

Medical indemnity

There's never a dull moment in the healthcare space and this year is no exception. There are three key themes top of mind for medical indemnity insurers:

The first is AI, which presents significant opportunities, but also raises some new risks. AI scribes are expected to improve patient experience, communication and documentation. A GP at a conference I recently attended told the audience an AI scribe saved him roughly eight hours a week, allowing him to focus more time on his patients. This is a good thing. However, there are also risks to consider. Practitioners must check the scribe output, gain patient consent and ensure data is secure.

Using AI in prompting and diagnosis is also gaining momentum. Importantly for medical indemnity insurers, the practitioner is ultimately responsible for the decisions they make. AI is just another tool, although a very powerful tool at that.

The second theme is legislation banning claims farming. The picture here varies by state and territory. NSW recently introduced legislation that bans claim farming across all personal injury claims under the Civil Liability Act. Queensland and the ACT have similar legislation in place and it's something other states are considering. This legislation has had a big impact on abuse claims, as we outline in our public liability overview. It's also expected to have an impact on medical indemnity claims frequency.

The third theme high on insurers' minds is recent claims experience, which will impact reserving and pricing for the year ahead. There are three major highlights:

- Representation or non-civil claims continue to increase. This aligns with the increase in notifications to AHPRA – the health practitioners regulation agency, not to be confused with APRA.
- Damages claims or civil claims are increasing but still remain below pre-COVID-19 levels.
- Nervous shock claims – that is, mental injury claims due to witnessing or experiencing a traumatic event – remain elevated. There are significant differences in nervous shock claims experience between states.

To thrive in the next 12 months as a medical indemnity insurer, you'll need to focus on engaging and retaining members in the early stages of their career. These are the high lifetime value members for medical indemnity providers. You'll also need to focus on lifting pricing sophistication to better understand risk at an individual practitioner level. Medical indemnity insurers who get this right will grow profitably over the years ahead.