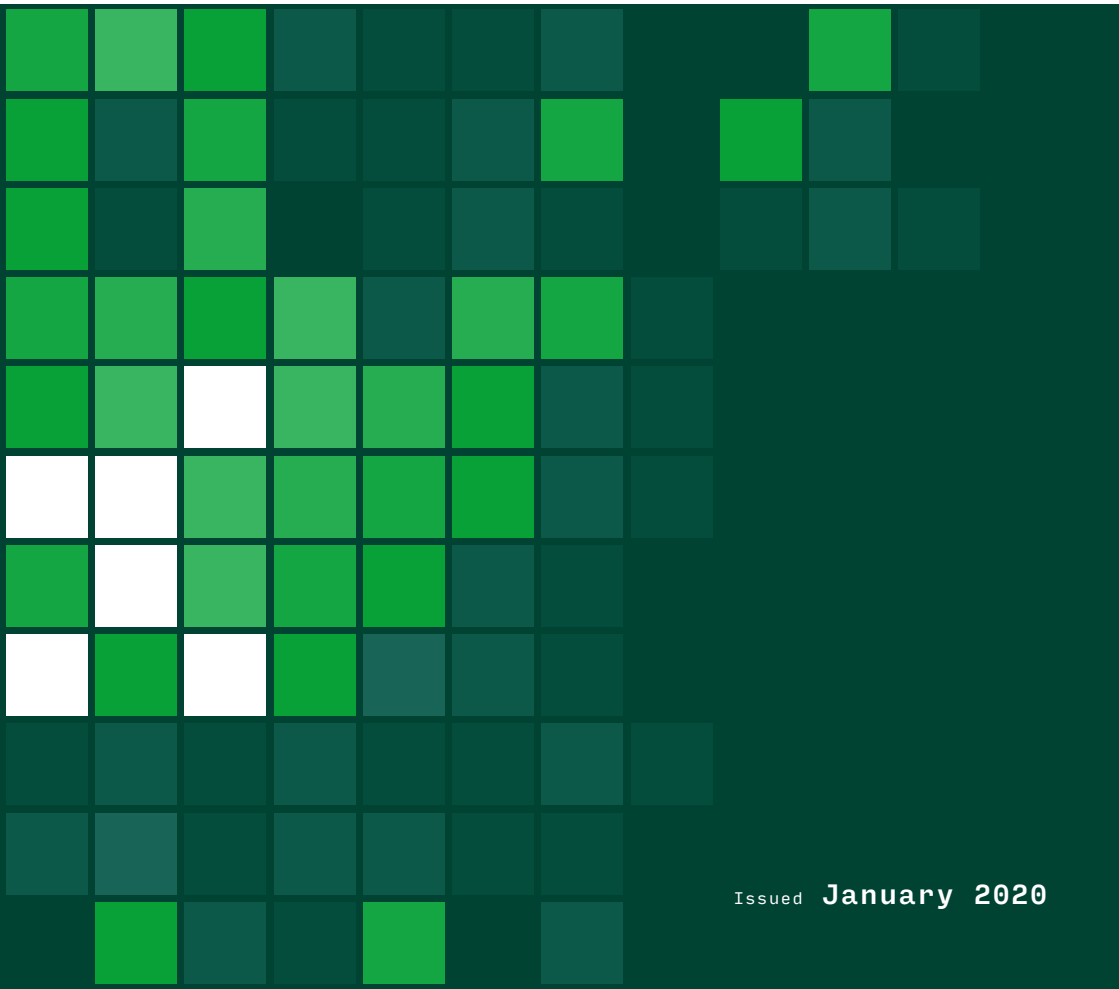


OUR NEW BUSINESS  
RELATIONSHIP  
WITH MEDPRO



## MEDISEC'S Promise to you

Medisec's promise to you has always been to secure the best and most competitively priced professional indemnity insurance, while ensuring that you have the medico-legal, risk and educational advice and support that you need throughout your career.

