

APPENDIX 1: RUN-OFF COVER SUPPORT PAYMENTS

A.1.1 ROC support payments are paid to Medicare Australia in the form of an annual lump sum imposed as a tax on each insurer (currently MIGA is the only insurer) from 1 July 2010.

A.1.2 The amount of ROC support payments is calculated as a percentage of premium income received from contributing midwives. The calculation rules are set out in the ROCSPA and regulations. The tax imposed on each insurer is the applicable percentage of the insurer's premium income (section 7) for the applicable contribution year ending on 30 June or an alternative date specified in the regulations (section 5).

A.1.3 Under section 7, an insurer's premium income for the purpose is the sum of all of the premiums paid to the insurer for midwife professional indemnity cover provided for eligible midwives by contracts of insurance with the insurer, reduced according to the formula:

Premium income equals

Net premium — Net premium × Applicable percentage ÷ (1 + Applicable percentage)

A.1.4 Net premium is calculated according to section 7 as follows:

- sum of all premiums paid to the insurer during the operation of the Scheme for midwife professional indemnity cover provided for eligible midwives;
- minus the amount of GST payable (subsection (2)(a)) and the amount of stamp duty payable (subsection (2)(b)) in relation to the premiums; and
- plus/minus other payments specified in the regulations.

A.1.5 For premium payments relating to 2010-11, the applicable percentage is specified in the regulations as 10 per cent for all insurers, and thus the ROC support payment will be calculated as net premium x 10 per cent ÷ 1.10.

APPENDIX 2: ELIGIBLE PRACTITIONERS AND RUN-OFF COVER SCHEME CONTRACTS

ELIGIBLE PERSONS

A.2.1 Eligible persons are those who fit one or more of the following eligibility categories at the time the claim (or incident) is first notified to the eligible insurer (section 31(2) of the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*):

- A person aged 65 years or older who has permanently retired from private practice as an eligible midwife.
- A person who has not engaged in private practice as an eligible midwife at any time during the preceding three years. (Note: unlike other categories, eligibility does not occur immediately upon ceasing practice).
- A person who has ceased the person's practice as an eligible midwife because of maternity.
- A person who has ceased the person's practice as an eligible midwife due to permanent disability.
- A legal representative of a deceased person who had been an eligible midwife.

A.2.2 Eligible midwife means a person who:

- is licensed, registered or authorised to practice midwifery by or under a law of the Commonwealth, a State or a Territory; and
- meets such other requirements (if any) as are specified in the Rules.

PROVISION AND NOTIFICATION OF COMPULSORY RUN-OFF COVER

A.2.3 Under an arrangement in force with the Commonwealth, MIGA is required to notify eligible midwives of their entitlement to run-off cover and then to provide that cover to them.

APPENDIX 3: RUN-OFF COVER SCHEME CLAIMS

A.3.1 The legislation defines claims broadly. Claims need not involve legal proceedings. Claims may include civil claims for negligence, administrative proceedings, disciplinary proceedings (including those performed by a professional body) and inquiries or investigations into conduct (subsection 5(1) of the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*).

A.3.2 A ROC claim is payable to an insurer under section 32 if:

- it relates to incident(s) that occurred on or after 1 July 2010;
- it relates to a person eligible under section 31(2) (see Appendix 2);
- it relates to incident(s) occurring in connection with the person's practice as an eligible midwife;
- the person has midwife professional indemnity run-off cover that indemnifies the person in relation to the claim; and
- the claim would be paid in the ordinary course of the insurer's business.

A.3.3 Where these criteria are met, the Commonwealth is liable to pay run-off cover indemnities regardless of whether the insurer has sought private reinsurance (section 71).

A.3.4 Applications for ROC Commonwealth contributions must be made to Medicare Australia (section 58 of the Act). They are paid by the CEO of Medicare Australia before the end of the month that immediately follows the month in which the eligible insurer applies for the indemnity (section 59).

A.3.5 If a Level 1 or Level 2 Commonwealth contribution is payable in respect of that payment, the amount of the run-off cover Commonwealth contribution is reduced by the amount of the Level 1 or Level 2 Commonwealth contribution (section 35(2)).