

Annual Report 2015

Doctors for Doctors | 90 Years & Beyond



More than medical indemnity

Front cover photo:
Dr Eric Richman (MDA National Member)
Photo courtesy of Simon Catesby.

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.

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LEADERSHIP REPORT

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FROM OUR CHIEF EXECUTIVE OFFICER

Strong Reputation – 90 Years and Beyond

As we celebrate 90 years of Member service in 2015, our core purpose – to support and protect our Members and promote good medical practice – remains strong and more relevant than ever.

When I accepted the role of Chief Executive Officer at MDA National, I knew I was joining a financially sound medical defence organisation with quality insurance offerings and an outstanding reputation. Since my commencement in February 2015, I have experienced first-hand how MDA National is so much more than an insurance provider.

I have observed many defining qualities in MDA National – such as genuine commitment to Member service excellence, a culture focused on people and collaborative relationships, a strong sense of responsibility for Members' welfare, and sound financial stewardship of Membership funds.

Leadership transition

MDA National is renowned for its “doctors for doctors” ethos and rich heritage of financial strength and Member loyalty. Our leadership team – including our two new Chairmen, Dr Rod Moore (Mutual Board) and Mr Steve Scudamore (Insurance Board), and myself – acknowledge this as a very strong foundation to drive future Member value and service.

In this respect, I thank my predecessor and longstanding CEO/MD, Peter Forbes, who retired on 31 December. Peter dedicated 39 years of service to MDA National, nurturing it from strength to strength to the national organisation it is today. He has left us strong on the four important factors that will continue to define the ongoing success of MDA National – our Members, our staff, our industry stakeholders and our reputation. We will continue to build on these factors to deliver the outstanding service and exceptional value our Members have come to expect from us.

Financial stability and growth

MDA National finished the financial year with a solid capital position of \$171 million in net assets, a \$15 million surplus for the year, 12% increase in Membership and insureds, and a strong reputation amongst our Members, prospective Members and industry stakeholders. Today, we support more than 45,000 Members and insureds across the country. We have a clear view on how we will grow our Membership to enhance Member value and deliver on their expectations.

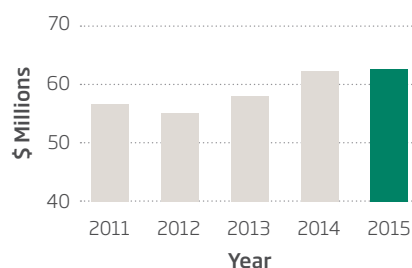
In March 2014, MDA National proposed a merger with the Medical Insurance Group Australia (MIGA) with a view to supplement our strong organic growth and build upon our existing financial strength. The majority of MDA National Members who voted did not support the merger, which we now realise demonstrates confidence in our standalone business model – who we are, what we stand for, and how we deliver Member value.

Since the outcome of the Member vote, our organisational direction has not changed. We are invigorated to maximise Member value, maintain our high level of financial security and continue our organic growth – through our refreshed strategic focus, a strong leadership team, dedicated staff and the robust governance provided by our Boards.

I take pride in our unified workplace culture where our highly skilled staff consistently focus on doing the right thing – whether it's service to Members, compliance with industry regulations and internal policies, managing interactions with industry stakeholders, or simply supporting one another.

Premium and subscription income

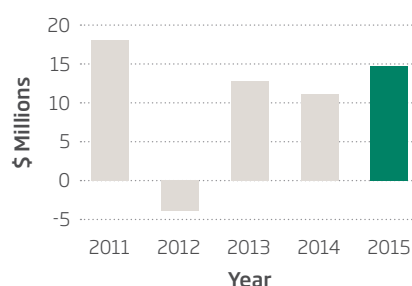
For financial year ending 30 June



- Our premium and subscription income was \$62.3 million – an increase of 2% from the financial year ending 30 June 2014.
- Growth in Membership and dental practitioner insureds offset a reduction in premium rates across most doctor categories resulting in the overall premium and subscription increase.

Surplus

For financial year ending 30 June



- We achieved a \$15 million surplus – considerably higher than the modest budgeted surplus of \$3 million. The surplus is largely attributed to the claims reserve releases from prior years and better than expected investment performance.
- We have set the budget for subscription and premiums in recent years based on not needing to build capital, combined with continuing our commitment to invest in quality Member services.

Evolution and innovation

We are also aware of the rapidly changing pace in the industry and the need to innovate, while maintaining what we have done well for the past 90 years – ranging from optimising new channels of communication to recognising and providing new cover for contemporary areas of medicine.

Our leadership team acknowledges the fact that we are the temporary custodians of an organisation that has many rich traditions to be respected, and which also has the ability to spearhead evolution in the sector. We remain firm in our commitment to embrace new opportunities to strengthen our organisation and continue to best meet our Members' needs – through innovation, engagement and a future focus.

I am delighted to take this opportunity to thank the Members, stakeholders, Boards and staff of MDA National for the warm welcome they have extended to me, and the encouragement they have offered as we continue to build on the many successes already achieved.

Ian Anderson

Mr Ian Anderson
Chief Executive Officer



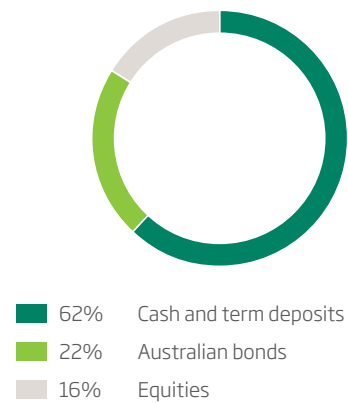
Ian Anderson commenced in his role as MDA National's Chief Executive Officer on 9 February 2015.

Ian has significant leadership experience combined with an in-depth knowledge of health care and financial services across both the private and government sectors. His experience ranges from a background in health insurance, to leading standalone medical businesses, and overseeing delivery of hundreds of millions in major new capital works programs.

Ian's past roles include:

- CEO of St John of God Midland Hospitals, where he successfully oversaw the construction phase of a \$410M new public/private hospital
- Director of Capital Management with North Metropolitan Health Service, responsible for oversight of \$860M in State Government capital works programs
- CEO of SKG Radiology with oversight of more than 500 employees during a phase of intense change from a medical partnership through successful corporatisation and trade sale
- General Manager of the HBF Health Fund, responsible for the health fund with an annual turnover of \$400M and responsibility for viability and market acceptance of all health insurance products.