Everything we do works towards this promise and our commitment to you has not changed.

Our new business arrangement with MedPro will allow us to continue to deliver on this promise. We want to put this new development in context and address some questions you may want answered.

## We are evolving

In the last year we carried out a 360° strategic review of our business and **identified two key priorities** for our Members.

- 1. We identified compelling reasons to make an occurrence policy available to our Members. The challenges posed by volatility in the insurance and investment markets, fueled by large litigation awards, amplify the uncertainties associated with claims-made policy cover, including the cost of tail cover into the future.**

Over the last 25 years, we arranged claims-made professional indemnity insurance for our Members through Allianz plc. This provided cover for events and related claims, which happened after the policy retroactive date (the date that a Member's claims-made cover commenced) and were reported while the policy was in place, with coverage ceasing on the date of termination of the policy. Members needed tail cover for claims reported after death, disability and retirement / leaving practice.

Medisec previously arranged tail cover for Members who joined Medisec before the age of 55 and stayed in membership until the State retirement age. Members who did not fall into this category had to fund their own tail cover.

Cover was also extended following the death of a Member or for Members suffering permanent ill health, so neither they nor their executors had the burden of paying for tail in either situation.

As of June 2019, the cost of tail cover under the Medisec/Allianz Policy was approximately €15,000, payable over eight years. We expected that this would have increased significantly over time.

The operating environment in the insurance market has never been more challenging. In that context, Medisec developed two particular concerns around the rising costs of tail cover, over which we have no control. Firstly, there was a real risk that the cost of tail cover could become unmanageable for Members who had to pay it. Secondly, it was foreseeable that Medisec may not always be able to arrange tail cover for Members in the circumstances as outlined above.

The Medisec Board concluded that the prudent course of action was to explore the possibility of moving to an occurrence policy, before either identified risk materialised. An occurrence policy was considered preferable because there is no requirement for tail cover.

While we have enjoyed an excellent working relationship with Allianz for over 25 years, they do not write occurrence medical professional indemnity cover, therefore staying with them was not an option. Allianz understand our position and have agreed to provide all necessary assistance to enable a smooth transition of the insurance services currently provided by them. We are grateful to Allianz for their support and professionalism since Medisec's inception.

Against this background, we conducted detailed research into all of the options available to move to an occurrence policy. Whilst doing so, we learned of MedPro's intention to enter the Irish market to underwrite medical professional indemnity insurance for GPs and Consultants in 2020, as well as their desire to collaborate with a local membership services provider. Following extensive and positive negotiations, we are pleased to say we have arranged to provide our Members with occurrence-based insurance underwritten through MedPro. The occurrence programme with MedPro for existing Members will commence on 25 November 2020 and on a phased basis, each GP Member will transition to MedPro starting from their own individual renewal date.

MedPro will assume responsibility for tail cover, meaning that you will also have cover in place for any claims incurred after your claims-made policy's retroactive date (the date that your claims-made cover commenced) and that are reported after the

commencement of your individual occurrence policy.

While a seven-year conversion period is needed to structure and manage the costs of conversion, occurrence-based coverage will be in place from each individual member's renewal date.

The specific implications of this for you will depend on your current personal membership status with Medisec. At the end of this document, we have included various scenarios by way of illustration.

Medisec will commence arranging occurrence insurance cover through MedPro for new Medisec Members from 01 July 2020.

## **2. We recognised the importance of supporting the evolution of General Practice in Ireland.**

Feedback from our membership and key stakeholders highlighted that the cover provided in our current arrangement was perceived as restrictive. This feedback confirmed the need for Medisec to support the evolution of Irish General Practice as much as possible.

MedPro will offer cover for the normal scope of GP work, and having listened and responded to membership feedback, we expect that Members will be offered extended cover for some additional services. This will be a matter for MedPro's underwriting team.

## Conversion to occurrence insurance

The difference between an occurrence policy and a claims-made policy is key to understanding why this collaboration with MedPro is so positive for existing and prospective Medisec Members.

