

# ANNUAL REPORT 2016

Relevance + Resonance



**Remaining relevant and  
resonating with Members  
at every career stage**



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The Full Financial Statements are available to Members on request by calling 1800 011 255.

The MDA National Group is made up of MDA National Limited ABN 67 055 801 771 and MDA National Insurance Pty Ltd ABN 56 058 271 417 AFS Licence No. 238073. Insurance products are issued by MDA National Insurance. MDA National Limited and MDA National Insurance are together referred to in this report as the MDA National Group, MDAN Group or the Group. These expressions are used for convenience as both are separate legal entities.

# GOVERNANCE & LEADERSHIP REPORT



A handwritten signature of Dr Rod Moore in black ink.

**Dr Rod Moore**

MDA National President

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A handwritten signature of Steve Scudamore in black ink.

**Steve Scudamore**

MDA National Insurance  
Chairman

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A handwritten signature of Ian Anderson in black ink.

**Ian Anderson**

MDA National CEO

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## GOVERNANCE & LEADERSHIP REPORT

# Relevance, Resonance & Long-Term Focus

**The past year has been very rewarding, and we are proud to now support more than 50,000 Members and insureds across Australia.**

### Our Vision:

To be chosen above all others as the most valued and natural part of a doctor's professional risk management.

### Our Purpose:

To support and protect Members and promote good medical practice.

**National footprint.  
Local presence.  
Personalised support.**

### Growth and financial stability

MDA National finished the financial year with a solid capital position of \$174 million in net assets, a \$3.4 million surplus for the year, and a 10% increase in Membership and insureds. We also retained 98% of our practising doctors at year end renewals, indicating that our service offerings remain relevant to Members.

Our dental indemnity product offering continues to resonate with the dental profession, through our well aligned relationship with Dental Protection Limited (DPL) and the Australian Dental Association Western Australian Branch Inc (ADA WA).

Our financial security is also reflected in the renewal of our re-insurance program. It is reassuring to note that all 11 of our re-insurers are keen to continue their involvement in our program, with some of them providing highly positive feedback on the quality of our claims management processes.

### Evolving with a future focus

We continue to build on our strong culture of care for, and service to, our Members and insureds. In 2015/16, we reviewed our services and undertook considerable planning to enhance our Member focus and lift it to a new level.

Being the best at meeting Members' needs will ensure long-term sustainability. We are cognisant of changes occurring in medical practice and the digital environment, and the impact on Members.

We are focused on:

- remaining **relevant** by structuring the business to easily adapt and respond to Members' evolving needs
- continuing to **resonate** with Members at all career stages by designing and delivering services of real value
- maintaining a solid framework of **expertise** with the capability to deliver on and exceed Members' expectations.

We direct our resources, efforts and investments to deliver superior service, while continuously improving the ease and quality of Members' experiences with us.

### Maintaining engagement

Our Members are highly engaged, and our Net Promoter Score which measures Member loyalty has risen to an extremely positive position again in 2015/16. The quality feedback we continue to receive is reflective of how Members perceive and value our services.

There are many ways in which our Members interact with us – be it for medico-legal support, risk management advice, attending or providing input into our Education activities, writing for our publications, participating in our committees, joining in our health and wellbeing programs, and more.

Our aim, and something we regularly achieve, is to resonate with Members at every point of contact.

## GOVERNANCE & LEADERSHIP REPORT

### Improving value for Members

We remain open to new opportunities to strengthen our organisation and improve the value for Members today and in the future. We have developed strong relationships with many medical colleges, associations, councils and other relevant stakeholders at a state and federal level. These alliances offer enhanced benefits and opportunities for Members, and also provide us with valuable insight.

Digital progress has changed the way doctors engage and interact on a personal and professional level. We maintained a strong digital presence in 2015/16 to meet Members' growing preferences to communicate in the digital space. We are also the first medical defence organisation in Australia to launch a Medico-legal Blog. This has proven extremely successful, with a high subscription from Members and stakeholders.

As a mutual organisation, we are limited in the ways we can return a "dividend" to Members, especially to those who don't use our claims and advisory services. This has largely led to our commitment to providing complimentary education and risk management services focused on supporting our Members to be the best they can, in their area of practice – resulting in better doctors and better patient health outcomes.

We provided further value to Members by committing to a 2016/17 premium rebate of 5% to Members renewing in both 2015/16 and 2016/17.

### Expert leadership and governance

The composition of our Mutual Board (see page 23) is reflective of our commitment to maintain a viable and robust national organisation. Two new directors joined the Mutual Board over the past two Annual General Meetings – Dr Paul Nisselle, with strong medical indemnity industry experience; and Dr Patrick Mahar, with qualifications in medicine, law and business, and also the first doctor in training to be appointed to the Board.

We are well served by the extensive leadership experience and industry knowledge of our longstanding directors on both our Mutual and Insurance Boards, combined with the fresh views and insights from our more recent directors. We are able to soundly manage all the elements of a strong insurance business and stay commercially competitive, while still remaining relevant and invested in supporting Members over and above medical indemnity.

The Insurance Board is totally cognisant that Members' interests are paramount. Both Boards have an effective working relationship, and they are delighted with the quality of, and input from, MDA National's management and operational staff.

### Member-focused ethos

Our staff possess a high level of industry knowledge and expertise – drawing on their combined experience to provide sound support, with Members' best interests at heart.

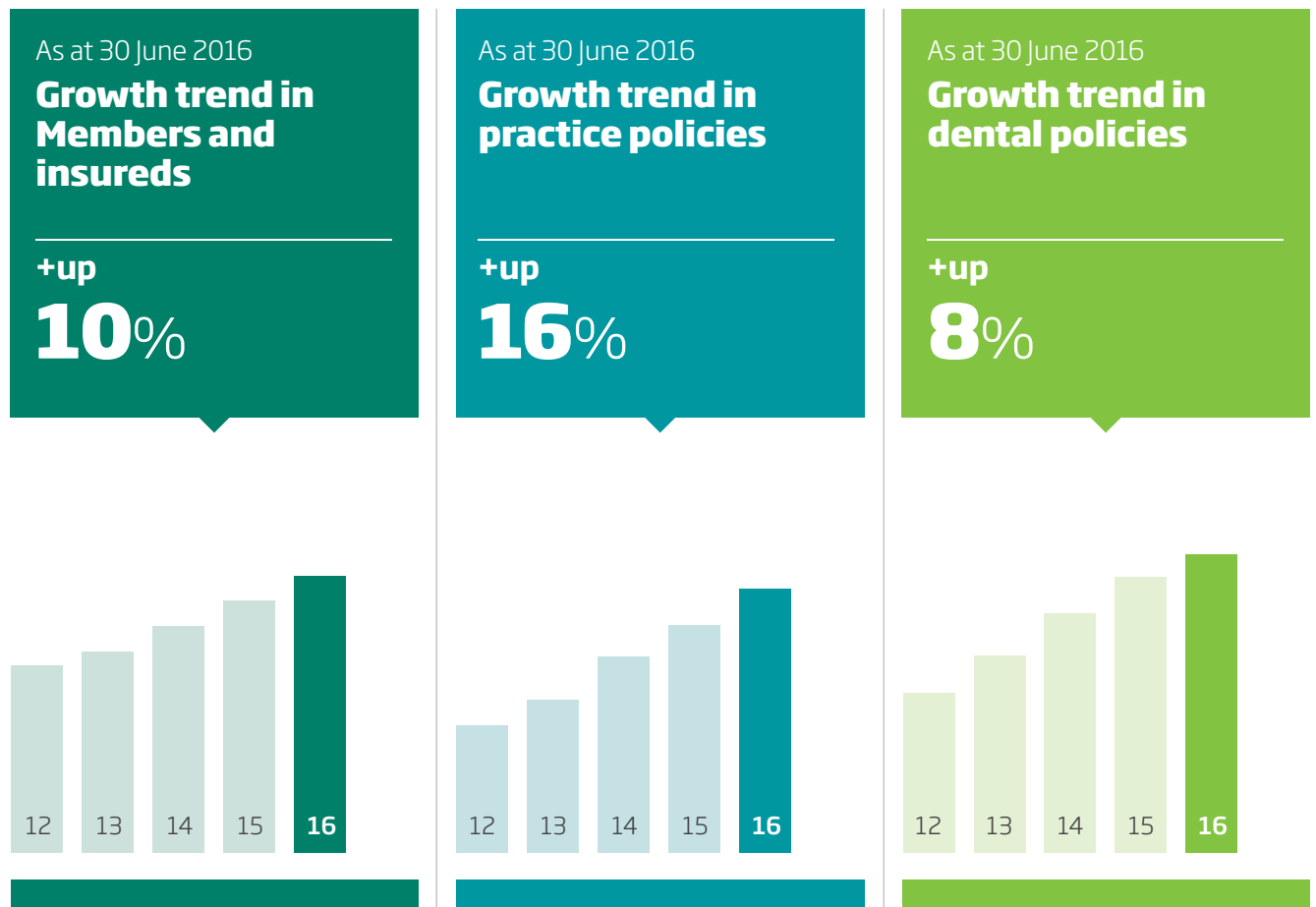
We have a dedicated team of doctors on staff supporting Members through our Claims and Advisory Services; on our various committees; and on our Boards providing solid leadership and governance.