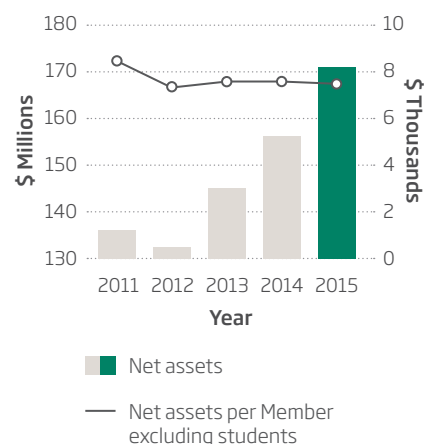
Investment mix As at 30 June 2015



- Our investment mix has remained constant over recent years – cash and term deposits constitute close to two thirds of the investment portfolio; Australian Bonds represent almost a quarter; and the remainder is invested in equity-pooled funds.
- The composition of the investment portfolio is tilted towards passive investments in cash and term deposits, balanced against a small allocation to equities and longer term Australian Bonds in recognition of the time taken to settle claims.

Net assets and net assets per Member (excluding students)

As at 30 June



- Our net assets increased to \$171 million (from \$156 million as at 30 June 2014).
- Net assets per Member (excluding students) have remained fairly constant for the last three years, demonstrating our continued financial stability.

FROM OUR PRESIDENT

Above and Beyond Medical Indemnity

2014/15 has been an important time for MDA National – we have continued to equip ourselves to support the long-term needs of the medical profession.

MDA National has always been incredibly fortunate in having highly motivated, capable people at the helm, leading the organisation forward with Members' best interests at heart. The 2014/15 financial year provided several opportunities to review our strategic direction and reinvigorate our focus on our core business – supporting Members over and above medical indemnity.

As part of the medical profession since 1925, our strong Member-focused culture throughout the organisation is, and always has been, about what is best for our Members holistically. We have an extensive national footprint with a personalised local presence, underpinned by genuine concern and consideration for Members' welfare and professional practice.

Doctors for doctors

For today and for the future, we remain an organisation owned and governed by doctors, caring for the wellbeing and interests of doctors.

Our Membership benefits from the proactive involvement of many MDA National Members who are leading figures in the medical profession, including well-known senior clinicians, forward-thinking doctors in training, and fledgling medical students. Fostering the ethos of good medical practice from the early career stages in medical students and doctors in training is an integral part of our "doctors for doctors" philosophy.

Doctors, including those who are elected to our Mutual Board and represent Members, are embedded throughout the organisation and involved in many aspects of our core business – including our Boards, Cases Committees, Clinical Underwriting Committee, Claims and Advisory Services and President's Medical Liaison Councils. Their combined experience and insight from a medical perspective adds significant value to our business outcomes.

Advocacy and thought leadership

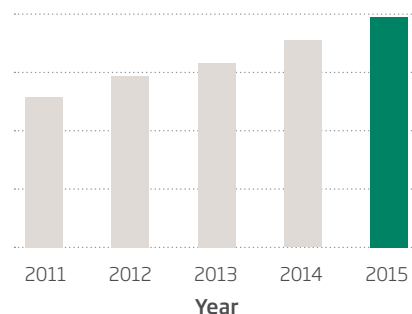
We have a broad responsibility to advocate on behalf of our Members and the profession to hospital boards, health authorities, government entities and regulatory bodies. We aim to protect doctors from medico-legal risk and generate the best possible patient health outcomes to ultimately benefit the broader community.

In 2014/15, we advocated on various matters such as Medical Board guidelines, AHPRA notifications, the National Registration and Accreditation Scheme, NSW Ministry of Health Consent Manual, Personally Controlled Electronic Health Records and more – as outlined on pages 36-37. We will continue to advocate for doctors' health and wellbeing and collaborate, where relevant, with other industry bodies to ensure Members' needs are voiced in 2015/16 and beyond.

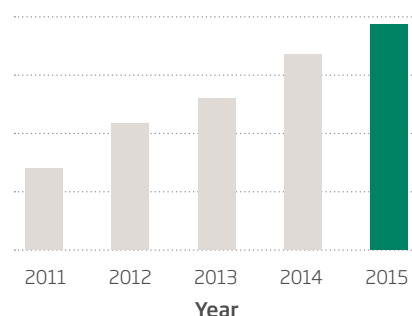
Education and risk management

In 2014/15, we provided an extensive range of risk management and education services addressing the needs of Members at various career stages. We increased our focus on making these activities more accessible to Members in regional, remote and new areas of Member demand.

Growth trend in Members and insureds
As at 30 June



Growth trend in practice policies
As at 30 June



From a commercial insurance perspective, reducing risk means reducing the burden of financial pay-outs. Yet, our purpose of investing in education is *not* just about reducing risk – we see it as an investment into improving doctors' quality of care resulting in better doctors and better patient health outcomes. We consider any savings from a financial perspective as a collateral benefit, with our primary motive being altruistic – guided by the principle of trying to make medicine safer and supporting our doctors to be the best they can in their area of practice.

Long-term focus

As we celebrate 90 years of commitment to Members, we are energised to continue to build on the factors that have made us a success. Our leadership team is committed to carrying on our time-honoured heritage in supporting and protecting our Members and promoting good practice in the medical profession, today and well into the future.

Rod Moore

Dr Rod Moore
President



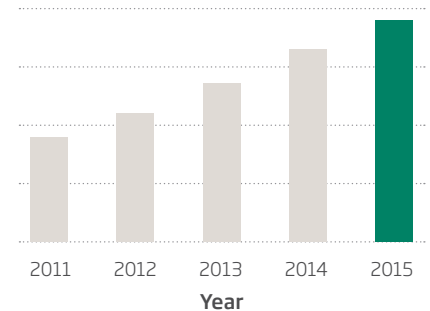
Dr Rod Moore was acting Chairman of the Mutual Board from October 2014 until 19 March 2015, when the Mutual Board elected him President. He was first elected to the Mutual Board in 1998 and served as Vice President from 2004 to 2007.

Rod is a member of the MDAN Group's Nominations & Remuneration Committee and Capital Committee, and MDA National Insurance's Clinical Underwriting Committee. He is also Chair of the Cases (Western/Central) Committee. In addition, Rod has been a member of the Board of MDA National Insurance Pty Ltd since 2007. He was a member of the MDAN Group's Nominations Committee (until December 2013) which was subsequently merged with the Remuneration Committee.