**Occurrence** insurance provides cover for claims arising from events that happen while the occurrence policy is in place. Occurrence insurance applies regardless of when a claim is reported, even if the policy-holder is no longer with the same insurer or is retired at the time that the Insured receives notice of the claim. Tail cover is not required.

**Claims-made** insurance provides cover for claims incurred after the policy's retroactive date, which are reported while the policy is in place. Coverage ceases on the date the policy is terminated. The policy-holder must have tail cover to deal with claims that arise after the policy has terminated e.g. on retirement / leaving practice.

## Medisec remains committed to our GP members

While our arrangement with MedPro will offer opportunities for expansion into other healthcare specialties, Medisec's GP division will be a separate and distinct business division, continuing its exclusive focus on looking after the interests of GPs. The exceptional service we give our Members has been our hallmark for many years now and this service will not be compromised.

### **No cross-subsidisation of other healthcare specialties.**

Medisec was established by GPs for GPs at a time when subscription rates were escalating and there was a concern that GPs were contributing more than their fair share to cover the rising awards and settlements of higher-risk medical specialties. MedPro understand and respect Medisec's origins and are committed to offering rates for GPs that will be priced without reference to the claims experience of any other medical specialty.

## Who are MEDPRO and what are their strengths?

MedPro is a division of Berkshire Hathaway European Insurance DAC (BHEI), a Berkshire Hathaway Group company based in Dublin and regulated by the Central Bank of Ireland. BHEI maintains a very competitive financial strength rating of AA+ (Standard & Poor's)\*. After our transition to MedPro, all policies will be underwritten and issued by BHEI through their MedPro division.

The MedPro division of BHEI benefits from a consulting relationship with MedPro Group, a Berkshire Hathaway Group company based in the United States and market leader for medical professional indemnity insurance.

As the USA's first provider of medical professional liability insurance, MedPro Group's record indicates that it has protected the assets and reputations of the healthcare community since 1899, building extensive expertise in

claims management and developing tailored patient safety and risk solutions for doctors, dentists and healthcare professionals. MedPro Group has more than \$1 billion in annual premium, and over 200,000 healthcare practitioners trust MedPro Group for their professional indemnity insurance.

In collaborating with the MedPro division of BHEI, we will be proud to work with a locally based international insurance company with the highest level of stability and strength in the global marketplace. Through them, we will directly benefit from the expertise of the MedPro Group and the insights they have gained from more than 100 years serving healthcare professionals.

\* S&P AA+ financial strength rating assigned to BHEI on 17 May 2019

## What this might mean for you

All Members will enjoy the benefits of an occurrence policy and have cover in place for tail cover from day one. After the seven year conversion period, a Member will be able to retire/leave at any time without any additional cost for tail cover and will be covered for any claims or complaints that may be reported at any time in the future arising from his/her professional services since joining Medisec.

Exactly as before, existing Members who have joined Medisec before the age of 55, and who stay in membership until the normal State retirement age, will not have to personally fund their tail cover.

Existing Members who leave Medisec during the seven-year conversion period, not having joined before the age of 55 and/or not having stayed in membership until the normal State retirement age, will need tail cover to cover any new claims or complaints that may arise from their professional activities prior to the inception of the occurrence program with MedPro,

and they will have to personally fund this cover. The cost of tail cover will be calculated on a pro-rata basis to be agreed with MedPro.

The situation for existing Members who are already on tail cover will not change. If Medisec previously agreed to arrange tail cover for a retired member, that arrangement will continue. If a retired Member is personally funding their tail cover, they will have to continue to do so.

Any new Member joining Medisec after the new arrangement with MedPro takes effect, will join on occurrence cover and will not need tail cover.

We set out below different membership scenarios, which we believe represent some possible situations that may arise under the new arrangement with MedPro. These scenarios are purely illustrative, as actual member circumstances are always individual, with coverage subject to policy terms.

