

Consultation Paper 11

Issued: 7 September 2011

Exposure Draft: Revised Standard and Guidelines on professional indemnity insurance for psychologists

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Overview of the consultation

This consultation paper has been developed by the Psychology Board of Australia (the Board) under section 38 of the *Health Practitioner Regulation National Law Act* (the National Law) as in force in each state and territory of Australia, that requires a National Board to develop and recommend to the Ministerial Council registration standards about requirements for professional indemnity insurance, and section 39 that allows the Board to develop and approve codes and guidelines to provide guidance to the practitioners it registers.

Section 40 of the National Law requires the Board to undertake wide-ranging consultation on proposed registration standards and codes and guidelines. The Board has consulted on a number of registration standards, codes and guidelines. Past and current consultations, including a summary of each consultation and submissions to the Ministerial Council to date, can be viewed on the Board's website at www.psychologyboard.gov.au under *Consultations and submissions*. Consultation documents are drafts that are revised to take into account the results of consultation.

This consultation paper seeks stakeholder feedback on the revised *Professional indemnity insurance registration standard* and revised *Guidelines on professional indemnity insurance for psychologists*. The standard has been amended and the guidelines developed following previous consultation on proposed revisions to the *Professional indemnity insurance arrangements registration standard*. The previous consultation included a public consultation paper that was published in December 2010. As the issues addressed in this consultation paper have been discussed in the previous consultation the purpose of this consultation is to obtain final comment on the revised registration standard and the guidelines prior to submitting the standard to the Ministerial Council for approval and subsequently publishing the standard and the guidelines. This exposure draft will be available for comment for eight weeks.

Following public consultation, the Board will review the registration standard and guidelines, taking into account feedback gathered through the consultation process and the Board's primary role of protecting the public, and make further amendment if necessary.

This consultation paper has been issued by the Psychology Board of Australia under the authority of Professor Brin Grenyer, Chair, on 7 September 2011.

Individuals and organisations that wish to provide comments on this paper should lodge a written submission in electronic form, marked 'Attention: Chair, PII Guideline Consultation' to psychconsultation@ahpra.gov.au by close of business on Wednesday 2 November 2011.

Please note that submissions will be placed on the Board's website www.psychologyboard.gov.au unless otherwise requested by the contributor.

Background

In accordance with the National Law the Board developed and consulted on a professional indemnity insurance arrangements registration standard (the PII standard) in 2009. The Australian Health Workforce Ministerial Council (the Ministerial Council) approved the registration standard for commencement on 1 July 2010.

Following Ministerial Council approval and publication of the PII standard on the Board's website, the Psychology Board of Australia received significant feedback about the implementation of the new PII requirements from government employers, insurance providers and brokers, and individual practitioners. In response to this feedback the Board agreed to revise its PII registration standard to address these issues.

Section 40(1) of the National Law provides that, if a National Board develops a registration standard or a code or guideline, it must ensure there is wide-ranging consultation about its content. Therefore in December 2010 the Board published *Consultation Paper 8: Proposed revisions to the professional indemnity insurance arrangements registration standard* which sought feedback from the profession, stakeholders and the public on the proposed amendments. *Consultation Paper 8* and the submissions received in response to the paper are published online at:

<http://www.psychologyboard.gov.au/News/Past-Consultations.aspx>.

The Board also sought legal advice and expert advice from the insurance sector (particularly government insurers) as part of this consultation process.

Following the consultation, the Board revised the PII standard in accordance with the feedback received and in consultation with other National Boards and legal advisers and agreed to submit the revised standard to the Ministerial Council for approval. Consultation paper 11 includes the revised standard that the Board proposes to submit to Ministerial Council for final review by the profession and stakeholders. Prior to submission to Ministerial Council, the Board through the issue of this paper exposes this proposal for a final round of feedback from stakeholders.

In accordance with the feedback received from Consultation Paper 8 the Board also agreed to produce a guideline to complement the PII standard and provide more detailed guidance for psychologists in relation to professional indemnity insurance requirements. This consultation paper 11 includes the proposed draft of the PII guidelines that the Board proposes to publish on its website.

The Board draws readers' attention to the relationship between the Standard and Guidelines. Standards are approved by Ministerial Council and set forward the requirements that psychologists must comply in relation to these obligations for professional indemnity insurance. The guidelines are issued by the Board to assist in understanding the standard and provide further details about aspects of compliance and the operationalisation of the standard. Guidelines issued by the Board are done so as part of the Board's functions in s 39 of the National Law.