Rod is a founding Principal of two multidisciplinary sports medicine clinics in Perth. He has had a long involvement with Australian Rules football. He has been the team doctor for the West Coast Eagles from when they entered the national competition in 1987 until the end of the 2012 season. He is a graduate of the Australian Institute of Company Directors and serves as a clinical tutor for the University of Notre Dame, Western Australia. He is also a Board member of HBF Health Ltd.

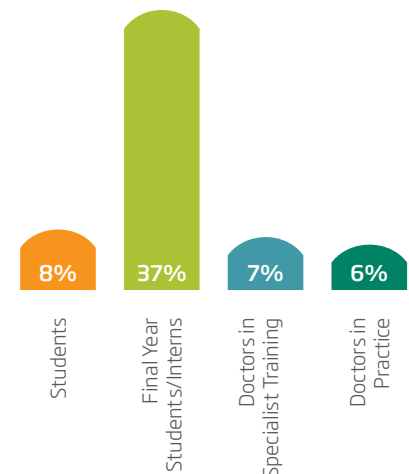
Growth trend in dental policies

As at 30 June



Member segment annual growth

As at 30 June 2015



Today, we support more than 45,000 Members and insureds across the country. We have a clear view on how we will grow our Membership to enhance Member value and deliver on their expectations.

FROM OUR INSURANCE BOARD CHAIRMAN

Solid Foundation for Ongoing Success

Our strong financial position as at 30 June 2015 ensures we can continue to serve the needs of Members well into the future.

Our Members are not just insurance policy holders or recipients of our services – they are co-owners and stakeholders in the business. So I am delighted to report that MDA National is in a very good financial position. I am confident that these results stem from the sound management of our insurance business through:

- robust governance structures
- responsible stewardship of Member funds
- prudent and competitive premium pricing
- the combined and extensive experience of our Boards
- an expert skill base, from underwriting and risk assessment through to claims management.

We have a solid understanding of the medical profession and the effective management of risks in the insurance business. In 2014/15, we continued to offer our Members extensive medical indemnity coverage to meet their needs and expectations at every stage of their medical career.

Sound underwriting and claims management

Underwriting risk to protect Members' funds has remained a high priority for us. Our sound underwriting model balances a range of factors including clinical experience, commercial acumen, insurance practice, actuarial analysis, and the law and legal discipline – with each area given expert consideration. Through the sound management of claims, we have worked to achieve the best possible outcomes for Members and policyholders while ensuring a responsible application of Membership funds.

Strong medical representation

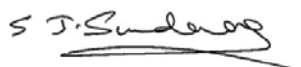
An integral part of our approach which contributes greatly to our continued success as an organisation is the strong involvement and representation of medical practitioners in the business. The doctors on our Clinical Underwriting Committee provide significant clinical expertise that complements the more business based risk issues. The doctors on our Cases Committees provide medical input and advice throughout the claims management process to assist our Claims Managers in understanding clinical complexities. This complements our commercial acumen and informs the underwriting decision process.

Likewise, the doctors on our Mutual and Insurance Boards and the Capital Committee provide valuable insight and input from a medical perspective into many aspects of the business, including our financial and regulatory decision making.

Equipped for the future

We have ended the financial year with a strong foundation for ongoing success in this new era of leadership at MDA National. Members can feel secure in knowing their insurer is in a good position for the future, and that our capital position and net assets continue to grow stronger. We will continue to reinvest our assets into those areas of best value for Members.

MDA National's strong financial position at the end of 2014/15 ensures we can continue to service Members' needs well into the future, and we are well placed to adapt to the changing pace of the industry.



Mr Steve Scudamore
Chairman, Insurance Board



Steve Scudamore
Chairman,
Insurance Board

Steve Scudamore joined MDA National's Insurance Board in July 2012 and was appointed Chairman of the Board on 11 October 2014.

Steve was appointed to the Mutual Board in November 2013. He is a member of the MDAN Group's Audit Committee, Risk Committee and the Nominations & Remuneration Committee, and was appointed Chair of the Capital Committee in September 2015.

Steve has over 38 years of work experience, of which he spent 28 years as a partner of KPMG providing advisory services and, earlier in his career, audit services to companies in a variety of industries including energy and natural resources, financial services and government clients.

Steve is the Chair of Amana Living and a Director of Aquila Resources and Altona Mining Ltd. He is also a member of the Curtin University of Technology Council and Trustee of the Western Australia Museum. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australia.

Reputation Audit Research 2014

MDA National stands out for its grassroots initiatives and Member engagement, and for consistently delivering the service expectations of Members and other stakeholders.

MDA National's commitment to mutuality and to Members marks it out as being clearly different to the rest of the sector.

The industry strongly associates MDA National with its value-added services over and above the core insurance products.

MDA National's commitment to training, education and on-the-ground support is strongly acknowledged by all stakeholders.

MDA National has a market leading level of awareness with customers and high visibility within the sector's content and conversation.

Celebrating 90 Years

MDA National Members and industry stakeholders celebrated our 90-year milestone across the country in 2015.



Our Members Say...

"I have no hesitation in recommending MDA National."

Dr Terence McManus

Semi-retired ENT Surgeon,
Western Australia



I joined MDAA (as it was then known) the day after I graduated from UWA 50 years ago. I've been fortunate in only requiring professional assistance from MDA National on a couple of occasions over the past 50 years, but it has been an enormous comfort knowing the medico-legal support was always available. Having served on the MDAA council for many years, I've seen the excellent professional support the organisation has provided to our Members when needed.

While MDA National is now an Australia-wide organisation, WA members are represented by locally elected members of the Board who are very knowledgeable in medical issues relevant to WA. I have no hesitation in recommending MDA National to all practising doctors in WA and around the country.



"I wouldn't be without my MDA National."

Dr Thomas Boosey

General Practice Registrar,
Queensland

My MDA National continues to support the development of professional, safe and ethically sound practices from medical school, through residency, and to my future as a GP registrar and beyond.

I benefit greatly from their educational offerings and wellbeing events. *First Defence* and *Student eNews* helpfully convey intriguing case studies and insights into how our peers deal with dilemmas, also allowing me to share my own experiences to help promote doctors' welfare and serve as a reminder to enjoy the lighter side of this challenging profession.