Our "doctors for doctors" ethos is firmly embedded in our business and our people throughout the organisation. We continue to be guided by these values as we grow from strength to strength.

Our ongoing success is driven by the loyalty of our Members, the diligence of our Boards, the dedication of our staff, and the strength of our collaborative relationships with stakeholders. On behalf of MDA National's leadership team, thank you for all that we have achieved in 2015/16. With your help, we will continue to grow and prosper.

**We continue to evolve to best meet Members' needs – delivering more of what *really* matters throughout their journey with us.**

## GOVERNANCE & LEADERSHIP REPORT

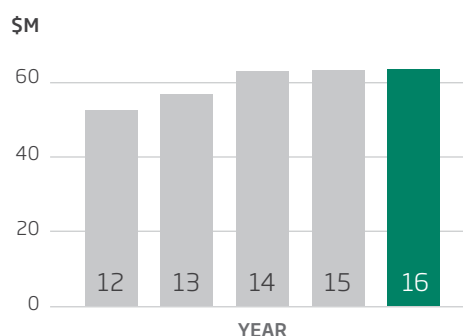


In 2015/16 we experienced significant growth, indicating that our service offerings continue to remain relevant to Members and insureds.

## GOVERNANCE &amp; LEADERSHIP REPORT

## Premium and subscription income

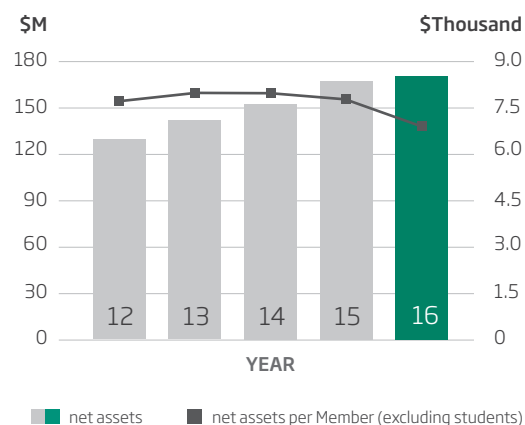
for financial year ending 30 June



- Our premium and subscription income was \$62.6 million, an increase of 0.5% from the financial year ending 30 June 2015.
- Growth in Membership and dental practitioner insureds offset the 5% renewal premium rebate.

## Net assets and net assets per Member (excluding students)

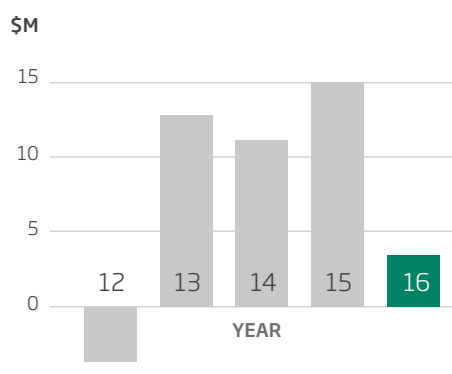
as at 30 June



- Net assets increased to \$174 million (from \$171 million as at 30 June 2015).
- Net assets per Member (excluding students) have reduced slightly in 2016 as a result of the steady growth in Membership.

## Surplus

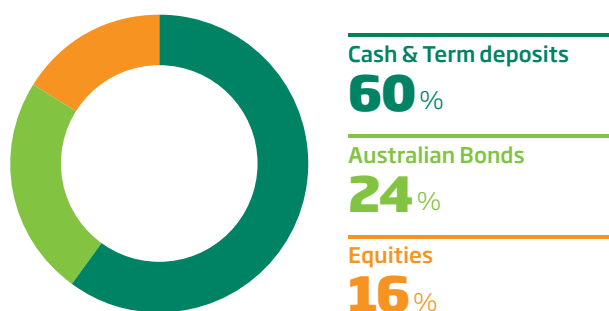
for financial year ending 30 June



- We achieved a \$3.4 million surplus. This exceeded the modest budgeted surplus of \$0.6 million which was set on the basis of not needing to build capital and our continued commitment to invest in quality Member services.
- The surplus is attributed to the claims reserve releases from previous years.

## Investment mix

as at 30 June



- Our investment mix has remained stable for a number of years, with the portfolio mainly composed of passive investments in cash and term deposits.
- These investments are balanced against a small allocation to longer-term Australian Bonds, with the remainder invested in equity-pooled funds managed by an external fund manager.



# Our Highlights

## 2015/16

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We aim to be chosen above all others as the most valued and natural part of a doctor's professional risk management.

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### First Australian MDO to launch a medico-legal blog

for Members and industry stakeholders demonstrating our expertise and industry relevance

## Grew Membership and insureds by 10%

### Retained 98% of our practising doctor Members

at year end renewals, indicating our insurance and service offerings remain relevant to Members

demonstrating that our insurance and service offerings resonate with Members

### Grew our net assets to \$174m

as at 30 June 2016 (from \$171 million at 30 June 2015) demonstrating responsible stewardship of Membership funds

### Achieved a \$3.4m surplus

as at 30 June 2016, considerably exceeding our budgeted surplus of \$0.6 million

# RELEVANCE

**Expert  
Medico-legal  
Advice**

**Targeted  
Education**

**Practical Risk  
Management**

**Online  
Resources**

**Relevant  
Publications**

**Tailored  
Communications**

**Personalised  
Claims Support**



## RELEVANCE

## Relevant Medico-legal Support

## Expert medico-legal advice

Our Members come to us with medico-legal problems, big and small. In helping them resolve those problems, we keep the Membership's best interests at heart.

We provide accurate, practical and empathic advice to help our Members navigate clinical practice – 24 hours a day, 7 days a week.

### 2015/16: Calls for general medico-legal advice

<b>23%</b> Advice/ethical dilemma	<b>13%</b> Medical records	<b>9%</b> Confidentiality /privacy
<b>9%</b> Medico-legal report	<b>8%</b> Subpoena/appearance in court	<b>8%</b> Clinical incident
<b>7%</b> Practice management	<b>6%</b> Ending doctor-patient relationship	<b>5%</b> Legislation /legal
<b>4%</b> Employment issues	<b>3%</b> Mandatory reporting of colleagues	<b>3%</b> Consent
<b>2%</b> Professional interaction issues		

### OUR MEMBERS SAY...

*I'd like to extend a heartfelt thank you to the MDA National team. You treated me as if I was the most important Member. Words that I'll use when I recommend MDA National to others are: professional, reassuring, prompt replies to all queries and faultless.*

**Anaesthetist,  
Perth, WA**

*Thank you for your professionalism, expertise, patience and kind-hearted approach in your contact with me. You have inspired me with your sparkling personal approach to helping your Members.*

**Physician, NSW**

### 2015/16: Top 3 reasons for Members' calls

Practising senior doctors	Doctors in training	Medical students
<b>23%</b> Advice/ethical dilemma	<b>24%</b> Advice/ethical dilemma	<b>30%</b> Advice/ethical dilemma
<b>14%</b> Medical records	<b>14%</b> Subpoena/appearance in court	<b>25%</b> Legislation /legal
<b>10%</b> Confidentiality /privacy	<b>13%</b> Medico-legal report	<b>11%</b> Clinical incident

Timely support.  
Expert guidance.  
Personalised advice.

The medico-legal equivalent of a "phone-a-friend" lifeline – for the lifetime of your Membership.

RELEVANCE

# Personalised claims support

Our Claims and Advisory Service comprises a team of medico-legal experts with extensive experience in professional indemnity and health care. We aim to take the stress out of a claim so Members can focus on their medical practice.

In 2015/16 we saw more coronial investigations, hospital inquiries/ investigations and contractual disputes than in 2014/15.

Our focus is not only on protecting Members against the financial consequences of claims, but also on protecting their professional reputation.

## 2015/16: Cases by area of practice

shown as % of total claims

General Practitioners	Surgeons	Physicians
44%	20%	7%
Anaesthetists	Juniors and doctors in training	Psychiatrists
6%	5%	4%
Obstetrics and gynaecology	Other	Radiology
4%	4%	2%
Emergency medicine	Paediatrics	Dermatology
2%	1%	1%



### OUR MEMBERS SAY...

Thank you so much for helping me with the case. I have met you before at MDA National meetings and trusted you because of this. I always felt supported and very happy I had someone so knowledgeable and wise there for me. This was very important to me. Thank you very much.

General Practitioner, QLD

It has been a year since I had to face one of the extreme challenges of my life. I couldn't have done it without the wonderful support I had from you and MDA National. I am ever so grateful to you.

Physician, NSW

Prompt and pragmatic claims support to deliver the best outcomes in the shortest timeframes - always prioritising Members' best interests and wellbeing.

## RELEVANCE

## Practical risk management

Our Support in Practice (SiP) is a personalised service that helps Members identify and address potential medico-legal risks.

Backed by our extensive claims data and analysis, the work done by our SiP team to encourage safety in medical practice is an area of increasing value to Members.



