Two of Australia's biggest medical defence organisations are set to merge.

MDA National and MIGA announced the deal on Thursday, saying it would create economies of scale and "increase capacity in Australia's medical indemnity market".

The new company, covering 35% on the medical indemnity market, will be called Medical Defence Australia.

However, the proposed merger — due to occur at the end of the year — will first be subject to regulatory and court approvals. Members will also have to vote through the deal.

A merger would leave only three medical indemnity providers, with the new organisation battling against Avant and MBERS for market share.

But MIGA and MDA National said hikes in premiums were unlikely.

Associate Professor Julian Rait, MDA National's chairman, said: "The proposed merger will create an organisation with strong national representation with members and clients across Australia with a commitment to providing superior services and protection to doctors in public and private practice, medical student members, dental professionals, corporate health entiites and eligible midwives."

An information booklet outlining the mergers will be sent to members of both MDOs in August. Separate meetings are being planned in late August and early September, where members will vote on the merger proposal.

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