New Zealand Offers No-Fault Insurance Model

BY MARY ELLEN SCHNEIDER
Senior Writer

ALEXANDRIA, VA. — In New Zealand, all physicians pay $700 a year for indemnity insurance, and it’s nearly impossible to sue a physician. That’s because New Zealand has had a no-fault injury compensation system in place for the last 30 years.

The Accident Compensation Corporation (ACC), a state-funded insurer established in 1974, addresses unmet patient expenses from injuries. And since 1994, New Zealand’s Health and Disability Commissioner has handled complaint resolution and provider accountability.

“So far, the experience with the no-fault system has shown that patients typically aren’t seeking to punish physicians,” said Dr. Bismark. Instead, they want to see systemic changes that will keep mistakes from happening again.

But a downside of the system is that there are many adverse events that ACC officials never hear about. And complaints can still have toxic effects on the relationship between patients and physicians when they are not handled with care. “This system is not neutral for doctors,” she said.

Dr. Bismark pointed out that her country’s system isn’t necessarily a model for countries like the United States because of the differences in size and the structure of the health care system. New Zealand is a country of 4 million people, and its per capita health care costs are about $1,857, compared with $5,267 in the United States, she said. And New Zealand’s no-fault system exists in the context of universal state-funded health care coverage.