 1. The professional member should maintain continuous PI insurance cover for the duration of the scheme.
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Add your response.

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| Premium |
| 1. The premium payable in respect of the policy should be at a level which is affordable to the professional member so as to enable the member to maintain continuous PI insurance cover for the duration of the scheme.
 |

Add your response.

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| Exclusions |
| 1. The policy must not contain any exclusion, or combination of exclusions, which would have the effect that any mandatory requirement of the association’s Insurance standards is wholly or substantially negated.
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Add your response.

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| 1. The policy should not contain any exclusion or combination of exclusions which would have the effect that any mandatory requirement of the association’s Insurance standards is or may be negated in a material proportion of claims likely to be made against the member.
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Add your response.

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| Excess-layer insurance |
| 1. Members should preferably seek to obtain a single policy which complies with these Insurance standards.
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Add your response.

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| 1. Members may take out an insurance program consisting of 2 or more policies (being primary and excess-layer policies) which, taken together, comply with these Insurance standards provided that all policies comply individually with these standards otherwise than as to the limit of indemnity and excess.
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Add your response.

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| 1. In this case, of an insurance program consisting of 2 or more policies (being primary and excess-layer policies), any excess policy(s) should preferably follow the form of the primary insurance.
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Add your response.