### OUR MEMBERS SAY...

*You were so helpful, and we all appreciated your time with us and the education you provided regarding risk factors in our practice. Thanks also for all the info in your risk assessment report. I can't tell you how valuable you have been to our practice.*

**Practice Manager, Perth**

Personalised one-to-one discussion



Practical advice



Tailored risk management solutions



Mitigate practice risks



Reduce potential for claims



Protect Members and practice staff

### 2015/16: SiP services

**79**

79 visits to Member practices providing individualised reports

**24**

24 risk management presentations to hospitals, colleges and industry associations

**252**

252 written advices in response to requests from Members

### 2015/16: SiP advice provided to Members and practices

Practice management and systems

**26%**

Privacy

**20%**

Consent

**13%**

Follow-up

**10%**

Advertising

**9%**

Medical records

**8%**

Other

**14%**



RELEVANCE

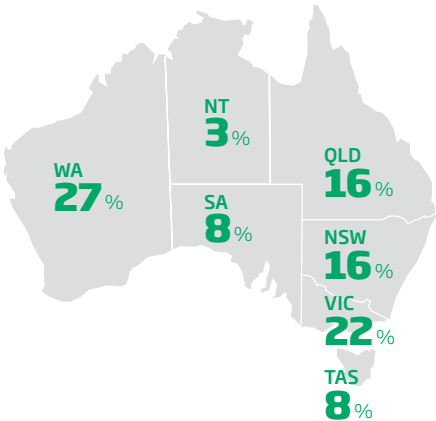
## Relevant Education & Resources

### Targeted learning activities

In 2015/16, our dedicated Education Services team developed contemporary learning activities based on Members’ needs, advice from our medico-legal experts, and published research.

Members are involved in creating and delivering our education activities, bringing valuable insight from their experiences into our content.

71 face-to-face sessions



#### 2015/16: More Member Education

- Released “**Elective Essentials**” – a new online education activity for medical students to help them select and prepare for an elective.
- Created an **online version** of our successful face-to-face activity, “The Challenging Emotions of Difficult News”.
- Released **new education activities** on workplace conflict resolution, the consent process for children and mature minors, and effective consent with adults.
- Members from **more than 20 medical fields** participated in our “Enhancing Patient Understanding – Health Literacy and Communication” workshops.
- 2,500 CPD points** reported to colleges for education participants.
- The majority of survey **respondents selected “9” or “10” out of 10** when indicating whether they would recommend the activity to a colleague or friend.



#### OUR MEMBERS SAY...

- The presenter was great and extremely helpful during this stressful period.*  
**Medical student, Hobart TAS**
- The best session I have ever attended!*  
**Prevocational doctor, Perth WA**
- Very informative and useful session. Great to have medico-legal advice about difficult clinical/ethical situations.*  
**GP, Geelong VIC**
- Excellent facilitator: personalised presentation to group mix and individual attendees.*  
**Surgeon, Bunbury WA**

#### Reached >1,700 participants

Medical students	22.4%	Practising senior doctors	53.4%
Doctors in training	15.1%	Support staff	1%
Doctors in specialist training	7.8%	Retired doctors	0.3%

Complimentary education focused on risk mitigation to promote safe medical practice – an integral element of our support to Members.



## RELEVANCE

# Tailored communications



**OUR  
MEMBERS  
SAY...**

Keeping Members up-to-date on relevant medico-legal matters with practical risk management advice, interesting case studies and risk mitigation strategies is critical to supporting, protecting and promoting our Members.

In 2015/16, we also maintained our active social media presence to share key messages with Members and stakeholders.



### **Defence Update** Practising senior doctors

*"Relevant, interesting and useful. Realistic in terms of knowing what doctors should know about medico-legal matters. I trust MDA National, and the cases and advice are very useful."*

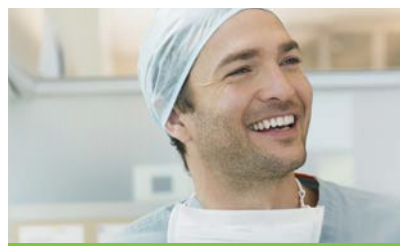
*"Informative. Love hearing about case studies and outcomes of actual cases. Also enjoy the general interest articles."*



### **First Defence** Doctors in training

*"Really relevant topics for junior doctors. Pertinent and concise articles relevant to my level of practice."*

*"Good topics that many young doctors would be thinking about! The email links are a good idea to quickly peruse the topics and go straight to the ones you want."*



### **Specialty Updates** Individual specialties

*"Covers a range of issues, all of which are relevant to my specialty. Pertinent cases and information."*

*"Useful info on medico-legal aspects of my job that I don't access elsewhere."*



### **Student eNews** Medical students

*"Really great student-centred information. Relevant and useful for professional development on a variety of topics."*

*"I enjoy reading the perspectives of young and older doctors on issues in the medical field that will no doubt affect my future career."*

**Tailored publications.  
Relevant communications.  
Multiple channels.**

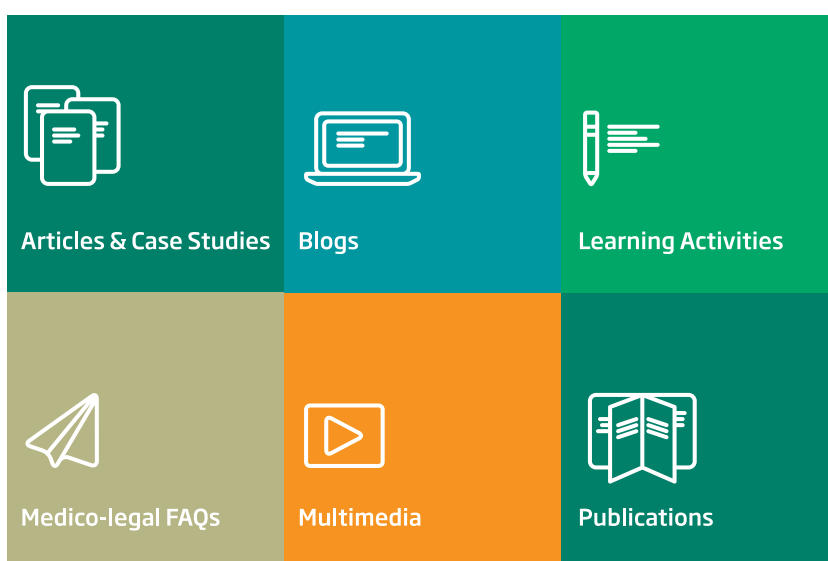
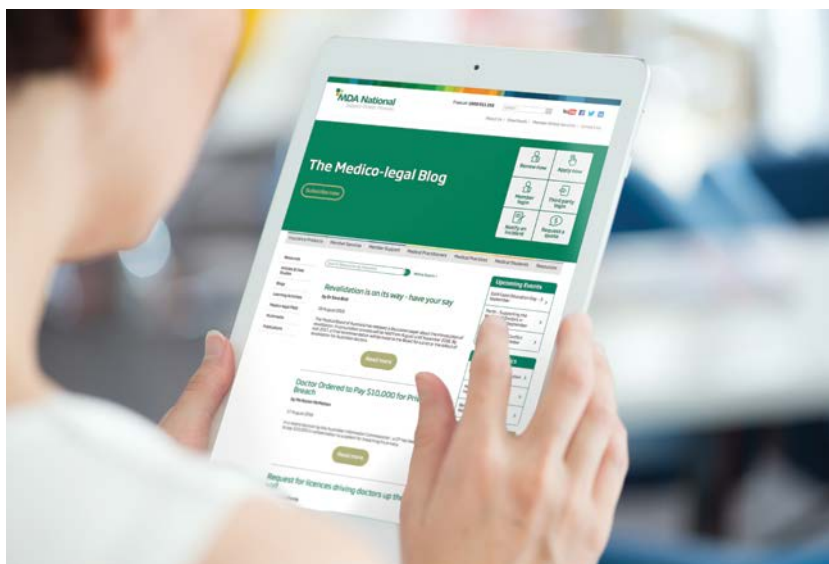
**Meeting Members' needs  
at every career stage.**

## RELEVANCE

## Online resources

In 2015/16, we enhanced Members' access to relevant medico-legal information by:

- launching the **Medico-legal Blog** which provides short and frequent commentary on industry news, key medico-legal issues, court judgments and legislative updates
- updating our website to a **mobile responsive** design
- packaging our vast array of medico-legal resources into an **online portal** that enables Members to conveniently search items by topic or career stage, and also share or print.



MDA National is Australia's first medical defence organisation to launch a medico-legal blog for Members and industry stakeholders.



# RESONANCE

**Extensive  
Professional  
Indemnity Cover**

**Strong  
Strategic  
Alliances**

**Health &  
Wellbeing  
Support**

**Events &  
Sponsorships**

**Collaborative  
Industry  
Relationships**

**Advocacy for  
the Medical  
Profession**

**Corporate Social  
Responsibility**



## RESONANCE

## Resonating through Peace of Mind

## Protecting Members' reputation

At MDA National, we aim to always be a trusted partner whom Members can rely on for expert advice, extensive professional indemnity cover and genuine support throughout their career.

It is a privilege that we are able to support Members over and above indemnity cover and, in some small way, share their important milestones and resonate with them at various points in their career – when they:

- graduate
- secure their first accredited training post
- achieve fellowship
- first establish private practice
- take maternity leave
- retire.