## SCENARIO 1

**EXISTING MEMBER  
AGE 67 – 20 YEARS MEMBERSHIP**

**Susan** is an existing Medisec Member. She joined Medisec before the age of 55 and is now aged 67. She stayed in membership after the normal State retirement age.

**How does the new arrangement affect Susan?**

Susan can retire at any time. Medisec will continue the current arrangement and arrange her cover if she retires. She and her estate after she dies will be covered by MedPro in the event of a claim or complaint at any time in the future.

## SCENARIO 2

**EXISTING MEMBER  
AGE 63 – 10 YEARS MEMBERSHIP**

**Michael** joined Medisec before the age of 55 and is now aged 63.

**How does the new arrangement impact Michael?**

If Michael decides to retire before the normal State retirement age, he will require tail cover and will have to fund this personally.

If Michael retires after normal state retirement age, Medisec will continue the current arrangement and arrange tail cover for him with MedPro.

## SCENARIO 3

**EXISTING MEMBER  
AGE 60 – 1 YEAR MEMBERSHIP**

**Ellen** is an existing Medisec Member and she joined Medisec last year, at the age of 59.

**How does the new arrangement affect Ellen?**

After the seven-year conversion period, Ellen will be able to retire/leave at any time without any additional cost for tail cover. She will be covered for any claims or complaints that may be reported at any time in the future arising from her professional services since joining Medisec.

If Ellen leaves Medisec during the seven-year conversion period, she will not have fully completed the conversion to occurrence cover. She will therefore have to personally fund tail cover. This will be calculated on a pro-rata basis to be agreed with MedPro.

## SCENARIO 4

**EXISTING MEMBER  
AGE 38 – 2 YEARS MEMBERSHIP**

**Mark** is an existing Medisec Member and he joined Medisec two years ago, at the age of 36.

**How does the new arrangement impact Mark?**

After the seven year conversion period, Mark will have completed the conversion to occurrence cover and will be able to retire/leave at any time without any additional cost for tail cover. He will be covered for any claims or complaints that may be reported at any time in the future arising from his professional services since joining Medisec.

Like Ellen, if Mark leaves Medisec during the seven year conversion period, he will not have completed the conversion to occurrence cover. He will have to personally fund tail cover. This will be calculated on a pro-rata basis to be agreed with MedPro.

## SCENARIO 5

**NEW MEMBER  
AGE 32 – NEW MEMBER**

**Seán** joins Medisec after the new arrangement with MedPro. He has an interest in working abroad.

**How does the new arrangement impact Seán?**

Irrespective of his age, Seán can retire or leave Medisec at any time and can report any future claims or complaints that may arise from his professional services since joining Medisec. Tail cover is not required because he was never insured under a claims-made policy.

Seán can decide to work abroad and leave Medisec, upon giving notice to Medisec. As he has an occurrence policy, he does not need tail cover and will be able to report any claims or complaints that may arise in the future from his professional services since joining Medisec.

If Seán decides to return from abroad, he could then apply to re-join Medisec.

## SCENARIO 6

**EXISTING MEMBER  
AGE 38 – 5 YEARS MEMBERSHIP**

**Catherine** is an existing Medisec Member and joined Medisec 5 years ago, at the age of 33. Catherine is an expecting mother.

**How does the new arrangement impact Catherine?**

If Catherine requested maternity leave at any stage in the convert to occurrence period, her policy would be suspended during that period at no cost to her.

## SCENARIO 7

**RETIRED MEMBER  
AGE 70 – 30 YEARS MEMBERSHIP**

**Laura** is a retired Medisec Member. She joined Medisec aged 40 and stayed in membership beyond the normal State retirement age and therefore was eligible for Medisec funded tail cover.

**How does the new arrangement impact Laura?**

Laura is already on tail cover, funded by Medisec. Her situation will not change and she will continue to be covered into the future by MedPro.

## SCENARIO 8

**RETIRED MEMBER  
AGE 70 – 12 YEARS MEMBERSHIP**

**Tom** is a retired Medisec Member. He joined Medisec aged 58 and retired at age 70 and therefore, was not eligible for Medisec funded tail cover.