While establishing good medical practice should protect me and my patients from unnecessary harm and hassle through the mitigation of risks, I know that by belonging to MDA National I can access a wealth of expert medico-legal advice and connect with a friendly network of supporters during difficult or uncertain times throughout my medical career. I wouldn't be without my MDA National.

"MDA National has my total trust."

Dr Rachel Collings

Obstetrics and Gynaecology
Registrar, Victoria



MDA National has been an invaluable, continuous support throughout my medical career. Their commitment to helping to promote junior doctor education is of a high standard. On a personal level, MDA National has provided wonderful support in my own endeavours to improve junior doctor wellbeing and mentoring. MDA National is an organisation that is not only efficient, productive and friendly, but one that has my total trust.



WE
SUPPORT

Supporting you when
you need it most

SUPPORTING YOU THROUGH Service Excellence

A core component of MDA National's service to Members is providing fast access to personalised support and expert medico-legal advice.

Efficient Member service

We place utmost importance on delivering exceptional service to Members during every interaction. In 2014/15, our Member Services team provided frontline customer service by responding to more than 40,000 enquiries from Members and prospective Members about professional indemnity insurance, premiums, risk categories and Member benefits.

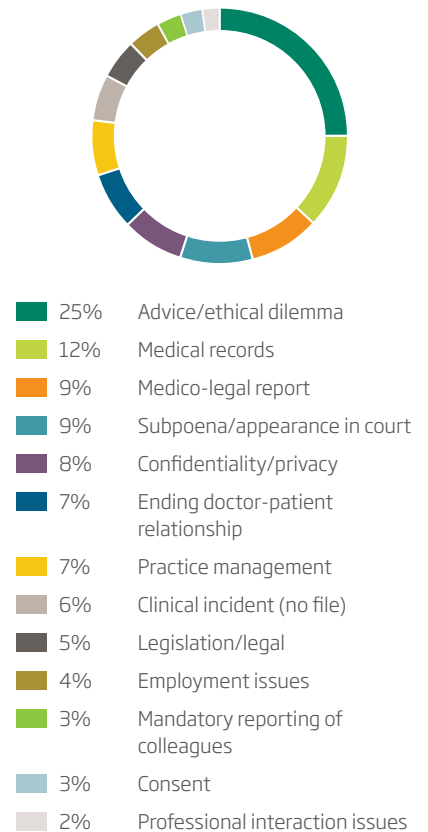
With their expertise in MDA National's products and services, our Member Services team strives to deliver superlative advice. We listen to our Members and take their feedback into consideration during the continuous improvement of our products and services.

Expert medico-legal advice

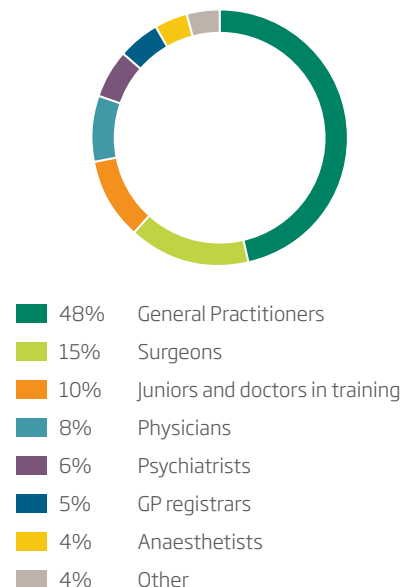
Members have 24-hour access to expert medico-legal advice on a range of issues arising out of clinical practice. Our Medico-legal Advisers are highly trained and experienced in health care and law, and have access to the wide array of professionals at MDA National – including doctors, allied health staff, solicitors and risk managers. Our multidisciplinary approach ensures each enquiry is answered with expert information tailored to the Member's specific situation.

Our vast in-house expertise benefits from the relationships we have established with a range of external entities, including top tier specialist law firms, industry groups, individual doctors and investigative bodies.

General medico-legal advice by subject
2014/15



General medico-legal advice by specialty
2014/15



SUPPORTING YOU THROUGH Claims

When a Member notifies us of an incident or claim, our highest priority is to support that Member's best interests.

Personalised support

MDA National's consultative approach to claims and investigations has achieved positive outcomes in 2014/15. Our in-house Claims and Advisory Team comprises 19 expert staff members who are dedicated to supporting, informing and protecting the Member at each stage of a claim.

Medico-legal matters can span several years. Keeping Members informed and empowered throughout the claim or investigation is an important part of our service. Similarly, MDA National's 90 years of experience in managing claims provides Members with peace of mind.

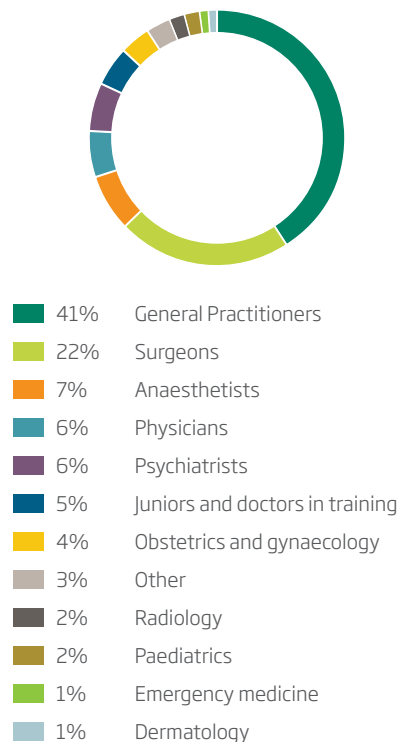
An integral part of our process is engaging our doctors, who are involved in all aspects of the core business at MDA National, in a manner that is both Member and outcome focused – *how can we achieve the desired outcome in the least stressful and most supportive manner for our Member?*

Holistic approach

Members who have experienced a claim or investigation often tell us they appreciate MDA National's expertise and personalised support.

We believe the successful management of medico-legal matters is best achieved by assigning both doctors and lawyers to complex cases, and regularly engaging our in-house doctors and Cases Committee members for input and advice from a clinical perspective. This has resulted in many highly effective, mutually respectful and trusting professional relationships – our Members tell us this provides confidence and reassurance during a medico-legal matter.

Cases by area of practice
2014/15



SUPPORTING YOUR Health and Wellbeing

More than medical indemnity,
MDA National offers support for
Members' wellbeing.