2015/16:  
**41,220 Member enquiries**

**19,263 PHONE CALLS**

**21,957 EMAILS**



## OUR MEMBERS SAY...

*I've learnt that my hospital indemnity may not always provide the broad cover I need, and having my own MDO has become indispensable. As a junior doctor, I've made a few mistakes, but thankfully during these times I felt reassured by having MDA National as a safety net. There have been times when I've needed medico-legal guidance that could only be found through MDA National.*

**Resident Medical Officer, WA**

2015/16:  
Product review and enhancements

Maintained competitive and responsible pricing of premiums for Members, and reduced premiums across a number of specialties where feasible.

Re-categorised a number of procedures from a higher to a lower level, and included new procedures under our General Practice categories.

Amended our risk categorisation to provide broader coverage to the Post Graduate Year, Doctors in Specialist Training, and Employer Indemnified categories.

Refined the Professional Indemnity Policy to make the intent of the policy clearer to Members.

**For us, it is all about exemplary service, unwavering support and your peace of mind.**

## RESONANCE

# Supporting health & wellbeing

We understand that medical students and practitioners have interests and everyday pressures outside of work – and maintaining a focus on health and wellbeing while balancing personal and professional life can be a constant challenge.

We continue to focus on doctors' health and wellbeing throughout our organisation and the medical profession via our Charity of Choice arrangement with *beyondblue*, as well as sponsoring Live Well Work Well and Live Well Study Well initiatives.

We also supported and participated in various events and activities across the country, as part of our corporate social responsibility initiatives (more details on page 20).

## In 2015/16, we continued to keep doctors' health and wellbeing top of mind.

Doctors for Doctors Program	Confidential peer support service during a medico-legal matter.
Professional Support Service	Complimentary, confidential access to a Psychiatrist during the course of a complaint, claim or investigation.
Live Well Study Well	Health and wellbeing activities tailored for medical student Members – hosted in many universities and through medical societies across Australia.
Live Well Work Well	Health and wellbeing activities for practising doctors – hosted in many local communities, medical practices and hospitals across the country.
Member publications	Articles promoting the importance of doctors' health and wellbeing.
Advocacy	Generating dialogue on a national and local scale to address the known barriers that hinder doctors from seeking mental health support.
Charity of Choice <i>beyondblue</i>	Supporting doctors in their own health and wellbeing as well as in caring for patients with mental health issues.



### OUR MEMBERS SAY...

*I strongly believe that MDA National is not just about providing expert 24/7 medico-legal advice, but is also an organisation that has its Members' best interests at heart. Health and wellbeing is paramount to them, and their different initiatives such as the Doctors for Doctors program and the Live Well Work Well activities in local communities aim to foster good health and wellbeing for Members.*

**Doctor in training, WA**

## RESONANCE

## Resonating through Engagement

Alliances  
benefiting  
Members

We proactively foster strong strategic alliances to strengthen the scale of opportunities and value for our Members.

In addition to the alliances and formalised relationships shown on this page, we have also established extensive networks and sponsorships with state-based medical student societies, hospitals, RMO societies and smaller industry groups.

Our formalised  
industry relationships:2015/16:  
Our strategic alliances

## Australian Medical Associations (AMAs) in WA, NT, Queensland and Victoria

*Preferred medical indemnity provider status.* Mutual membership benefits include promotion of doctors' health and wellbeing; education, events and collaborative initiatives; fundraising and charitable grants for the local medical community; and premium reductions on our Membership and professional indemnity for specific segments.

Australian Society of  
Ophthalmologists (ASO)

*Preferred insurer status.* Eligible ASO Members receive a premium reduction on our Membership and professional indemnity.

Rural Doctors Association of  
Australia (RDAA)

*Major MDO sponsor status.* Advocacy and education in medico-legal issues to rural practitioners. Annual \$7,000 bursary to help an Aboriginal or Torres Strait Islander final year medical student, Intern, Junior Medical Officer or Registrar to develop skills in rural medicine.

Royal Australasian College of  
Surgeons (RACS)

*Preferred medical indemnity provider sponsor status with RACS Queensland.* Benefits include promotion of doctors' health and wellbeing; education, events, collaborative initiatives and fundraising for the local medical community. We also have a formalised relationship as a major sponsor with RACS Victoria.

General Practice Supervisors  
Australia (GPSA)

*Exclusive MDO sponsor status.* We support sustainable training practices, and have chosen to work with GPSA because we believe in their work and GP Supervisors' important contribution in providing quality training for the next generation of family doctors. Benefits include a \$5,000 educational grant to assist Aboriginal or Torres Strait Islander doctors in becoming GP Registrar Supervisors.



## RESONANCE

### Advocacy for the medical profession

In 2015/16, we reinforced our relationships with key stakeholders to facilitate dialogue on mandatory reporting exemptions for treating doctors in all states and territories.

We actively engaged with complaints entities and relevant authorities, and lobbied to facilitate change in a complaints landscape that, at times, can be disparate and inconsistent.



### OUR MEMBERS SAY...

*My desire to get involved with MDA National started early on as a medical student. As President of my medical students' association and AMSA representative, I was fortunate to work alongside many MDOs, but I felt none of them gave as much support to our students as MDA National. I've been an MDA National Member from the beginning of my career and continue with them now as an Ambassador. My experiences have given me great insight into how much support they truly provide.*

**Resident Medical Officer, WA**

### 2015/16: Events & Sponsorships

**228**  
total events

**75**  
events/  
activities  
via strategic  
alliances

**Reached 24,000 medical students and practitioners**

**35 state conferences spread across every Australian state**

**10 national conferences**

**1 international conference**

**Covered general practice, rural practice and various specialties**

**WE LISTEN** to Members' feedback.

**WE RESPOND** to issues of importance to Members.

**WE ENGAGE** with key stakeholders.

**WE BUILD** strong industry alliances.

**WE INFLUENCE** policies shaping medical practice and health care.

**Listening to our Members and stakeholders ensures we respond to the issues of most importance.**

## RESONANCE

## Corporate Social Responsibility (CSR)

We believe our organisation has a responsibility that extends beyond our own business to the community in which we operate. We continue to run a successful CSR program with three key initiatives – Charities of Choice, Workplace Giving and Employee Volunteering.

We have continued our **Charity of Choice** association with *beyondblue* to support doctors' mental health and wellbeing.

Our **Workplace Giving** program has enabled our staff as well as Members to actively engage with the community by raising funds and awareness, and making donations to various charities – benefiting numerous worthy causes across Australia.

Through our **Employee Volunteering** program, we donate one day of leave per year to our employees to be used in support of a medical or healthcare related Australian charity.



*From top to bottom:*

### **AMA (WA) Charity Gala Dinner**

(back) Dr James Anderson, Dr Austen Anderson, George Panayotou, Dr Natalie Sumich, Meghan Liddicoat and Michelle White; (front) Dr Rob Henderson, Dr Dror Maor and Rose Cummins.

### **AMA NSW Charity Gala Dinner**

(left to right) Dr Saxon Smith, Dr Wendy Liu, Nikki McAusland and Ian Yard-Smith.

### **Run Melbourne, July 2015:**

Jacky Hewitt, the winner of MDA National's 2XU prize pack, with partner Vincent Corbin and daughter Anouk.

### **HBF Run for a Reason, May 2015**

MDA National was part of the event with a corporate room, hot breakfast, and two physiotherapy students who gave participants (like Dawn Behets featured above) a well-deserved massage after the run.



**In 2015/16 we engaged our Members, stakeholders and staff through our various CSR activities.**

# EXPERTISE

**Proactive  
Leadership**

**Robust  
Governance**

**Dedicated  
Staff**

**Prudent  
Financial  
Management**

**Doctors for  
Doctors Ethos**

**Strong Member  
Focus**

**Valuable  
Insight from  
Committees**



## EXPERTISE

## Our People

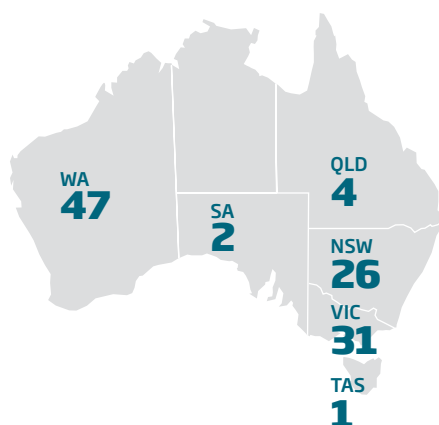
## A Strong Member Focus

Our people are one of our greatest assets in delivering Member value, and we invest in the best working environment to develop and retain our high quality staff. Our average staff tenure is over eight years, and the vast intellectual property and industry insights gained by longstanding staff are valuable in supporting our Membership.

In 2015/16, our Executive Team continued their strong leadership with a focus on defining our strategic business objectives, with the aim of driving overall growth and innovation, and adapting the business to respond to Members' evolving needs.

