



# **Medical Indemnity (Competitive Advantage Payment) Act 2005**

**No. 125, 2005**

**An Act to impose a tax on certain medical indemnity insurers, and for related purposes**

Note: An electronic version of this Act is available in ComLaw (<http://www.comlaw.gov.au/>)



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## **An Act to impose a tax on certain medical indemnity insurers, and for related purposes**

[Assented to 19 October 2005]

The Parliament of Australia enacts:

### **1 Short title**

This Act may be cited as the *Medical Indemnity (Competitive Advantage Payment) Act 2005*.

## 2 Commencement

This Act commences, or is taken to have commenced, on 1 July 2005.

## 3 Definitions

In this Act:

**competitive advantage payment** means a payment that is payable under Division 2A of Part 3 of the *Medical Indemnity Act 2002*.

**contribution year** has the meaning given by section 5.

**medical indemnity cover** has the same meaning as in the *Medical Indemnity Act 2002*.

**medical indemnity insurer** has the same meaning as in the *Medical Indemnity Act 2002*.

**net IBNR exposure** of a participating MDO has the same meaning as in the *Medical Indemnity Act 2002*.

**participating MDO** of a medical indemnity insurer means a participating MDO (within the meaning of the *Medical Indemnity Act 2002*) that has as a member a person for whom the insurer is providing medical indemnity cover under an arrangement with the participating MDO.

**unfunded IBNR factor** for a participating MDO has the same meaning as in the *Medical Indemnity Act 2002*.

## 4 Imposition of competitive advantage payment

For each contribution year, a competitive advantage payment is imposed as a tax on a medical indemnity insurer if there is a participating MDO of the insurer.

## 5 Contribution year

- (1) Subject to subsection (2), each financial year that starts on or after 1 July 2005, but not after 30 June 2015, is a **contribution year**.

- (2) The regulations may declare that a financial year specified in the regulations is the last contribution year. If they do so, no subsequent financial year is a contribution year.

## 6 Amount of competitive advantage payment

- (1) The amount of the competitive advantage payment imposed on a medical indemnity insurer for a contribution year is the amount worked out as follows:

Applicable percentage  $\times$  Net IBNR exposure  $\times$  Unfunded IBNR factor

where:

*applicable percentage* is such percentage as is specified in the regulations for the contribution year.

*net IBNR exposure* means the net IBNR exposure of the insurer's participating MDO as at the end of the financial year that ends immediately before the start of the contribution year.

*unfunded IBNR factor* is the unfunded IBNR factor of the insurer's participating MDO.

- (2) A regulation made for the purposes of subsection (1):
- (a) must not specify as an applicable percentage a percentage that is greater than 15%; and
  - (b) must not be made before the start of the contribution year to which it relates.

## 7 Regulations

The Governor-General may make regulations prescribing matters:

- (a) required or permitted by this Act to be prescribed; or
- (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

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*[Minister's second reading speech made in—  
House of Representatives on 16 June 2005  
Senate on 10 August 2005]*

(90/05)

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