

## Authority

This registration standard was approved by the Australian Health Workforce Ministerial Council on 27 April 2012, pursuant to the Health Practitioner Regulation National Law (the National Law) as in force in each state and territory, with approval taking effect from 1 June 2012.

## Summary

A registered psychologist must not practise as a psychologist unless professional indemnity insurance (PII) arrangements are in place, that are consistent with this registration standard.

A registered psychologist must be covered by an individual insurance arrangement, or employer, union or education provider's insurance arrangements, or a combination.

However, if covered by another party, the cover must meet this registration standard. If the insurance arrangement of an employer, union or education provider does not meet this registration standard, the practitioner must take out additional cover to ensure he or she meets the standard.

## Scope of application

This registration standard applies to all registered psychologists, including those with provisional registration. It does not apply to psychologists who have non-practising registration.

Psychologists who do not practise at all during a period of time while holding general or provisional registration are not required to be covered for practice during that period. However appropriate run-off and retroactive cover for previous practice is required.

## Guiding principle

The Board's guiding principle for this registration standard is to ensure that the public have access to compensation when required, and that practitioners are adequately protected, by having appropriate PII cover.

The registration standard recognises that the PII arrangements provided by employers, particularly public sector and other large employers, may meet this principle in different ways to PII arrangements established by an individual psychologist (such as a self-employed psychologist).

## Requirements for individual PII arrangements

PII arrangements must include:

1. civil liability cover that is sufficient to cover the psychologist's practice, including at least one automatic reinstatement

2. unlimited retroactive cover, or the equivalent, and
3. run-off cover for at least seven (7) years.

## Requirements for group PII arrangements

Group PII arrangements include cover provided for employees, contractors, members or students by employers, unions or educational institutions.

PII arrangements must include:

1. civil liability cover that is sufficient to cover the psychologist's practice including at least one automatic reinstatement, or the equivalent, under employer-based PII arrangements
2. unlimited retroactive cover, or the equivalent, under employer-based PII arrangements
3. run-off cover for at least seven (7) years, or the equivalent, under employer-based PII arrangements.

Employer-based PII arrangements such as self-insurance by public sector employers or occurrence-based cover may not include automatic reinstatement, retroactive cover or run-off cover, but provide equivalent cover. Information about how different types of PII policies achieve equivalent cover is provided in the *Guideline on professional indemnity insurance for psychologists*.

## Scope of cover

PII arrangements must provide cover for civil liability, or loss arising from a claim that is made as a result of an act, error or omission in the conduct of the practitioner. PII cover should include legal defence costs and claimant's legal costs that a psychologist may be ordered to pay.

It is recommended that psychologists also have sufficient level of inquiry costs cover to provide adequate levels of insurance for the potential costs incurred at a professional disciplinary board or other hearing.

## Amount of cover

All practising psychologists must have a minimum level of \$2 million for any one claim.

In principle, the question of how much insurance cover is enough is a risk management issue and will vary according to the size of a practitioner's professional practice and the context in which his or her activities are carried out.

It is the responsibility of the individual practitioner to determine whether the minimum level is sufficient for their practice. Therefore, psychologists are required to undertake an objective self-assessment (using the criteria set out in the Board's *Guideline on professional indemnity*

*insurance for psychologists*) to determine the level of cover warranted by their practice. The onus is on the practitioner to ensure they take out PII cover that is appropriate to the level of risk.

## Group cover – employers, unions and educational institutions

An individual may be covered by either an individual insurance arrangement or that of an employer, union or education provider, or a combination. If a psychologist is covered by the PII of an employer, union or educational institution, any claims relating to the period of the psychologist's employment, contract, membership or enrolment will be covered by that PII. The PII arrangements of the employer, union or education provider should provide sufficient cover for the psychologist's practice. The Board recognises that this may occur in various ways; for example, occurrence-based arrangements in the public sector. Psychologists may meet the requirements of this standard through a combination of these types of cover.

If the employed psychologist has practised before his or her current employment, cover for that previous practice will need to be covered by another PII; either an individual policy or a union policy, or PII arrangements of the previous employer or education provider. Psychologists with multiple practices or employment must ensure that they have appropriate PII cover for each practice and position.

## Mandatory PII requirement for registrants

An applicant seeking registration must declare that he or she will not practise the profession unless PII arrangements that are consistent with this registration standard are in force. Provision of psychological services is not limited to full-time paid employment. Therefore, any person practising as a registered psychologist, including those working as an independent practitioner, in part-time practice, or undertaking voluntary work, must be covered by PII arrangements in accordance with this registration standard.

An applicant renewing their registration must make a declaration that he or she has not practised as a psychologist during the preceding period of registration without PII arrangements in accordance with this registration standard being in force.