### Staff distribution as at 30 June 2016

## Total 111



### 2015/16: MDA National's Executive Team

#### Left to right:

**Ian Yard-Smith**  
Executive Manager,  
Professional Services

**Michelle White**  
Executive Manager,  
Marketing

**Nicola Washington**  
Executive Manager,  
Business Solutions

**Dianne Browning**  
Company Secretary  
and General Counsel

**Luke Thomson**  
Executive Manager,  
Underwriting and  
Member Service

**Jennifer Park**  
Executive Manager,  
People and Support

**Andrew  
Fraser-Gillard**  
Chief Financial Officer

**Ian Anderson**  
Chief Executive Officer

Our work revolves around what is best for our Members - a longstanding culture that is firmly embedded in our people throughout the organisation.

## EXPERTISE

## Our Boards

The MDA National Group is made up of MDA National Limited and MDA National Insurance Pty Ltd. The Boards of both entities work in close association to ensure we meet the needs of our Members, maintain financial stability and meet regulatory requirements.

## Our Mutual Board

The Board of MDA National Limited comprises up to 10 directors, nine of whom are elected by Members.

## The Mutual Board:

approves the overall strategic objectives for the MDA National Group

appoints the directors of MDA National Insurance and monitors their performance.

sets the philosophy and provides input on medical issues

monitors the financial performance of MDA National Insurance and its investment in that entity.

The individual profiles of the Mutual Board directors can be viewed on our website: [mdanational.com.au/about-us](http://mdanational.com.au/about-us).



**WA**  
**Dr Rod Moore**  
**President**

MBBS (WA), Grad Dip Sp Med (UNSW), GAICD



**QLD**  
**Dr Beres C A Wenck**  
**Vice President**

MBBS, FRACGP (Hon), FAMA, MAICD



**WA**  
**A/Prof Max Baumwol**  
**Chair of Finance**

MBBS (WA), FRCS (Eng), FRCS (Edin), FRACS



**WA**  
**A/Prof Rosanna Capolingua**

MBBS, FAICD (until November 2015)



**QLD**  
**Dr David Gilpin**

MBBS (Hons), FRACS, GAICD



**NSW**  
**A/Prof Michael Hollands**

MB, BS, FRACS, FRSC, FACS, DHMSA



**VIC**  
**Dr Patrick Mahar OAM**

MBBS (Hons), LLB (Hons), MBA, PhD, DMedSc, GAICD, FACLM (from November 2015)



**WA**  
**Dr Andrew J Miller**

MBBS, LLB (Hons), FANZCA, FACLM, GAICD



**NSW**  
**Dr Robyn Napier OAM**

MBBS (Sydney), FAMA, MAICD



**VIC**  
**Dr Paul Nisselle AM**

MBBS (Hons), M Hlth&MedLaw (Melb), FRACGP, FACLM, FFLM, RCP



**WA**  
**Mr Steve Scudamore**

MA (Oxon), FCA, FAICD, SF Fin

## EXPERTISE

## Our Insurance Board

The majority of the directors of MDA National Insurance, including the Chairman, are independent. This complies with the Australian Prudential Regulation Authority's "fit and proper" requirements for being a director of a licensed general insurer.

The individual profiles of the Insurance Board directors can be viewed on our website: [mdanational.com.au/about-us](http://mdanational.com.au/about-us).



**WA**  
**Mr Steve Scudamore**  
**Chairman**

*MA (Oxon), FCA, FAICD, SF Fin*



**WA**  
**Mr Terry Agnew**

*BE (Hons), MSc, MBA*



**VIC**  
**Mr James Freemantle**  
**AOM**

*M Admin, B Econ,  
FAICD, SF Fin  
(until September 2015)*



**WA**  
**Dr Dennis Hayward**

*MBBS (WA), FANZCA,  
MINS Deakin  
(Deputy Chairman until  
September 2015)*



**WA**  
**Dr Andrew J Miller**

*MBBS, LLB (Hons), FANZCA,  
FACLM, GAICD*



**WA**  
**Dr Rod Moore**

*MBBS (WA), Grad Dip Sp Med  
(UNSW), GAICD*



**NSW**  
**Ms Anne O'Driscoll**

*FCA, GAICD, ANZIIF (Fellow)*

**The Insurance Board is responsible for:**

**implementing the MDA National Group's strategic goals and objectives**

**issuing policies of indemnity to MDA National Members and insureds**

**performing the operational requirements of MDA National under a Service Agreement**

**employing all management and staff.**



## EXPERTISE

## Our Committees

## Group and Board Committees

Supported by MDA National management, these committees are chaired by a Director of either the Mutual or Insurance Board, sharing the workload in specific areas of expertise and responsibility.

### Audit Committee

**Ms Anne O'Driscoll**  
*Chair from September 2015*

**Mr James Freemantle**  
*until September 2015*

**Dr David Gilpin**  
*from August 2015*

**Mr Steve Scudamore**

The Audit Committee assisted the Boards in fulfilling their fiduciary, corporate governance and regulatory responsibilities. This included oversight of matters relating to financial statements; external and internal audits; and compliance with Prudential Regulations.

### Risk Committee

**Ms Anne O'Driscoll**  
*Chair from September 2015*

**Mr James Freemantle**  
*until September 2015*

**Dr David Gilpin**  
*from August 2015*

**Mr Steve Scudamore**

The Risk Committee assisted the Boards with their regulatory and risk management oversight including oversight of risk management systems; risk profile and identified risks; monitoring the performance of the Chief Risk Officer; and reviewing compliance with relevant legislation and regulations.

### Capital Committee

**Mr Steve Scudamore**  
*Chair from September 2015*

**Mr Terry Agnew**  
*from August 2015*

**A/Prof Max Baumwol**

**Mr James Freemantle**  
*until September 2015*

**Dr Dennis Hayward**  
*until September 2015*

**Dr Rod Moore**

The Capital Committee assisted the Boards to:

- ensure adequacy of capital and liquidity levels to prudently manage the Group's business and to meet each entity's financial and regulatory obligations
- develop and monitor appropriate investment and capital management policies
- evaluate strategies or opportunities which may impact on the Group's capital requirements, capital structure or investment profile
- provide oversight of management and advice to the Insurance Board on the use of reinsurance to ensure appropriate reinsurance arrangements are in place to support the business and meet all regulatory requirements.

## EXPERTISE

## Nominations & Remuneration Committee

### Mr Steve Scudamore

*Chair from September 2015*

### Mr Terry Agnew

*from November 2015*

### Dr Dennis Hayward

*until September 2015*

### Dr Rod Moore

### Dr Andrew J Miller

The Nominations & Remuneration Committee recommended appointments to the Boards and to our committees, and also:

- reviewed the performance management policies and processes for directors and Group Committee members
- addressed education, development and succession for the Boards and Group Committees and assisted in ensuring compliance with related policies
- oversaw the policies and processes determining the remuneration for all directors (including Chairs) and Group Committee members.

## Remuneration Sub Committee

### Mr Steve Scudamore

*Chair from September 2015*

### Mr Terry Agnew

*from November 2015*

### Dr Dennis Hayward

*until September 2015*

### Dr Rod Moore

The Insurance Board Remuneration Sub Committee oversaw and reviewed the regulatory requirements, policies and processes determining staff remuneration.

## EXPERTISE

## Management Committees\*

Our Management Committees are comprised of management, Board members and external experts who provide support in matters of executive responsibility. They operate within a set of agreed Terms of Reference and report directly to the responsible executive.

### Clinical Underwriting Committee

**Dr Richard Barnett**

*Chair from October 2015*

**Dr Reg Bullen**

**Dr David Gilpin**

**Dr Dennis Hayward**

*until October 2015*

**Dr Rod Moore**

**Dr Beres Wenck**

The Clinical Underwriting Committee provides advice to management on risk assessment criteria, emerging trends in medicine, policy development, risk categorisation, pricing approach, and high-risk Member management.

### Corporate Social Responsibility (CSR) Committee

**Dr Robyn Napier**

*Chair*

**Mr James Freemantle**

*until September 2015*

The CSR Committee upholds MDA National's responsibilities as a corporate citizen, and aims to:

- support the mental health of medical practitioners and students
- ensure doctors are supported in caring for patients with mental health issues
- promote understanding and compassion within the medical community, starting with our own organisation
- provide opportunities for MDA National to support a range of approved charitable activities.

### Cases Committees

**Western/Central (Perth)**

**Dr Rod Moore**

*Chair*

**A/Prof Max Baumwol**

**Dr Fiona Bettenay**

**Dr Reg Bullen**

**A/Prof Rosanna Capolingua**

**Dr Michael Gannon**

**Clinical Prof Guy van Hazel**

**Dr Tim Jeffrey**

**Dr Andrew Miller**

**Clinical Prof Allan Skirving**

**A/Prof David Watson**

**Eastern (Sydney)**

**Dr Robyn Napier**

*Chair*

**Dr Richard Barnett**

**A/Prof Michael Hollands**

**A/Prof Frank Martin**

**Dr Stephen Quain**

**Dr Nigel Symons**

The Cases Committees provide medical input and advice to assist with the claims management process:

- Cases Committee (Western/Central) – for claims occurring in South Australia, the Northern Territory and Western Australia.
- Cases Committee (Eastern) – for claims occurring in the Australian Capital Territory, New South Wales, Tasmania, Victoria and Queensland.

