Instrument Revoking Guidelines No. 1 of 2012

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

Medical Indemnity (Prudential Supervision and Product Standards) Act 2003 subsection 13(9) and Acts Interpretation Act 1901 subsection 33(3)

Under subsection 13(9) of the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003* (the Medical Indemnity Act) and subsection 33(3) of the *Acts Interpretation Act 1901***,** APRA has the power to revoke guidelines, made under subsection 13(9) of the Medical Indemnity Act, by way of legislative instrument.

Background

In 2003 APRA issued the following guidelines under subsection 13(9) of the Medical Indemnity Act (the Guidelines):

- Instrument Issuing Guidelines No. 1 of 2003; and
- Instrument Issuing Guidelines No. 2 of 2003; and
- Instrument Issuing Guidelines No. 3 of 2003.

The Guidelines aimed to facilitate transitional provisions that were applicable under the Medical Indemnity Act. The Guidelines gave specified body corporates[1] wishing to provide medical indemnity cover up to five years to comply with the minimum capital requirements imposed by prudential standards made under the *Insurance Act 1973*. This was intended to allow the relevant body corporates time to reach appropriate levels of prudential capital, given the industry had not previously been subject to prudential supervision.

The transitional provision period under the Medical Indemnity Act, to which the Guidelines pertain, has expired. The Guidelines therefore no longer have direct application or relevance in the industry or to APRA's supervision.

Purpose and operation of new instrument

- Instrument Revoking Guidelines No. 1 of 2012 (the Instrument) revokes the Guidelines

[1] As defined in *Instruments Issuing Guidelines No. 1 of 2003, Instruments Issuing Guidelines No. 2 of 2003* and *Instruments Issuing Guidelines No. 3 of 2003.*

Consultation

The Instrument is mechanical in nature and has no regulatory impact. In accordance with paragraph 18(2)(a) of the *Legislative Instruments Act 2003* APRA did not consult on revoking the Guidelines..

Regulation Impact Statement

A Regulation Impact Statement for the changes described in this Explanatory Statement is not required.

Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

The legislative instrument the subject of this explanatory statement does not engage any of the applicable rights or freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. Accordingly, in APRA's assessment, this legislative instrument is compatible with human rights.