**How does the new arrangement impact Tom?**

Tom is in the process of personally funded tail cover. His situation will not change. MedPro will quote Tom for a premium to provide his tail cover into the future.

## Frequently asked questions

### 1. Will my premium be affected?

We are pleased that we can quote Members for occurrence cover under this new arrangement for only a modest increase on what we expected would have been the 2020 rate for claims-made cover. We worked with MedPro to keep the new policy pricing as competitive as possible, and we believe the rates will represent excellent value for an occurrence policy.

Newly qualified general practitioners completing training schemes will also benefit from a discount on their professional indemnity insurance premium of 25% in year 1 and 15% in year 2.

### 2. Will the terms of my policy change?

Yes. There will be a revised Medisec/MedPro Policy. We are satisfied that the terms will mirror closely what is currently on offer and will be even more favourable to Members in a number of respects. In particular, your insurance cover now extends to include cover in the following areas:

- civil proceedings brought against you under the Equal Status Acts 2000 – 2015 or equivalent legislation for unlawful discrimination committed in the course and scope of your professional services within the territorial limits during the policy period;

- an investigation or disciplinary hearing brought against you by your professional body, regulatory body, employer, locum service or out of hours cooperative arising out of your providing professional services within the territorial limits during the policy period;
- a Coroner's Inquest related to you providing professional services within the territorial limits during the policy period and where your attendance as an "interested party" or witness has been advised or required.
- A prosecution brought in a court of criminal jurisdiction arising out of professional services until such time as there is an admission or judicial determination of guilt.

Previously, Medisec provided membership support services to Members in the above listed areas on a discretionary basis. From your perspective, it is preferable and welcome that these matters are now insured risks.

### 3. Will Medisec still be a Member-based organisation?

Medisec will continue as a mutual membership company that does not distribute profits, and any surplus funds will be allocated to fund services for Members. Doctors will remain as

Medisec Members and our emphasis on supporting and protecting our Members will continue. We do not anticipate any changes to the company structure which will remain a company limited by guarantee.

### 4. Will response times be maintained?

We are proud of our unparalleled response times, which we have always emphasised as distinguishing our service from our competitors. Medisec is fully committed to maintaining and, where possible, improving service response times in its arrangement with MedPro.

### 5. Do I have to be on the specialist register to be insured by MedPro?

The underwriting eligibility criteria have not changed and Medisec membership is open to:

Medical Practitioners registered on the General Practice Division of the Specialist Register of the Medical Council, whose application for membership is approved by the Directors of Medisec;

or

Medical Practitioners registered on the General Register of the Medical Council, who have at least two years' appropriate experience in Ireland as a General Practitioner within the previous five years, and whose application for membership is approved by the Directors of Medisec;

and

In all cases the proposal for insurance cover must meet underwriting

acceptance laid down by the underwriters pursuant to the policy of insurance in place.

### 6. Will I still deal with the same people, or will that change?

The existing Medisec company structure will remain, and business continuity will not be lost or compromised. The same Medisec personnel will support you. Our in-house team will continue to offer a great legal and clinical risk advice service, assistance with claims and regulatory issues, and we will continue with our education and risk programs. We will continue to expand our in-house team as necessary by recruiting talented people who will understand and live our culture of commitment to doctors. We will continue to instruct leading external healthcare solicitors and counsel who have the best experience, empathy and professionalism to guide and support our Members through medico-legal challenges.

### 7. Will Medisec offer supplemental cover for GP trainees while on training schemes?

Yes, a similar product offering as is currently in place will be offered.

### 8. Can I add practice nurses to my policy free of charge?

If you are the direct employer of practice staff, cover will be automatically provided. If you are not the direct employer, and the employer is a partnership or other legal business entity, you will require a separate practice indemnity policy.

### 9. Will OOH be included in my sessions?

Out of hours work is included in the premium for full sessions.