Emotional support during medico-legal matters

We understand that medico-legal and litigation processes are stressful and demanding. In 2014/15, we continued to provide programs to support Members through these difficult times at a personal and professional level, in addition to our ongoing support and advice by phone, in writing and in person.

Doctors for Doctors Program

- Available to Members during a medico-legal matter.
- One to one peer support.
- Members can confidentially speak to another medical practitioner who understands the stress of being involved in a claim or medico-legal matter.

Professional Support Service

- A confidential service offering Members additional emotional support during a medico-legal matter.
- Members are referred to the program via our Claims and Advisory Service.
- Members can access up to 10 complimentary consultations with an independent psychiatrist as part of their annual Membership.

Mental health and your wellbeing

In 2014/15, we extended our Charity of Choice association with *beyondblue*. We also continued to engage with key industry stakeholders to perpetuate the dialogue on a national and local scale, on how to collectively improve the systems, structures, beliefs and approaches to doctors' mental health.

We kept doctors' health and wellbeing top of mind throughout our organisation and the medical profession by sponsoring *Live Well Work Well* and *Live Well Study Well* initiatives across the country, and regularly publishing relevant information in Member publications. We also participated in various events across the country as part of our corporate social responsibility initiatives.

Through our association with *beyondblue* and relevant industry stakeholders, we aim to continue supporting the mental health of medical students and practitioners, and to address the known barriers that hinder doctors from seeking mental health support.

Supporting, protecting & promoting doctors' mental health





Case Studies*

Mental health review by Medical Board

A student Member experienced severe anxiety and depression at the end of the first term. The Member self-reported to the Medical Board and was assessed by an independent psychiatrist with the support of MDA National's Professional Support Service Program.

We provided personalised medico-legal advice and supported the Member through the process, ensuring fair and equitable review by the Medical Board. We also referred the Member to our Doctors for Doctors Program for direct peer support.

Assault allegations and police enquiries

A GP was attempting to provide advice and treatment to a patient who was accompanied by a young child. The child had ignored the GP's requests to stop playing with a broken sliding door which had come off its hinges, and the parent did nothing to intervene. As it seemed likely the child would be injured, the doctor lifted him onto a seat adjoining his parent.

The child's parent was outraged and became loud, threatening and abusive. After leaving the practice, the parent alleged to police that the child had been assaulted. The police contacted the doctor who became very distressed. The doctor called MDA National and received advice and reassurance, including how to immediately terminate the therapeutic relationship.

Consequences from the actions of practice staff

A patient attended her local general practice after having travelled overseas for two years. The patient had last attended the practice a month before she left the country for review of a lump found during breast self-examination. The patient had been referred for a mammogram and she had assumed her results were normal, as she had not heard from the practice.

The patient told the doctor the breast lump had been getting bigger. The doctor reviewed the medical records and found that the Radiologist had recommended a biopsy of the lump two years prior. The doctor was very apologetic and advised the patient that she did not recall receiving the results, or she would have contacted the patient before her trip.

Further investigation within the practice revealed that a new receptionist had filed the results without referring them to the doctor for review and initialling. The doctor immediately arranged an urgent referral for the patient who was subsequently diagnosed with metastatic breast cancer.

In situations like this, the employer (being a practice entity) could make a claim under MDA National's Practice Indemnity Policy to protect the practice and the receptionist. The medical practitioner has the benefit of her own policy and can seek assistance with such a claim or complaint.

* The case scenarios described above are based on actual medical negligence claims or medico-legal referrals. However, certain facts have been omitted or changed to ensure the anonymity of the parties involved.



WE
PROTECT

Protecting your
professional career
and reputation

PROTECTING YOU WITH Risk Management

We believe risk management should be simple, practical and tailored for Members, and promote better patient outcomes.

Assessing practice risk

In 2014/15, our Support in Practice (SiP) team conducted 70 practice visits and 42 risk management presentations, and delivered more than 100 written advices to help Members identify and overcome practice risks that could lead to medico-legal issues. While supporting individual Members with personalised attention and practical advice, the SiP team also importantly protects our Membership by mitigating risks and thereby activities that could give rise to claims.

MDA National's Risk Advisers have extensive experience in healthcare risk management and a strong commitment to supporting Members and their practice staff. The advice and support we deliver through our SiP team is based on MDA National's wealth of claims information and claims data analysis as well as an understanding of current legislation, standards and contemporary evidence-based literature.

Risk management resources

We continued to build on our rich foundation of practical risk management resources in 2014/15, offering Members a range of tools and publications:

- **Risk management publications** to help Members adopt effective systems for perennial matters such as managing medical records, responding to complaints and retiring from medical practice. These also include our *Things to Think About Before You...* series of information brochures which highlight important issues that clinicians or practice staff need to consider in a range of practice areas.
- **Practice self-assessment tools** to assist Members in identifying and mitigating medico-legal risks in their practice. These include the *Practice Self-Assessment Checklist*, *Practice Self-Assessment Handbook* and *Online Practice Self-Assessment Tool*.

A two-tiered approach to risk management

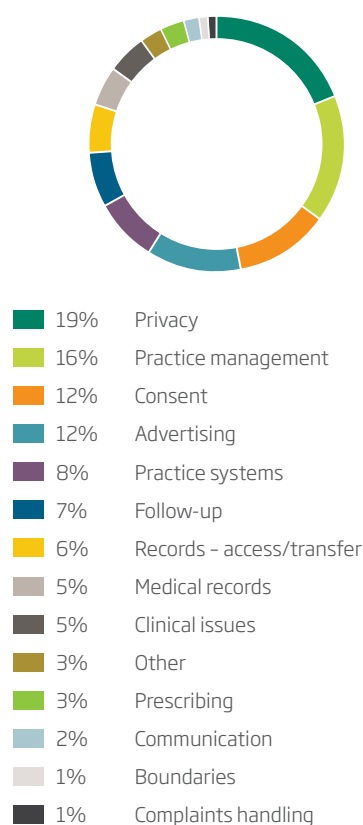
Level 1 Early Intervention

- Designed to identify and address risk issues early.
- Initiated by the Member approaching us for help.
- Also initiated when our in-house Claims and Advisory experts have identified risk issues that could lead to potential claims or complaints for that Member.

Level 2 Member Risk Management

- Designed to address risks for Members with a more complex claims history.
- Initiated when a Member's claims history reveals significant risk factors, placing them at higher risk than their peers.
- A targeted program focused on addressing the key risk issues identified.