The Psychology Board of Australia encourages psychologists, students, stakeholders and the public to be involved in the development of standards and guidelines that shape the profession. The Board welcomes feedback and peer review of the content of revised *Professional indemnity insurance arrangements registration standard* and the proposed *Guidelines on professional indemnity insurance for psychologists*.

Proposed revised professional indemnity insurance arrangements registration standard

Summary

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

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

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.

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 professional indemnity insurance 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 (not employer) PII arrangements

PII arrangements must include:

1. civil liability cover that is sufficient to cover the psychologist's practice, including automatic reinstatements where appropriate to achieve an adequate level of cover
2. unlimited retroactive cover
3. run-off cover.

Requirements for employer PII arrangements

PII arrangements must include:

1. civil liability cover that is sufficient to cover the psychologist's practice including automatic reinstatement or the equivalent under employer-based PII arrangements to achieve an adequate level of cover
2. unlimited retroactive cover or the equivalent under employer-based PII arrangements
3. run-off cover 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 professional indemnity insurance policies achieve equivalent cover is provided in the *Guideline on professional indemnity insurance for psychologists*.

Attachment A – Proposed PII Standard

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.

Psychologists should also have sufficient level of inquiry costs cover to provide adequate levels of insurance for the potential costs incurred at professional disciplinary board and other hearings.

Amount of cover

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.

All practising psychologists must have a minimum level of \$2 million for any one claim and \$4 million on aggregate.

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 *Guidelines 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.

Employer cover

An individual may be covered by either an individual insurance arrangement or that of an employer, union or education provider, or both. In relation to employers and education providers, the Board's intention is that, if a psychologist is covered by the PII of an employer, union or an education provider, any claims relating to the period of the psychologist's employment 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.

If the employed psychologist has practised before his or her current employment, cover for that previous practice will need to be covered by other PII – either an individual policy or PII arrangements of another 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 are in force and consistent with this registration standard. 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 for renewal of 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 force and in accordance with this registration standard.

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 selected for audit. The psychologist will be required to provide evidence of PII arrangements for the period requested by the Board.

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.

Alternately, 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

Attachment A – Proposed PII Standard

who can witness statutory declarations, or a letter from the employer declaring that the PII arrangement of the organisation covers the psychologist and states the period of cover and sets 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 permanent public sector employee for the relevant period will suffice as evidence of PII arrangements for that employment.

In the event that a registered psychologist has failed 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

An **employer insurance arrangement** includes 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;;
- an employee or contractual arrangement with a nongovernment employer who holds the appropriate insurance to cover psychologists, including group practice arrangements;
- union membership that includes appropriate PII cover; and
- any employment, enrolment, contractual arrangement or other arrangement with an education provider where appropriate PII is provided for the psychologist.

An **individual insurance arrangement** includes a policy that either specifically names the registered psychologist or a policy that covers the registered psychologists as a particular class of person.

Professional indemnity insurance arrangements secure for the practitioner's professional business, insurance against civil liability incurred by, or loss arising from, a claim that is made as a result of a negligent 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 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.

Review

This standard is effective from the date of publication on the Board's website ([day month] 2011). The Board will review this standard at least every three years.

Date of issue: 1 July 2010

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

Last reviewed: [day

month]

2011

Psychology Board of Australia

Professional indemnity insurance arrangements registration standard



Authority

This standard has been approved by the Australian Health Workforce Ministerial Council on 31 March 2010 pursuant to the *Health Practitioner Regulation National Law (2009)* (the National Law) with approval taking effect from 1 July 2010.

Summary

A registered psychologist must not practice as a psychologist unless Professional Indemnity Insurance (PII) arrangements are in force in accordance with this standard.

A registered psychologist must be covered by either an individual insurance arrangement or an employer's or education provider's insurance arrangement, or both. However, if covered by another party, the cover must meet this standard. If an employer's or education provider's insurance arrangement does not meet this standard, the individual must take out additional cover to ensure he or she meets the standard.

Scope of application

This standard applies to all registered psychologists including registered provisional psychologists. It does not apply to registered students and practitioners who have non-practising registration.