\* Only the non-staff members of these committees are listed.

## EXPERTISE

# Working Groups

## President's Medical Liaison Council

### Dr Beres Wenck

*National Chair, Queensland*

### NSW

#### A/Prof Andrew Keegan

*State Chair*

#### Dr Maria Li

#### Dr Brian Morton

#### Dr Saxon Smith

### QLD

#### Dr David Gilpin

*State Chair*

#### Dr Clark Maul

#### Dr Anita Sharma

#### A/Prof Michael Steyn

### SA

#### Dr Jill Maxwell

*State Chair*

#### Dr Michelle Emmerson

#### Dr Chloe Furst

#### Dr Michael Hayes

#### Dr Scott Ma

#### Dr Andrew Perry

### VIC

#### Dr Marianna Dare

*until 1 June 2016*

#### Dr Xavier Fagan

#### Dr Michael Galvin

### WA

#### Dr Dror Maor

*State Chair*

#### Dr James Anderson

#### Dr Robert Henderson

#### Dr Richard Riley

#### Dr Natalie Sumich

The President's Medical Liaison Council (PMLC) is a primary source of Member insight, providing integral feedback on local issues and emerging risks across various specialties. Each state PMLC comprises local and highly experienced medical practitioners of varying specialties and career stages, recruited for a two-year term.

### The PMLC:

- advises us of early warning changes in medical practice and/or surgical procedures which would assist in providing service to our Members and the broader medical community
- provides operational departments with clinical knowledge to create resources for our Members
- contributes to the development and delivery of our workshops, presentations and publications
- assists in research and feedback on marketing and relevant business initiatives
- participates in medical conferences and activities
- engages and networks informally with colleagues.

## Education Services Advisory Group

### Non-staff members:

#### Dr Kaye Atkinson

#### Dr Paul Eleftheriou

#### Dr Samari Jayarajah

#### Prof Stephen Trumble

#### Dr Genevieve Yates

The Education Services Advisory Group (ESAG) provides advice on the delivery of educational activities in accordance with MDA National's strategic plan. The purpose of the ESAG is to:

- advise on the planning of our education programs each fiscal year
- participate in the development and review of our education activities and resources
- recommend new strategic directions for our education
- participate in recruitment, selection and training of our education facilitators.

# CONCISE FINANCIAL REPORT

## Directors' Report

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## Auditor's Independence Declaration

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## Statement of Financial Position

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## Statement of Changes in Equity

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## Statement of Cash Flows

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## Notes to the Concise Financial Statements

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### Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2016. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of MDA National Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and independent audit report will be sent to Members on request, free of charge.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

# DIRECTORS' REPORT

The Directors of MDA National Limited (MDA National) and its controlled entities (the Group) present the concise financial report for the year ended 30 June 2016 and their report as follows:

## Corporate information

MDA National is medical practitioner owned and operated, and offers professional medical indemnity throughout Australia through its wholly owned insurance company, MDA National Insurance Pty Ltd (MDANI). Founded in Western Australia (1925), MDA National Limited is a company limited by guarantee under the *Corporations Act 2001* (Cth) and protects the interests of doctor members in Australia.

## Registered office

Level 3, 88 Colin Street  
West Perth WA 6005  
Phone (08) 6461 3400

## Directors and company secretary

The names of the Company's directors and company secretary in office during the financial year and until the date of this report are as follows. Directors and company secretary were in office for the entire period unless otherwise stated.

### Dr R Moore Director

*MBBS (WA) Grad Dip Sp Med (UNSW), GAICD*

#### PERIOD IN OFFICE

Since 1998

#### EXPERIENCE

General Practitioner - Sports Medicine

#### SPECIAL RESPONSIBILITIES

President (since 2015), MDANI director, Chair of MDANI's Cases Committee (Western/Central), member of the Group's Capital Committee, Group's Nominations & Remuneration Committee and MDANI's Clinical Underwriting Committee

### Dr B Wenck Director

*MBBS, FRACGP (Hon), FAMA, MAICD*

#### PERIOD IN OFFICE

Since 2004

#### EXPERIENCE

General Practitioner

#### SPECIAL RESPONSIBILITIES

Vice President (since 2008), National Chair of the President's Medical Liaison Council (PMLC), member of MDANI's Clinical Underwriting Committee

### A/Prof M Baumwol Director

*MBBS (WA), FRCS (Eng), FRCS (Edin), FRACS*

#### PERIOD IN OFFICE

Since 1993

#### EXPERIENCE

General Surgeon

#### SPECIAL RESPONSIBILITIES

Chair of Finance (since 2002), member of the Group's Capital Committee and MDANI's Cases Committee (Western/Central)



## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**A/Prof R Capolingua  
Director***MBBS, FAICD***PERIOD IN OFFICE**

From 2005 to 20 November 2015

**EXPERIENCE**

General Practitioner

**SPECIAL RESPONSIBILITIES**

Member of MDANI's Cases Committee (Western/Central)

**Dr P Mahar  
Director***MBBS (Hons), LLB (Hons), MBA, PhD, DMedSc, GAICD, FACLM***PERIOD IN OFFICE**

Since 20 November 2015

**EXPERIENCE**

Dermatology Registrar

**SPECIAL RESPONSIBILITIES**

None

**Dr P Nisselle  
Director***AM, MBBS (Hons), M Hlth&MedLaw (Melb), FRACGP, FACLM, FFLM, RCP***PERIOD IN OFFICE**

Since 2015

**EXPERIENCE**

General Practitioner

**SPECIAL RESPONSIBILITIES**

None

**Dr D Gilpin  
Director***MBBS (Hons), FRACS, GAICD***PERIOD IN OFFICE**

Since 2010

**EXPERIENCE**

Orthopaedic Surgeon

**SPECIAL RESPONSIBILITIES**

Queensland Chair of the PMLC, member of MDANI's Clinical Underwriting Committee, the Group's Audit Committee and the Group's Risk Committee

**Dr A Miller  
Director***MBBS, LLB (Hons), FANZCA, FACLM, GAICD***PERIOD IN OFFICE**

Since 1998

**EXPERIENCE**

Anaesthetist

**SPECIAL RESPONSIBILITIES**

MDANI director, member of MDANI's Cases (Western/Central) Committee and the Group's Nominations &amp; Remuneration Committee

**Mr S Scudamore  
Director***MA (Oxon), FCA, FAICD, SF Fin***PERIOD IN OFFICE**

Since 2013

**EXPERIENCE**

Accounting and Advisory Services

**SPECIAL RESPONSIBILITIES**

Chair of the MDANI Board, the Group's Capital Committee and the Group's Nominations &amp; Remuneration Committee; member of the Group's Audit Committee and the Group's Risk Committee

**A/Prof M Hollands  
Director***MB, BS, FRACS, FRSC, FACS, DHMSA***PERIOD IN OFFICE**

Since 2013

**EXPERIENCE**

General Surgeon

**SPECIAL RESPONSIBILITIES**

Member of MDANI's Case Committee (Eastern)

**Dr R Napier  
Director***MBBS (Sydney), FAMA, MAICD***PERIOD IN OFFICE**

Since 2005

**EXPERIENCE**

General Practitioner

**SPECIAL RESPONSIBILITIES**

Chair of MDANI's Cases (Eastern) Committee and the Group's Corporate Social Responsibility Steering Committee

**Mrs D Browning  
Company Secretary***B. Juris LLB***PERIOD IN OFFICE**

Since 2012

**EXPERIENCE**

Legal, Secretarial, Risk Management

**SPECIAL RESPONSIBILITIES**

General Counsel

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

# DIRECTORS' REPORT

### Directors' meetings

The number of meetings of directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Director	Directors' Meetings		Audit Committee		Capital Committee		Nominations & Remuneration Committee		Risk Committee	
	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held
A/Prof. M Baumwol	7	7			4	4				
A/Prof R Capolingua <sup>(1)</sup>	1	3								
Dr David Gilpin <sup>(3)</sup>	6	7	3	4					3	4
Dr P Mahar <sup>(2)</sup>	4	4								
Dr A Miller	7	7					3	4		
Dr R Moore	6	7			3	4	4	4		
Dr R Napier	7	7								
Dr B Wenck	6	7								
A/Prof M Hollands	7	7								
Mr S Scudamore	6	7	4	5	4	4	3	4	3	4
Dr P Nisselle	6	7								

<sup>(1)</sup> Ceased 20 November 2015

<sup>(2)</sup> Elected 20 November 2015

<sup>(3)</sup> Appointed to the Audit Committee 21 August 2015

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL DIRECTORS' REPORT

### Principal activity

The principal activity of the Group during the year was medical indemnity services. There was no significant change in the nature of this activity.

Throughout the 2016 financial year the Group has continued to provide members with a competitive insurance policy that protects their interests in addition to providing members and insureds with high quality services through educational, medico legal advice and advocacy.

### Objective

MDA National's primary objective is to support and protect Members and to promote good medical practice.

MDA National works to achieve this objective by supporting and protecting the character and interests of medical practitioners practising or eligible to practise as such in accordance with the laws of the States or Territories of Australia and of students enrolled in the study of medicine at universities or other tertiary education institutions.