**Risk management advice to
Members and practices**
2014/15



PROTECTING YOU WITH Extensive Insurance Cover

MDA National's professional indemnity insurance is designed to protect Members at every stage of their career – from medical college, through the active years of medical practice, to retirement.

Professional indemnity

MDA National Insurance supports more than 45,000 Members and insureds with extensive professional indemnity cover via three main policies:

Professional Indemnity Insurance Policy	Practice Indemnity Policy	Dental Indemnity Policy
Registered medical practitioners and medical students <ul style="list-style-type: none"> - Medical students - Interns - Doctors in training - Employer indemnified doctors - Doctors in private practice - Retired and non-practising practitioners 	Healthcare practices <ul style="list-style-type: none"> - Sole traders - Partnerships - Companies - Trusts 	Registered dental practitioners and dental students <ul style="list-style-type: none"> - Members of Australian Dental Association Western Australia (ADA WA) - Members of Dental Protection Limited (DPL)

Our underwriting model

We believe our underwriting approach at MDA National has been a critical aspect of achieving prudent and managed growth.

Our underwriting model stems from our “doctors for doctors” ethos where we assist our Members to identify and mitigate their own risks whenever possible. Our Clinical Underwriting Committee draws on years of clinical, insurance and life experience to assess applications for Membership and Insurance.

Even the most experienced, qualified and skilful practitioners can be subject to claims – so we do not apply a “one size fits all” approach to underwriting. We go further to understand what aspects of the practice or the practitioner are giving rise to the claims.

Our successful underwriting function balances a range of priorities, perspectives and inputs including clinical experience, commercial acumen, insurance practice, actuarial analysis, and the law and legal discipline.

Underwriting at MDA National



PROTECTING YOUR Best Interests

Our operations and interactions are guided by a set of longstanding values and behaviours that we call the “MDA National Way”.

Our people

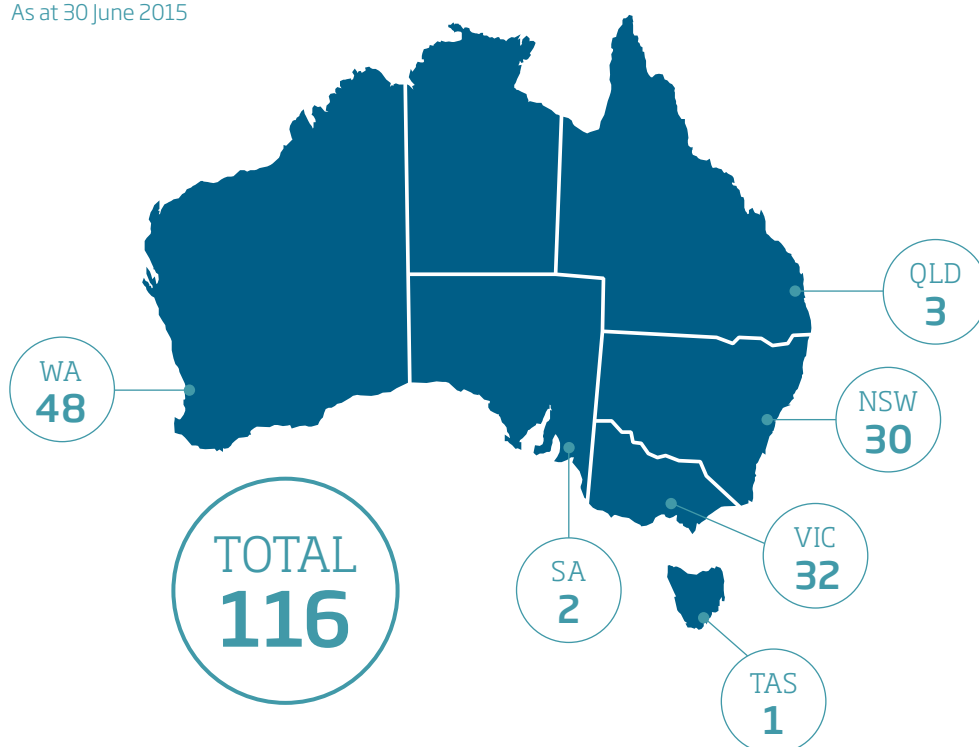
MDA National is a truly national organisation that delivers genuine local support across six state offices and 116 dedicated staff. Our organisation boasts some of the industry's best talent and we invest in our people via a comprehensive Learning and Development Program to ensure they are experts in our products, our services, our professional standards and our industry.

We pride ourselves on maintaining a dynamic and cohesive work environment with a unique “one-office” culture, and a genuine focus on keeping our people informed, engaged and motivated. In 2014/15, we continued our regular Leadership Forums in order to develop the leadership and management skills of our staff, ensure their engagement in business strategy, and maintain overall consistency in the way individual teams are led and managed across the organisation.

We believe our people are one of our greatest assets in generating Member value. For this reason, we have a robust performance feedback system which enables our people to remain aligned with our corporate vision and Member focus.

Staff distribution by state

As at 30 June 2015



Our Executive Team

Following the outcome of the Member vote on the proposed merger in October 2014, the Executive Team has been focused on building and implementing our business plan and, in conjunction with our Boards, setting the strategic direction for the next five years. The aim is to continue our ability to adapt to changes in the market, while maintaining our direction and strong commitment to supporting, protecting and promoting our Members.

MDA National's Executive Team for 2014/15:

Chief Executive Officer

Mr Ian Anderson

Chief Financial Officer

Mr Andrew Fraser-Gillard

Company Secretary and General Counsel

Ms Dianne Browning

Executive Manager, Head of Marketing

Ms Michelle White

Executive Manager, Professional Services

Mr Ian Yard-Smith

Executive Manager, People and Support

Ms Jennifer Park

Executive Manager, Underwriting and Member Service

Mr Luke Thomson

Executive Manager, Business Solutions

Ms Nicola Washington

Former Chief Executive Officer and Managing Director

Mr Peter Forbes (until December 2014)



Back (left to right): Ms Michelle White, Mr Andrew Fraser-Gillard, Ms Dianne Browning and Mr Ian Anderson.
Front (left to right): Ms Nicola Washington, Mr Ian Yard-Smith, Ms Jennifer Park and Mr Luke Thomson.

Our Boards

The MDA National Group, made up of MDA National Limited and MDA National Insurance Pty Ltd, is led by our Mutual Board and our Insurance Board. Both Boards work in close association to ensure that we meet the needs of our Members and uphold our commercial and regulatory requirements.