Requirements

- Professional indemnity arrangements must include:
 - civil liability cover
 - unlimited retroactive cover
 - run-off cover; and
 - two automatic reinstatements during the period of cover.
- PII arrangements must include, but are not limited to, cover for any breach or alleged breach of professional duty of care, any breach of professional codes or ethics, complaints received in relation to professional misconduct or unprofessional conduct pursuant to the Health Practitioner Regulation National Law Act 2009 (Qld) (National Law), or relevant regulatory laws in the State or Territory, and complaints received in relation to any privacy laws.
- An individual may be covered by either an individual insurance arrangement or an employer's or education provider's insurance arrangement, or both. However, if covered by another party, the cover must meet this standard. If an employer's or education provider's insurance arrangement does not meet this standard,

the individual must take out additional cover to ensure he or she meets the standard.

- An applicant for registration must declare that he or she will not practice the profession unless PII arrangements are in force in accordance with this standard.
- An applicant for renewal of 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 force in accordance with this standard.
- 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 standard.
- Random audits of registered psychologists will be conducted on an annual basis to ensure that psychologists are in compliance with this standard. The Board will notify registered psychologists in writing if selected for audit. The registered psychologist will be required to provide evidence of PII arrangements for the period requested by the Board.
- 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 registered 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 employer declaring that the organisation's PII arrangement covers the registered psychologist, states the period of cover, and that the cover meets this standard.
- In the event that a registered psychologist has failed to meet the requirements of the standard the Board may:
 - refuse to renew registration or endorsement; or
 - instigate disciplinary proceedings pursuant 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 his or her particular type of practice.

Psychology Board of Australia Professional indemnity insurance arrangements registration standard



Definitions

Professional indemnity insurance arrangements means arrangements that secure for the practitioner insurance against civil liability incurred by, or loss arising from, a claim that is made as a result of a negligent 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 protects a practitioner who has ceased a particular practice or business against claims that arise out of activities that occurred 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 arrangements that provide recognition for all past activities.

Review

This standard will commence on 1 July 2010. The Board will review this standard at least every three years.



Proposed Guidelines on professional indemnity insurance for psychologists

Summary

In accordance with the National Law¹ the Psychology Board of Australia developed and consulted on a professional indemnity insurance arrangements registration standard (the PII standard) in 2009. The Australian Health Workforce Ministerial Council (the Ministerial Council) approved the registration standard for commencement on 1 July 2010. The PII standard is published on the Board's website – www.psychologyboard.gov.au.

The PII standard applies to all psychologists registered in the categories of general, limited and provisional.

These Guidelines have been developed by the Psychology Board of Australia under s. 39 of the National Law and supplement and explain the requirements set out in the PII standard. They provide guidance for psychologists, employers of psychologists, higher education providers, and insurance providers.

The PII standard and these Guidelines have been developed with legal advice and expert advice from the insurance sector including government insurers.

Under s.41 of the National Law the PII standard and the PII Guidelines are admissible in proceedings under the National Law as evidence of what constitutes professional conduct or practice for psychology.

Background

Under the National Law all registered psychologists practising in Australia are required to have in place professional indemnity insurance arrangements (PII) that are continuous throughout the period of registration.

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.

Scope

Any person who wishes to practice psychology in Australia and use the title 'Psychologist' (whether alone or in together with other words) must be registered with the Psychology Board of Australia and all psychologists registered under the National Law and who practice psychology must have appropriate PII arrangements in accordance with the PII standard. This includes psychologists providing direct psychological care, supervisors, managers of clinics, and psychologists who work in management, administration, research, advisory, or regulatory or policy development roles. It also includes provisional psychologists who practice under supervision.

¹ The *Health Practitioner Regulation National Law Act* (the National Law) as in force in each state and territory.

Attachment C – Proposed PII Guidelines

Practitioners only need to be covered for practice as a psychologist. Psychologists with Non-Practising registration or who maintain General registration but do not practice at all for a period do not require cover for that period. However psychologists who are not currently practising must still have run-off arrangements (or equivalent) in place to cover previous practice.

Psychologists who maintain General registration in Australia must meet the Psychology Board of Australia requirements; this means maintaining cover for any practice of psychology, even if not practising in Australia. Psychologists practising overseas should also check the requirements of the local registration authority in the country where they practise and ensure those requirements are met.