A member may wish to work reduced sessions including out of hours work. In that situation, each out of hours shift of four hours will be counted as a session. Members must ensure they have adequate cover in place for the overall sessions they work.

### 10. When can I change over to MedPro – do I need to do anything?

From the 25 November 2020, existing Members will automatically be transitioned to a MedPro policy on renewal, and our membership team will handle everything. Unless you have a requirement to change your scope of cover or sessions, you will not need to do anything.

### 11. Will MedPro be here for the long haul?

MedPro Group have in excess of 100 years' experience in the most litigious market in the world, demonstrating their commitment and competence in sustaining top-tier products and services for the long haul and we have seen no evidence of MedPro leaving markets.

### 12. What will happen with any claim that Allianz is already handling for me?

Medisec have enjoyed an excellent relationship with Allianz for over 25 years. Allianz understand our position and appreciate that we are acting in the best interests of our Members, and they have agreed to provide any assistance

as we may require in order to enable a smooth transition of the insurance services provided by them to MedPro. Medisec will continue to liaise with Allianz in relation to any existing claims. We will continue to work closely with the Allianz claims handlers and the external panel solicitor representing your interests. There will be no change to the Medisec service provided to you. As always, Members can contact us at any time with any queries regarding any ongoing claims.

### 13. What will happen if I am sued for something that happened when I was insured through Medisec with Allianz under the old arrangements?

If the matter has already been notified to Allianz, we will continue to work with the Allianz claims handlers and the external panel solicitor representing your interests. There will be no change to the Medisec service provided to you. As always, Members can contact us at any time with any queries regarding any ongoing claims. If from the date your cover commences with MedPro, the matter has not already been notified to Allianz you will be covered by MedPro. We will work closely with our colleagues in MedPro on a daily basis and claims will be handled, using the best external legal advisors and counsel.

### 14. What if I am concerned there might be a claim against me?

Regardless of who the insurer is, you should always let us know immediately if you have any concerns that there might be a claim. As we enter into the transitional phase of changing underwriters, it is particularly important that you notify us as soon as possible of any matters that you are aware of that may lead to a complaint or claim against you.

### 15. Will the standard of claims-handling be compromised?

No. Medisec's level of exemplary service will continue and only grow through the expertise leveraged from MedPro Group. In the US, MedPro Group have covered and managed in excess of 400,000 claims since 1899. MedPro Group, like Medisec, also uses Advisory Boards of experienced healthcare professionals to review claims and offer insights. Through the arrangement between MedPro Group and the MedPro division of BHEI, Medisec will benefit from this expertise, and we have taken great care to ensure that our respective claims-handling philosophies and approaches are aligned, and that Members' interests will be protected. As above, we will continue to instruct the same leading external healthcare solicitors and counsel who have the best experience, empathy and professionalism to guide and support our Members through medico-legal challenges.

### 16. Will MedPro settle any claim against me, without my knowledge?

No. The policy with MedPro will contain a "consent to settle provision" which will give you control to refuse to settle a claim. Such consent may not be unreasonably withheld.

### 17. With my new policy will I be covered to work outside Ireland?

No. The new policy will not extend for you to practice outside Ireland save for Good Samaritan Acts or attendance on pilgrimages, which will be covered worldwide; however, any claim must be brought within the Republic of Ireland.

### Any other questions?

We will have an information session in the afternoon at our annual conference on Saturday 22 February 2020 in the Conrad Hotel, Dublin to answer any questions you may have and to introduce you to the MedPro personnel. If you have a query in the interim, please call us on 01 661 0504, visit our website or check our latest Medzine update.



Medisec Ireland CLG  
7 Hatch Street Lower  
Dublin 2, Ireland  
D02 AW92

Freephone 24/7: 1800 460 400  
Tel: +353 1 661 0504  
Email: [info@medisec.ie](mailto:info@medisec.ie)  
Web: [www.medisec.ie](http://www.medisec.ie)