

## Medical Practice Insurance with NZMII

### Medical Practice Policy Summary

#### Who Does the NZMII Practice Policy Cover?

The NZMII Medical Practice Policy provides cover to the entity (for example, a company or partnership) which operates the practice (**the Named Insured**), and to any principal, partner, director, or officer of the Named Insured to the extent of their liability in that capacity.

Health and disability care providers operate under a range of legal structures from companies through to partnerships and other structures which lie somewhere in between. The NZMII Medical Practice Policy covers most structures but if in doubt, please ask.

Cover is also provided to any employee or contractor of the practice for any error or omission of that person in their capacity as a member of an ethics committee or clinical advisory council of the practice.

#### What Does the NZMII Medical Practice Policy Cover?

Primarily the NZMII Medical Practice Policy provides cover for the vicarious liability of owners, directors, partners, or officers of the practice in the event that one of its staff has made, or is alleged to have made, an error or omission in the course of their role in providing health or disability care for the patients of the practice.

Coverage is not confined to vicarious liability arising from the acts or omissions of medical practitioners when caring for patients; it extends to liability arising from the acts or omissions of any employee or agent of the practice who is not a medical practitioner or allied healthcare professional (such as support or administrative staff) when the act or omission is directly related to the provision of health care or disability care; for example, the despatch of clinical samples to the laboratory.

Such errors or omissions (whether actual or alleged) may expose the practice to a range of processes such as an investigation by the HDC or by the Coroner, a privacy complaint, or a claim for compensation before the Human Rights Review Tribunal. Commonly, such processes require the practice to be legally represented independently of the individual responsible for the error or omission.

Vicarious liability of a practice may arise under section 72 of the Health and Disability Commissioner Act (HDCA), where a member of the practice has breached the Code of Patient Rights and that person is an employee or agent of the practice.

The vicarious liability of a practice may also arise independently of section 72. For example, a practice could be vicariously liable for breach of a patient's confidential health information where the breach is caused by an agent or employee of the practice. Again, the policy is designed to cover the practice for this kind of risk.

The policy also provides cover where the practice's exposure arises from an error or omission in its own duties or functions as a provider of health or disability services. This may occur for example where the practice is said to have failed in its duty to provide adequate supervision or training to staff, or to ensure the adoption of appropriate protocols or guidelines.

### **Who and What is NOT Covered?**

In essence the NZMII Practice Policy covers the risk of liability of the operating entity, including those engaged in ownership or management of the entity, but only in that ownership or management capacity.

It does not provide malpractice cover for individual staff for their acts or omissions as medical practitioners, whether or not they are also an owner or manager of the entity. Any medical or other allied health professional should therefore maintain their own professional indemnity policy.

### **Do I Need An Individual Policy?**

NZMII's medical practitioner or allied healthcare professional indemnity insurance policies provide coverage for individuals, but such coverage does not extend to the practice in which they work.

This means that the practice should have a Medical Practice Policy, and each individual medical practitioner or allied healthcare professional within the practice should have their own indemnity insurance policy.

Whilst NZMII provide both a Practice Policy and individual indemnity insurance policies eligibility and acceptance is not contingent on the other. That is, the practice is able to have a Practice Policy with NZMII but any medical practitioners or allied healthcare professionals are free to choose their own indemnity provider.

### **Are There Other Exclusions?**

***While not an exhaustive list of the policy exclusions, the NZMII Practice Policy will not respond to:***

- Any claim made prior to the commencement of the Period of Insurance;
- Any litigation/claim/complaint in existence at the commencement of the Period of Insurance;
- Any claim for which other insurance is in place;
- Any claim arising from fraudulent/deceitful conduct;
- Any claim arising from or related to an employment relationship problem or dispute; or
- Any claim which arises from conduct outside of New Zealand or any investigation or legal process outside of New Zealand.

## What Kind of Cover is Provided

Subject to the limits of indemnity, primarily the NZMII Practice Policy covers two main risks in respect of claims which fall within the scope of coverage:

- The risk of liability to damages or compensation; and
- The costs of legal defence of any claim for damages or compensation or any investigation or other legal process;

In addition, and again subject to the limits of indemnity, the Policy provides cover for:

- The costs of travel and accommodation and loss of earnings arising from the need to attend an investigation or other legal process;
- Adverse costs awards;
- Punitive damages

## How Much is the Medical Practice Covered For?

**Settlement/damages** – \$1,000,000 any one claim and \$2,000,000 in the aggregate.

**Legal expenses costs limit** – \$1,000,000 any one claim and \$2,000,000 in the aggregate.

In addition to these limits of indemnity the Policy provides for:

1. Reimbursement for travel and accommodation costs and for loss of earnings due to attendance at hearings, of \$1000 per day or part day to a maximum of \$15,000 in total, any one Claim and in the aggregate.
2. An award of costs to a maximum \$20,000 for any one Claim and in the aggregate.
3. Punitive or exemplary damages to a maximum of \$250,000 for any one Claim and in the aggregate.

For any questions in relation to this policy and coverage please contact the team at NZMII who will happily assist you.

***NOTE: This summary is for guidance only and does not amend the terms of and is not incorporated by reference into the Policy document. Please ensure that you review the policy in its entirety before agreeing to obtain cover.***