It is recognised that psychologists engaging in different types of practice will have different PII needs. The minimum requirements set out in the PII standard must be met and the individual psychologist can make their own assessment of their PII requirements over and above the minimum requirements taking into account the psychologist's level of risk.

Professional indemnity arrangements for psychologists must include:

- a) civil liability cover
- b) unlimited retroactive cover
- c) run-off cover

or the equivalent under employer-based PII arrangements

Voluntary work

Psychologists must have PII for all psychological practice they undertake, whether it is paid or voluntary. Psychologists who undertake voluntary work in addition to usual paid employment must take out additional cover if their regular PII arrangements do not cover the voluntary work.

Run-off and retroactive cover

Run-off cover means insurance that responds to a claim against a practitioner who has ceased a particular practice or business that arises out of activities that occurred when the practitioner was conducting that practice or business. Run-off cover should be maintained for at least seven (7) years.

Retroactive cover means arrangements that provide cover for all past activities. Psychologists must have retroactive cover for all claims arising from past practice that are not otherwise indemnified.

Both run-off cover and retroactive cover may be components of 'claims made' PII policies which is a type of PII cover that indemnifies for claims made against the insured and notified to the insurer during the period of insurance. Run-off and retroactive cover may be included in a PII policy, but if not they may need to be purchased separately unless there are equivalent arrangements in place under employer based PII policies.

Employer cover

An individual may be covered by either an individual insurance arrangement or that of an employer, or both. For the purposes of the PII standard employer cover can also mean cover provided by a union or an educational institution.

The Board's intention is that, if a psychologist is covered by the PII of an employer, any claims relating to the period of the psychologist's employment, will be covered by that PII. The PII

Attachment C – Proposed PII Guidelines

arrangements should provide sufficient cover for the psychologist's practice and the individual psychologist has a responsibility to check that their employer's cover meets the Board's requirements.

Employers may have different types of PII arrangements, which may provide the same level of cover as individual policies but in different ways. In particular, Board requirements for run-off or retroactive cover may not be relevant to PII arrangements provided by employers, especially for occurrence-based PII arrangements in the public sector. See 'types of PII cover' in these notes for more information on different types of policies.

If the employed psychologist has practised before his or her current employment, cover for that previous practice will need to be covered by other PII – either an individual policy or PII arrangements of another employer or education provider.

Psychologists with multiple practices or employment must ensure that they have appropriate PII cover for each practice and job. When starting a new position it is the psychologist's responsibility to check with the employer prior to commencement of practice that adequate PII cover is in place. If an employer does not provide PII, the psychologist must ensure private cover is in place before commencing practice.

Provisional psychologists practising psychology in placements that are part of their degree may be covered by the higher education institution or the employer providing the placement. It is the responsibility of the provisional psychologist to ensure appropriate PII arrangements are in place and that the cover meets the Board's requirements.

Types of PII cover

PII cover may be provided on the basis of an 'occurrence' or a 'claims made' policy. A 'claims made' policy will only respond to claims made against the insured and notified to the insurer during the period of insurance. As the cover only applies to the period of insurance, retroactive and/or runoff cover may be required to achieve complete coverage for potential claims.

Retroactive cover requires the insurer which is offering cover on a 'claims made' basis to agree to indemnify the practitioner in respect of any claims for civil liability which result from his or her professional activity at any time prior to the date of commencement of the policy. It is only required where cover has previously been, and continues to be, provided on a 'claims made' basis.

It is not uncommon for liability insurance such as PII policies to exclude claims made against the insured arising from circumstances that occurred before a specified date. This approach may be appropriate in some cases where, for example, the insured's practice changed substantially at one point in time and the insurer agrees to bear the risk from a particular point in time onwards, on the basis that the risk from that date is acceptable to it. In this instance, an insurer may include a retroactive date on the Schedule of PII policy.

An occurrence policy 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. As a result, run off and/or retroactive cover is not relevant or necessary for occurrence based PII as long as it has been maintained from commencement of practice.

Public sector employers are more likely to have occurrence-based PII arrangements, or to self-insure. As a result, it may be difficult or impossible for public sector PII arrangements to have PII that includes retroactive and/or run-off cover, although there is no practical difference in the cover provided. Therefore employer-based PII arrangements may not specifically include retroactive and/or run-off cover but the occurrence-based policy effectively provides cover that is equivalent to a policy that includes retroactive and run-off cover.