MDA National also strives to promote honourable and contemporary practice by medical practitioners and to discourage irregular practice by medical practitioners. MDA National has developed a vision of being chosen above all others as the most valued and natural part of a doctor's professional risk management. The Group has a robust business plan in place using a series of key performance indicators. Net Promoter Score has been chosen by the Group as the single beneficial performance indicator to measure member satisfaction.

### Results and performance

The consolidated net profit after tax for the year was \$3,406,989 (2015: \$14,902,223).

Key drivers for the financial performance were:

- Premium revenue growth of \$0.3 million resulting from growth in membership partially offset by a rebate offered to renewing members;
- Prior years claims reserve releases lower than last year by \$7.2 million;
- Investment revenue lower than last year by \$3.8 million;
- An increase in other income of \$2.8 million as a result of a recovery of income relating to previous years;
- Higher consulting expenses of \$7.0m mainly relating to information technology and software;
- An increase of \$3.6 million in other expenses which mainly relates to a revaluation on intangible assets following a detailed review of the carrying value of information technology development costs.

### Significant changes in the state of affairs

There were no significant changes for the year ended 30 June 2016.

### Matters subsequent to the end of the financial year

There are no material subsequent events from balance date to the date of this report.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL DIRECTORS' REPORT

### Likely developments and expected results of operations

Likely developments in the operations of MDA National and the expected results of those operations in future years are that MDA National will continue normal operations with a view to remaining one of Australia's leading medical indemnity providers, through careful management of its financial position, while seeking to be chosen above all others as the most valued and natural part of a doctor's professional risk management.

### Environmental regulation

The operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### Insurance of officers

During the financial year MDA National paid an insurance premium in respect of Directors' and Officers' liability insurance. This insurance premium related to insurance of current and former Directors and Officers of MDA National against legal costs incurred in defending proceedings for conduct other than:

- a) A wilful breach of duty; and
- b) A contravention of sections 182 or 183 of the *Corporations Act 2001* (Cth), as permitted by section 199B of the *Corporations Act 2001* (Cth).

Pursuant to section 300(9) of the Corporations Act, as the contract of insurance prohibits the disclosure of the insurance premium paid and the nature of the liabilities covered, no details can be disclosed.

No indemnity payment has been made during or since the financial year.

### Rounding

The Group is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in financial/Directors' Report) instrument 2016/91. Where permitted by that class order, amounts in the Director's Report have been rounded to the nearest thousand dollars.

### Indemnification of auditors

To the extent permitted by law, MDA National has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### Directors' benefits

A disclosure of the benefits provided to Directors during the year is made in the full financial statements.

### Class of membership

The membership of MDA National is divided into the following classes: Practising Members, Student Members, Retired Members, Honorary Life Members and Compounded Life Members.



## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL DIRECTORS' REPORT

### Liability of Members and guarantee on winding up

The liability of Members is limited. Each Member undertakes to contribute to the assets of MDA National if it is wound up while he or she is a member or within one year afterwards, such amount as may be required not exceeding ten dollars (\$10) in aggregate. Based on 30 June 2016 membership, the maximum amount that members of MDA National are liable to contribute is \$403,530.

### Auditor's independence declaration to the Directors of MDA National Limited

The Directors have received an independence declaration from the auditor, Ernst & Young. A copy of this can be found on page 37.

### Non-audit services

No non-audit services were provided by the Group's auditor, Ernst & Young (2015: \$148,123). The Directors are satisfied that the provision of these non-audit services is compatible with and did not compromise the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of the Board of Directors:



President

**Dr R Moore**



Vice President

**Dr B Wenck**

Perth, 23 September 2016



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M839 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## Independent Auditor's Report to the Members of MDA National Limited

### Report on the Concise Financial Report

We have audited the accompanying concise financial report of MDA National Limited which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of MDA National Limited for the year ended 30 June 2016. The concise financial report also includes discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

### Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

### Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of MDA National Limited for the year ended 30 June 2016. We expressed an unmodified audit opinion on the financial report in our report dated 23 September 2016. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have met the independence requirements of the Australian professional accounting bodies.

### Opinion

In our opinion, the concise financial report, including the discussion and analysis of MDA National Limited for the year ended 30 June 2016 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Ernst & Young

V L Hoang  
Partner  
Perth  
23 September 2016



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
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Fax: +61 8 9429 2436  
ey.com/au

## Auditor's Independence Declaration to the Directors of MDA National Limited

In relation to our audit of the financial report of MDA National Ltd and its controlled entities for the financial year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, which appears to read 'Ernst &amp; Young'.

**Ernst & Young**

V L Hoang  
Partner  
23 September 2016

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

# Statement of Comprehensive Income

For the year ended 30 June 2016

		Consolidated	
	Notes	30 June 2016 \$'000	30 June 2015 \$'000
<b>Revenue</b>			
Premium and subscription revenue	4	62,576	62,284
Outward reinsurance expense		(3,220)	(3,492)
Net premium revenue		59,356	58,793
Claims expense		(36,772)	(27,870)
Reinsurance and other recoveries revenue		9,043	8,194
Net claims incurred		(27,729)	(19,676)
Other underwriting expenses		(3,105)	(3,106)
<b>Underwriting result</b>		28,522	36,010
Investment income	4	12,622	9,850
Fair value (losses)/gains		(3,929)	2,631
Rental revenue		792	622
Other income		3,464	620
Depreciation and amortisation expense		(1,054)	(916)
Salaries, fees and employee benefits expense		(10,781)	(12,197)
Promotion and travel expense		(3,435)	(3,278)
Legal expense		(138)	(377)
Consulting expense		(10,179)	(3,144)
Financial costs and fees		(1,089)	(1,066)
General insurance expense		(431)	(438)
Other expenses		(9,475)	(5,807)
<b>Profit before income tax expense</b>		4,889	22,509
Income tax expense		(1,482)	(7,607)
<b>Net profit after income tax expense from continuing operations</b>		3,407	14,902
Other comprehensive income		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive profit for the year</b>		3,407	14,902

## Discussion and Analysis

The net profit after tax for the year ended 30 June 2016 was \$3.4 million compared to the profit after tax of \$14.9 million for the year ended 30 June 2015. Key factors contributing to the decrease in net profit after tax are highlighted in the following points.

### Underwriting result

Premium revenue increased by \$0.3 million due to growth in the number of Members, which was partially offset by a rebate offered to renewing Members.

The net claim incurred expense for the year ended 30 June 2016 increased by \$8.1 million to \$27.7 million. For the current year, the claims experience in relation to prior underwriting years continued to be favourable but at a lesser extent compared to last year. This resulted in a lower provision release of \$10.2 million (2015: \$17.4 million) with respect to lower than expected claims arising from the 2015 underwriting year and prior.

### Other income

Other income increased by \$2.8 million compared to last year as a result of a recovery of income relating to previous years.

### Investment performance

Net investment income for the year was \$8.7 million compared to \$12.5 million in 2015. The reduction is mainly attributed to lower fair value gains and losses in 2016.

### Consulting expense

The increase of \$7.0 million in consulting expense is mainly related to information technology and software.

### Other expenses

The majority of the \$3.6 million increase in other expenses is attributable to a revaluation expense on intangible assets following a detailed review of the carrying value of information technology development costs in accordance with the Group's accounting policy.

The accompanying notes form part of these concise financial statements.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**Statement of Financial Position**

As at 30 June 2016

	<b>Consolidated</b>	
	<b>30 June 2016 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	<b>14,704</b>	16,694
Receivables	<b>5,310</b>	4,171
Reinsurance and other recoveries	<b>12,413</b>	10,819
Financial assets	<b>178,347</b>	165,442
Prepayments	<b>495</b>	429
<b>Total Current Assets</b>	<b>211,269</b>	197,555
<b>Non-Current Assets</b>		
Receivables	<b>117</b>	117
Reinsurance and other recoveries	<b>48,967</b>	44,779
Financial assets	<b>107,133</b>	111,050
Deferred tax asset	<b>5,391</b>	1,155
Intangible assets	<b>1,213</b>	5,388
Property, plant and equipment	<b>18,496</b>	17,859
<b>Total Non-Current Assets</b>	<b>181,317</b>	180,348
<b>TOTAL ASSETS</b>	<b>392,586</b>	377,903
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	<b>13,136</b>	10,347
Income tax payable	<b>1,943</b>	3,779
Unearned premium revenue	<b>25,285</b>	25,298
Employee benefits	<b>1,277</b>	1,176
Outstanding claims	<b>41,590</b>	39,879
<b>Total Current Liabilities</b>	<b>83,231</b>	80,479
<b>Non-Current Liabilities</b>		
Employee benefits	<b>617</b>	615
Outstanding claims	<b>134,401</b>	125,879
<b>Total Non-Current Liabilities</b>	<b>135,018</b>	126,494
<b>TOTAL LIABILITIES</b>	<b>218,249</b>	206,973
<b>NET ASSETS</b>	<b>174,337</b>	170,930
<b>MEMBERS' EQUITY</b>		
Accumulated surplus	<b>174,337</b>	170,930
<b>TOTAL MEMBERS' EQUITY</b>	<b>174,337</b>	170,930

**Discussion and Analysis**

The net assets as at 30 June 2016 have increased by \$3.4 million from \$170.9 million as at 30 June 2015 to \$174.3 million due to the profit for the current year.

