

VETERINARY PROFESSIONAL INSURANCE SOCIETY

Update of VPIS Matters

by Murray Gibb, Executive Officer, VPIS

A number of matters dealt with by the VPIS Board during the year will be of interest to members.

Board changes

Alan Hunter's term expired at the AGM 1999 and he did not seek re-election. Alan joined the Board in 1988 and has served continuously since. His dedication, wisdom and expertise have been greatly appreciated by the Society. An election was held for the two Board vacancies. Sitting Board member and Chairman Vince Peterson was re-elected and Chris Steel was the successful new candidate.

In November Pieter Verhoek tendered his resignation, creating an extraordinary vacancy. It is the intention of the Board to fill this vacancy with the highest polling unsuccessful candidate from the June election, Brendon Bell, subject to his approval. The Board has the power to do this under rule 6.6 of the Society's constitution.

We use Board members for claims investigations. Chris Steel and Brendon Bell have expertise in the companion animal and equine areas. Both are growth areas in terms of claims.

Finance

Each year the Board makes provisions for claims, which are entered as a current liability on the balance sheet. In some cases these may take years to settle, so that for each year an estimate must be made of the final cost of all outstanding claims. Sufficient money must be put aside to meet this commitment. In the 1998 accounts the provision was reduced as the Association no longer carried any liability for several claims for which money had been put aside (the liability rests with the appropriate re-insurer). The reduction in claims reserves was put into the profit and loss account above the line resulting in an abnormal profit for the 1998 financial year.

Changes to VPIS policy

There have been changes to several clauses in the policy for the 1999/2000 year. The insuring clause, clause 1, previously covered members for any fine or other penalty or costs imposed by the Veterinary Council of New Zealand or other tribunals, or committee of enquiry in connection with the profession. This has been removed. The effect of this is that if a member is found guilty by a judicial committee of the VCNZ or similar body then the policy will not respond to any fines, penalties or costs payable imposed by the body. This change has been made in response to concern expressed by members at the way the policy has responded to cases taken before the Veterinary Council in the past, where the Society has had to pick up fines and costs imposed on members found guilty.

Locums

Previously where a locum carried his/her own insurance that policy responded if a claim was made against a locum during the course of their engagement by another insured practice. Section 2.1.7 of the policy has been amended to ensure that it is the member's policy that responds when a claim is made against a locum who carries his/her own insurance, not the latter.

Legal costs extension (Section 19)

The VPIS has extended the cover offered to members under this section. Previously if a member were found guilty by the Veterinary Council of New Zealand or the Racing or Trotting Conferences then the policy would not cover their legal fees. Now if a member is found guilty by such authorities then their legal fees are covered up to a maximum of \$20,000, subject to a penalty excess of \$5000.

Further changes to section 19(4) have the effect of extending members' cover for legal costs when found guilty under a variety of other Acts.

New policy

At the moment the Board and Broker are rewriting the policy to incorporate the changes outlined above. These changes have been signalled to members at renewal and became operative as of 1 October 1999 (the new financial year for VPIS).

New re-insurer

VPIS underwrites its own insurance up to a certain limit. Once that limit is reached we lay off the risk with a re-insurer. For the last two years we have reinsured with AMP. AMP are leaving this area of reinsurance business in New Zealand. Our new re-insurer is Royal and Sun Alliance.