Random audits of registered psychologists will be conducted annually to ensure that psychologists comply with this registration standard. The Board will notify registered psychologists in writing if they are selected for audit. The psychologist will be required to provide

evidence of PII arrangements for the period requested by the Board.

## Evidence of PII arrangements

A registered psychologist is required to maintain certificates of currency for the duration of his or her registration as a psychologist. The Board may request to see evidence of PII arrangements for any period of registration.

Alternatively, if a PII arrangement is provided by another party such as an employer, the psychologist, upon request, must provide a copy of the certificate of currency certified as a true copy by a person who can witness statutory declarations, or a letter from the organisation declaring that the PII arrangement of the organisation covers the psychologist. This must state the period of cover and set out the particulars of the cover so that an auditor may determine if it meets this registration standard. In the case of a public sector employee, evidence that the psychologist was a public sector employee for the relevant period will suffice as evidence of PII arrangements for that employment.

In the event that a registered psychologist fails to meet the requirements of the registration standard, the Board may:

1. refuse to renew registration or endorsement, or
2. instigate disciplinary proceedings under to the National Law, Part 8, or the relevant legislation applying to that jurisdiction.

**DISCLAIMER:** This standard sets out the minimum requirements for PII arrangements. An individual must ensure that he or she has appropriate arrangements in place that cover the particular type of practice. For additional guidance, practitioners should consult an insurance broker or a licensed provider of financial advice.

## Definitions

**Civil liability cover** means insurance that covers the costs of liability incurred by the insured arising from civil claims seeking compensation for personal injury, harm or loss incurred, where the claim arises directly from an alleged act, error or omission committed in the conduct of the practitioner's practice or professional business during the policy period. Civil liability cover includes cover for legal expenses incurred in defence or settlement of a civil claim and for damages payable.

**Educational institution insurance arrangements** include any enrolment, employment, contractual arrangement,



or other arrangement with an education provider where appropriate PII is provided for the psychologist or provisional psychologist.

**Employer insurance arrangements** include arrangements for a variety of employment contexts such as:

- employment in the public sector, public service or a statutory authority
- employment where the practitioner is indemnified from civil liability relating to the practice of psychology under legislation or contractual arrangements, or
- an employee or contractual arrangement with a non-government employer who holds the appropriate insurance to cover psychologists, including group practice arrangements.

**Individual insurance arrangements** include policies that either specifically names the registered psychologist, or policies that cover the registered psychologist as a particular class of person.

**Non-practising registration** is a registration type allowed for under Part 7, Division 5 of the National Law. A registered practitioner who holds non-practising registration in the profession must not practise the profession.

**Occurrence-based cover** provides indemnity for any incident which occurs during the coverage period, regardless of when a claim is made, even if the policy is not renewed.

**Practice** means any role, whether remunerated or not, in which the individual uses their skills and knowledge as a psychologist in their profession. Practice is not restricted to the provision of direct clinical care. It also includes using professional knowledge in a direct non-clinical relationship with clients, working in management, administration, education, research, advisory, regulatory or policy development roles, and any other roles that impact on safe, effective delivery of services in the profession.

**Professional indemnity insurance arrangements** are insurance against civil liability incurred by, or loss arising from, a claim that is made as a result of an act, error or omission in the conduct of the practitioner. This type of insurance is available to practitioners and organisations across a range of industries and covers the costs and expenses of defending a legal claim, as well as any damages payable. Some government organisations under policies of the owning government are self-insured for the same range of matters.

**Run-off cover** means insurance that responds to claims against a practitioner who has ceased a particular practice or business, and that arise out of, or are a consequence

of, activities that were undertaken when he or she was conducting that practice or business. This type of cover may be included in a PII policy or may need to be purchased separately.

**Retroactive cover** means PII arrangements which cover the insured against claims arising out of or in consequence of activities that were undertaken in the course of the practitioner's professional business prior to the date of the commencement of the insurance.

**Unlimited retroactive cover** means cover for the period of the applicable statute of limitations in the jurisdiction/s where the practitioner practised as a psychologist.

**Union insurance arrangements** include any union membership that includes appropriate PII cover. Union policies may act to supplement PII cover obtained through an employer.

## References

The Psychology Board of Australia *Guideline on professional indemnity insurance for psychologists* is available on the Board's website at [www.psychologyboard.gov.au](http://www.psychologyboard.gov.au).

## Review

This standard is effective from the date of publication on the Board's website 1 June 2012. The Board will review this standard at least every three years.

**Date of issue:** 1 June 2012

**Date of review:** This standard will be reviewed at least every three years