Mutual Board

The Mutual Board comprises up to 10 directors. Voting Members are elected to the Board by their peers.



(Left to right): A/Prof Michael Hollands, Mr Steve Scudamore, Dr Beres Wenck, A/Prof Max Baumwol, Dr Robyn Napier, Dr Andrew Miller and A/Prof Rosanna Capolingua.

Absent: Dr Rod Moore, Dr David Gilpin and Dr Paul Nisselle.

The role of the Mutual Board is to:

- monitor the financial performance of MDA National Insurance and its investment in that entity
- approve the overall strategic objectives for the MDA National Group
- appoint the directors and monitor the performance of the Insurance Board
- set the philosophy and provide input on medical issues.

Insurance Board

The majority of Board members, including the Chairman, are independent. They comply with the Australian Prudential Regulation Authority's "fit and proper" requirements for being a director of a licensed general insurer.



(Left to right): Dr Andrew Miller, Mr Steve Scudamore, Ms Anne O'Driscoll and Dr Dennis Hayward.

Absent: Mr Terry Agnew and Dr Rod Moore.

The Insurance Board is responsible for:

- implementing the MDA National Group's strategic goals and objectives
- issuing policies of indemnity to MDA National Members
- performing the operational requirements of MDA National under a Service Agreement
- employing all management and staff.

Directors of our Mutual Board

Dr Rod Moore (President)

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

Dr Beres C A Wenck (Vice President)

MBBS, FRACGP (Hon), FAMA, MAICD

A/Prof Max Baumwol (Chair of Finance)

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

A/Prof Rosanna Capolingua

MBBS, FAICD

Dr David Gilpin

MBBS (Hons), FRACS, GAICD

A/Prof Michael Hollands

MB, BS, FRACS, FRSC, FACS, DHMSA

Dr Andrew J Miller

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

Dr Robyn Napier

MBBS (Sydney), FAMA, MAICD

Dr Paul Nisselle

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

(from March 2015)

Mr Steve Scudamore

MA (Oxon), FCA, FAICD, SF Fin

A/Prof Julian Rait

MBBS (Melb), FRACS, FRANZCO, FAICD

(until October 2014, Former President)

Dr Reg Bullen

MBBS (WA), FRACGP, FRNZCGP

(until March 2015)

Mr John Trowbridge

BSc, BE, BA, FIA, FIAA, FAICD

(until October 2014)

The individual profiles of our Mutual Board Directors are provided in the Directors' Report on pages 41-44.

Directors of our Insurance Board

Mr Steve Scudamore (Chairman)

MA (Oxon), FCA, FAICD, SF Fin

Mr Scudamore joined MDA National's Insurance Board in July 2012 and was appointed Chairman of the Insurance Board on 11 October 2014. He was appointed to the Mutual Board in November 2013. He is a member of MDAN Group's Audit Committee, Risk Committee and Nominations & Remuneration Committee, and was appointed Chair of the Capital Committee in September 2015.

Mr Scudamore has over 38 years work experience, 28 of which have been as a partner of KPMG providing advisory services and, earlier in his career, audit services to companies in a variety of industries including energy and natural resources, financial services and government clients.

Mr Scudamore is the Chair of Amana Living and a Director of Aquila Resources and Altona Mining Ltd. He is also a member of the Curtin University of Technology Council and Trustee of the Western Australia Museum. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australia.

Dr Dennis Hayward (Deputy Chairman)

MBBS (WA), FANZCA, MINS Deakin

Dr Hayward, a non-executive director of MDA National Insurance since 2002, was elected as Deputy Chairman of the Insurance Board in December 2007.

Dr Hayward is Chair of MDA National Insurance's Clinical Underwriting Committee. He is also Chair of MDAN Group's Nominations & Remuneration Committee and a member of the Capital Committee.

Dr Hayward holds an MBBS degree from the University of Western Australia and a Master of Insurance from Deakin University. He is a Fellow of the Australia and New Zealand College of Anaesthetists.

Mr Terry Agnew

BE (Hons), MSc, MBA

Mr Agnew was appointed to the Insurance Board in April 2015. He has been a member of the Capital Committee since August 2015.

Mr Agnew is currently the Group CEO of RAC (Western Australia) and was previously Managing Director of SGIC Holdings Ltd, a general insurance and health insurance organisation in South Australia.

Mr Agnew has held a range of executive and board roles with private and public companies, mutual and member organisations, and government and educational organisations. He currently sits on the board of Edge Employment Solutions, the Insurance Commission of WA and RAA Insurance.

Mr Agnew is also Chairman of the Curtin Business School Advisory Council and is a director of the Business Council of Cooperatives and Mutuals (BCCM). He is a Fellow of the Australian Institute of Company Directors, Fellow of the Australian Institute of Management, Senior Fellow of the Financial Services Institute of Australia (Finsia) and member of the Australian Institute of Engineers.

Dr Andrew J Miller

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

Dr Miller is an Anaesthetist in active private practice in Perth. He was appointed to the Insurance Board in June 2005. He has also been a director of the Mutual Board since 1998. He is a member of MDA National Insurance's Cases (Western/Central) Committee and MDAN Group's Nominations & Remuneration Committee.

Dr Miller's appointments with MDA National include Secretary (2000-2001), Vice President (2001-2004), President (2004-2005), Director of Medical Indemnity Services (2001-2005) and Alternate Director of MDA National Insurance Pty Ltd (2010-2013).

Dr Miller is Chairman of the Medical Indemnity Industry Association of Australia (MIIAA). He is a Director and Treasurer of the Australian Society of Anaesthetists, and Vice President and Anaesthesia Craft Group Representative of AMA (WA). He is a Board member of the Marian Centre Pty Ltd. Dr Miller is also a graduate member of the Australian Institute of Company Directors.

Dr Rod Moore

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

Dr Moore has been a member of the Insurance Board since 2007. He was appointed Chairman of the Mutual Board on 19 March 2015. He was first elected to the Mutual Board in 1998 and served as Vice President from 2004 to 2007.

Dr Moore is a member of MDAN Group's Nominations & Remuneration Committee and Capital Committee, and MDA National Insurance's Clinical Underwriting Committee. He is also Chair of the Cases (Western/Central) Committee. He was a member of MDAN Group's Nominations Committee (until December 2013) which was subsequently merged with the Remuneration Committee.