Amount of cover

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.

The minimum amount of cover has been set at \$2 million for any one claim and \$4 million on aggregate.

The minimum amount may not be sufficient for all psychologists. Practitioners will also be required to undertake objective self assessment to determine whether their individual practice warrants a level of cover that is higher than the minimum amount.

Criteria on which a self assessment would be based include:

- The practice setting and type of service delivered
- The client group
- The volume of clients
- Current employment status
- Previous history of insurance claims and the type of claims made against the practitioner in the past
- The age and experience of the practitioner
- Requirements of relevant statutory authorities
- Insurance advice received from professional indemnity insurers operating under a financial services licence
- General advice from professional associations and industrial organisations, including advice regarding history and volume of professional liability claims experiences by other members of the profession, provided by a relevant professional association.

Automatic reinstatement

Professional indemnity insurance policies are often underwritten subject to an aggregate and may include a costs inclusive limit, which represents the total cover variance in respect of all claims against the policy, in the policy period. The purpose of automatic reinstatement is to restore the limit of the policy, if a claim or claims have exhausted the initial sum insured. A single automatic reinstatement allows the policy's aggregate limit to be doubled and two reinstatements triple it, but the limit for any one claim remains applicable. The effect is to provide more cover in case there are multiple claims against a practitioner.

A psychologist who has a claims made policy of \$2 million with one automatic reinstatement meets the minimum required amount of \$2 million for any one claim and \$4 million on aggregate. A psychologist whose policy does not include automatic reinstatement must have at least \$4 million for any one claim to meet the minimum requirement on aggregate.

Automatic reinstatement is not relevant to occurrence-based policies, particularly in the public sector where the policy covers any incident during the period of coverage.

Cover for disciplinary matters

The Board notes that PII arrangements, particularly those provided by employers, may not provide cover for matters of a disciplinary character, which do not usually lead to awards of compensation to patients, clients or other persons who have suffered detrimentally as a result of a psychologist's actions. However, these matters may involve costs for individual psychologists

Attachment C – Proposed PII Guidelines

and an individual psychologist's inability to cover these costs including legal representation at a disciplinary tribunal may present legal and evidentiary difficulties for both the practitioner and complainant.

The Board strongly recommends that psychologists have sufficient level cover to meet inquiry costs, and to provide adequate levels of insurance for the potential costs incurred at professional disciplinary board or other hearings. Professional disciplinary matters could include matters such as breaches of professional codes or ethics, complaints received about professional misconduct or unprofessional conduct under the National Law.

Exemptions

The nature of psychology practice is associated with a level of risk of mental or physical harm to patients or clients. The community has the right to expect that psychologists will have adequate insurance to cover compensation if a client suffers a civil liability or loss as a result of a negligent act, error or omission in the conduct of the psychologist. Therefore there are no exemptions to this standard.

Monitoring of PII arrangements

Every year when psychologists and provisional psychologists renew their registration, they are required to make a declaration that in the last renewal period they have practised the profession only while covered by professional indemnity insurance that meets the Board's standard. In addition, they are required to declare that if registration is renewed they commit to only practising the profession in the future while covered by professional indemnity insurance arrangements that meet the Board's standard. There are no exemptions to this requirement.

The Board will conduct random audits of psychologists' PII arrangements.

Documentation of PII cover

Practitioners must maintain documentation as evidence of PII cover and provide it to the Board if requested. Practitioners need to provide a copy of the policy or certificate of currency if requested. The documentary evidence must show that the policy has been paid and accepted; therefore an invitation to renew a policy will not be accepted as sufficient evidence of PII. However the Board recognises that psychologists employed in the public sector will not be able to obtain a copy of a policy or certificate of currency if their government employer self-insures. In this case, the Board has taken the view that it would be sufficient to accept evidence of public sector employment as evidence of PII cover.

Action for inadequate PII cover or lapsed PII arrangements

The Board is empowered to ensure that psychologists only practise with appropriate PII arrangements in place. If a psychologist is found to have practised without appropriate PII arrangements in place the Board will consider disciplinary action.

Public liability insurance

The PII standard sets out the requirements for professional indemnity insurance. The Board does not provide guidance for psychologists on public liability insurance; however psychologists should be aware of the importance of public liability insurance to cover injuries to clients or members of the public on their premises.