Total assets have increased by \$14.7 million mainly due to an increase in Financial assets at fair value through profit and loss of \$9.0 million and an increase in deferred tax asset of \$4.2 million, offset by a reduction of \$1.9 million in Cash and cash equivalents.

Reinsurance and other recoveries have increased by \$5.8 million during the year. This is predominately due to higher anticipated recoveries from government schemes and reinsurance recoveries.

Intangible assets decreased by \$4.2 million to \$1.2 million at 30 June 2016 due to amortisation and the revaluation expense recognised on software in accordance with the Group's accounting policy.

Total liabilities have increased by \$11.3 million as a result of a increase of \$10.2 million in the gross outstanding claims provision. The increase in the gross outstanding claims reflects an additional year of claims exposure partially offset by claims payments during the year and claims reserve releases.

The accompanying notes form part of these concise financial statements.



## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**Statement of Changes in Equity**

For the year ended 30 June 2016

	Consolidated	
	Accumulated Surplus \$000	Total Members' Funds \$000
<b>At 1 July 2014</b>	<b>156,028</b>	156,028
Net profit after tax for the year	<b>14,902</b>	14,902
<b>Total comprehensive profit</b>	<b>14,902</b>	14,902
<b>At 30 June 2015</b>	<b>170,930</b>	170,930
Net profit after tax for the year	<b>3,407</b>	3,407
<b>Total comprehensive profit</b>	<b>3,407</b>	3,407
<b>At 30 June 2016</b>	<b>174,337</b>	174,337

**Discussion and Analysis**

Accumulated surpluses increased to \$174.3 million as a result of the operating profit after tax of \$3.4 million for the year.

The accompanying notes form part of these concise financial statements.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**Statement of Cash Flows**

For the year ended 30 June 2016

	<b>Consolidated</b>	
	<b>30 June 2016 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from members, insureds, reinsurance and other recoveries	<b>80,863</b>	78,185
Interest received	<b>6,368</b>	7,096
Payments to suppliers, employees	<b>(45,637)</b>	(44,293)
Claims paid	<b>(28,780)</b>	(27,253)
Income tax paid	<b>(7,552)</b>	(4,406)
<b>Net cash inflows from operating activities</b>	<b>5,262</b>	9,328
<b>Cash flows from investing activities</b>		
Funds deposited into managed portfolio and term deposits	<b>(32,974)</b>	(48,428)
Proceeds from the redemption of investments	<b>26,743</b>	40,608
Acquisition of property, plant and equipment and intangibles	<b>(1,021)</b>	(2,703)
<b>Net cash outflows from investing activities</b>	<b>(7,252)</b>	(10,522)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,990)</b>	(1,195)
Cash and cash equivalents at beginning of year	<b>16,694</b>	17,889
<b>Cash and cash equivalents at the end of year</b>	<b>14,704</b>	16,694

**Discussion and Analysis****Cash flows from operations**

Net cash inflow from operations was \$5.3 million compared with a \$9.3 million inflow for the previous year. The major contributing factors are highlighted below:

- An increase of \$2.7 million in receipts from members, insureds, reinsurance and other recoveries.
- An increase in income tax payments of \$3.2m mainly attributable to timing.
- An increase of \$2.8 million in payments to suppliers, employees and claims is mainly attributable to payments to IT consultants.

**Cash flows from investments**

Net cash outflows from investment activities were \$7.3 million compared with a \$10.5 million outflow for the previous year. The level of funds deposited into the managed portfolio and term deposits decreased during the year while the proceeds from redemptions of investments also decreased. Despite these movements, the Group continued to invest into the managed portfolio and term deposits with \$6.5 million in cash being invested.

The accompanying notes form part of these concise financial statements.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**Notes to the Concise Financial Statements**

For the year ended 30 June 2016

**1. General information**

MDA National Limited (MDA National) is a not-for-profit company domiciled in Australia. The address of the company's registered office is 88 Colin St, West Perth. The concise financial report has been prepared in accordance with the requirements of Australian Accounting Standard AASB 1039 *Concise Financial Reports* for the year ended 30 June 2016, comprising MDA National and its subsidiaries (the Group).

**2. Basis of preparation**

The concise financial report is presented in Australian dollars and is rounded to the nearest thousand dollars (\$000) unless otherwise stated. MDA National Limited's functional currency is Australian dollars. The concise financial report has been prepared on an historic cost basis except for certain financial instruments that have been measured at fair value.

**3. Actuarial estimates and judgements**

Significant estimates and judgements are made by the Group to arrive at key assets and liability amounts arising from general insurance activities including:

- Outstanding Claims Liabilities: the cost of claims incurred but not settled at balance date arising under insurance policies
- Recovery assets: amounts expected under reinsurance arrangements and government schemes including High Cost Claims Scheme (HCCS) and Run-Off Cover Scheme (ROCS).

The determination of these estimates and judgements are continually being evaluated and are based on historical experience and independent actual valuation. While all reasonable steps are taken to ensure that adequate information is obtained regarding exposures and recoveries, given the uncertainty in establishing the claims provisions, it is likely the final outcome will prove to be different from the original liability established.

**A description of the factors used to determine the actuarial assumptions is provided below.**

Assumption	Factors Considered
Average weighted term to settlement	Based on historical settlement patterns.
Estimated future claim numbers (claim frequency)	Based on historical patterns of claim reporting and conversion from incident to claim.
Average claim size	Based on historical claim size experience.
Inflation	Based on future forecasts for wage inflation.
Superimposed inflation	There is a tendency for claims costs, particularly for medical indemnity, to increase at levels in excess of standard inflationary pressures. This can be due to a number of factors including court awards and precedents and social and environmental pressures which are analysed and forecast separately from wage inflation. The actuarial method used to project future claim payments in respect of medical indemnity claims has an explicit allowance for superimposed inflation.
Reinsurance and non-reinsurance recoveries	Based on historical recovery rates.  High Cost Claim Scheme ("HCCS") recoveries are based on the estimated costs above the HCCS thresholds implied by the Group's average claim size model.  Run-Off Cover Scheme ("ROCS") recoveries are based on the likelihood of doctors meeting the ROCS criteria in future and historical reporting patterns.
Claims handling expenses	Based on the historical relationship between claims handling expenses and gross claim costs. The ROCS legislation allows for claims handling expense recoveries of 5% on all ROCS recovery amounts.
Discount rate	Estimated using the expected claim payment profile and the Commonwealth Government bond yield curve at the balance date.
Risk margin	Uncertainty is analysed taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, and the impact of legislative reform. The assumptions regarding uncertainty are applied to the net central estimates to arrive at an overall provision which is intended to have a 75% probability of sufficiency. Measurement of MDA National's risk margin has not changed in 2016. It reflects a parent entity cap of \$0.7m (2015: \$0.7m).

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

# Notes to the Concise Financial Statements

For the year ended 30 June 2016

The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2016	2015
Average weighted term to settlement from reporting date	3.3 years	3.3 years
Claims handling expense rate:		
% claims capped at excess of loss retention	8.0%	8.0%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	1.7%	2.3%
Inflation	N/A *	N/A *
Risk margin	15.2%	15.3%

\* The method used to measure the liability for reported outstanding claims did not involve explicit assumptions for inflation rates. However in valuing the IBNR, Extended Reporting Benefit (ERB) and Death, Disablement or Retirement (DDR) liabilities, 3.25% (2015: 3.75%) normal inflation and 3% superimposed inflation were used for all projection years.

### (i) Outstanding Claims

The liability for outstanding claims is measured at the present value of the expected future payments, reflecting the fact that not all the claims have to be paid out in the immediate future. The expected future payments include those in relation to claims reported but not paid; claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement, such as normal inflation and "superimposed inflation".

The expected future payments are then discounted to a present value at the balance date using discount rates based on Australian Commonwealth bonds.

A liability for outstanding claims is recognised in respect of all claims notified to the consolidated entity. Corresponding receivables are disclosed as reinsurance recoveries and other recoveries.

### (ii) Reinsurance recoveries

Reinsurance recoveries are recognised as revenue for claims incurred. Recoveries receivable are measured using actuarial methods based on the present value of expected future receipts arising from related insurance contracts. The valuation is prepared by the appointed actuary. The revision of certain actuarial assumptions may result in the reversal of recoveries previously recognised. This may result in negative recovery revenue.

### (iii) Recoveries from government schemes

Estimates of the amounts recoverable from the Commonwealth Government under the HCCS and the ROCS are recognised as revenue in respect of claims liabilities recognised at balance date.

Other government recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

## 4. Revenue and other income

	Consolidated	
	2016 \$000	2015 \$000
<b>Underwriting activities</b>		
Premium and subscription	62,576	62,284
<b>Investment income</b>		
Interest - other bodies corporate	5,935	6,563
Trust distributions	6,509	3,095
Fee rebate income	178	192
	<b>12,622</b>	<b>9,850</b>

**More than medical indemnity**



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