Dr Moore is a founding Principal of two multidisciplinary sports medicine clinics in Perth. He has had a long involvement with Australian Rules football. He has been the team doctor for the West Coast Eagles from when they entered the national competition in 1987 until the end of the 2012 season. He is a graduate of the Australian Institute of Company Directors and serves as a clinical tutor for the University of Notre Dame, Western Australia. He is also a Board member of HBF Health Ltd.

Ms Anne O'Driscoll

FCA, GAICD, ANZIIIF (Fellow)

Ms O'Driscoll, a non-executive director of MDA National Insurance, was appointed to the Insurance Board on 20 February 2015. She has been a member of the MDAN Group's Audit Committee and Risk Committee since June 2015, and was appointed Chair of both committees in September 2015.

Ms O'Driscoll is a Fellow of the Institute of Chartered Accountants (Ireland and Australia) and the Australian and New Zealand Institute of Insurance and Finance. She is also a Graduate member of the Australian Institute of Company Directors. She attended the Advanced Management Program at Harvard Business School.

Ms O'Driscoll has over 30 years of business experience gained primarily in public accounting practice and insurance companies. She worked on audit and advice for a range of clients in Dublin, London and Sydney, latterly with PricewaterhouseCoopers. She spent over thirteen years with Insurance Australia Group Limited in a range of roles and completed her executive career spending three years as the Chief Financial Officer of Genworth Mortgage Insurance Australia Limited.

Ms O'Driscoll is currently a non-executive director of Steadfast Group Limited (and Chairman of its Audit & Risk Committee), a non-executive director of Commonwealth Insurance Limited and Colonial Mutual Life Assurance Society Limited (and Chair of their Audit Committees) and a non-executive director of Infomedia Limited (and Chair of its Audit & Risk Committee). She has also held various other Board roles as both an executive and non-executive director.

Mr John Trowbridge

BSc, BE, BA, FIA, FIAA, FAICD

(until October 2014, Former Chairman)

Mr Peter Forbes

FCA, FAICD

(until October 2014)

A/Prof Julian Rait

MBBS (Melb), FRACS, FRANZCO, FAICD

(until October 2014)

Mr James Freemantle, AO

M Admin, B Econ, FAICD, SF Fin

(until September 2015)

Our Committees

Group 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, Risk and Compliance (ARC) Committee (to 31 December 2014)

The ARC 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; management of identified risks; assurance that risks had been addressed by management; and compliance with relevant legislation and regulations (as required by authorities and our policies).

ARC Committee members:

- Mr James Freemantle (Chair from October 2014)
- Dr Reg Bullen
- Mr Steve Scudamore (Chair until October 2014)

The ARC Committee was split into two separate committees from 1 January 2015 in line with APRA requirements to have organisational risk overseen by a separate committee.

Audit Committee members:

- Ms Anne O'Driscoll (from June 2015, Chair from September 2015)
- Dr Reg Bullen (until March 2015)
- Mr James Freemantle (until September 2015)
- Dr David Gilpin (from August 2015)
- Mr Steve Scudamore

Risk Committee members:

- Ms Anne O'Driscoll (from June 2015, Chair from September 2015)
- Dr Reg Bullen (until March 2015)
- Mr James Freemantle (until September 2015)
- Dr David Gilpin (from August 2015)
- Mr Steve Scudamore

Capital Committee

This is a joint committee whose primary purpose is to assist both Boards to:

- ensure capital and liquidity levels are adequate 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.

Capital Committee members:

- | | |
|---|--|
| - Mr Steve Scudamore (from September 2015, Chair) | - Mr James Freemantle (until September 2015) |
| - Mr Terry Agnew (from August 2015) | - Dr Dennis Hayward |
| - A/Prof Max Baumwol | - Dr Rod Moore |
| - Mr Peter Forbes (until December 2014) | |

Nominations Committee (to December 2014)

This committee recommended appointments to the Boards and to our committees. It 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.

Nominations Committee members:

- A/Prof Julian Rait (until October 2014)
- Dr Dennis Hayward (Chair from October 2014)
- Dr Andrew Miller
- Dr Rod Moore (from October 2014)
- Mr Steve Scudamore (from October 2014)
- Mr John Trowbridge (until October 2014)

Remuneration Committee (to December 2014)

This committee oversaw the policies and processes determining the remuneration for all Directors (including Chairs), Group Committee members, the Managing Director and some senior staff.

Remuneration Committee members:

- Dr Dennis Hayward (Chair)
- Dr Rod Moore
- Mr Steve Scudamore

The Remuneration Committee and Nominations Committee were amalgamated in December 2014.

Nominations & Remuneration Committee members:

- Dr Dennis Hayward (Chair)
- Dr Andrew Miller
- Dr Rod Moore
- Mr Steve Scudamore

Insurance Board Remuneration Sub Committee members:

- Dr Dennis Hayward (Chair)
- Dr Rod Moore
- Mr Steve Scudamore

Management Committees

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

Clinical Underwriting Committee

This committee provides advice to management on risk assessment criteria, emerging trends in medicine, policy development, risk categorisation, pricing approach, and high-risk Member management.

Clinical Underwriting Committee non-staff members:

- | | |
|---|-------------------|
| - Dr Dennis Hayward (Chair) | - Dr David Gilpin |
| - Dr Richard Barnett | - Dr Rod Moore |
| - Dr Fiona Bettenay (until February 2015) | - Dr Beres Wenck |
| - Dr Reg Bullen | |

Cases Committees

We have two Cases Committees providing 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.

Western/Central (Perth) non-staff members:

- 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) non-staff members:

- Dr Robyn Napier (Chair)
- Dr Richard Barnett
- A/Prof Michael Hollands
- A/Prof Frank Martin
- Dr Stephen Quain
- Dr Nigel Symons

Corporate Social Responsibility (CSR) Committee

The CSR Committee upholds MDA National's responsibilities as a corporate citizen. Through this committee, we aim to:

- support medical practitioners' and medical students' mental health
- 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.

In 2014/15, we supported multiple charities via our CSR Program either in-kind, through fundraising, or by raising awareness throughout our Membership or employee group. One of our Charity of Choice associations is with *beyondblue*, which is an extension of our genuine care and concern for doctors' health and wellbeing. We have also actively supported a number of charity fitness runs across Australia for our Members, their families and staff to participate in.

CSR Committee non-staff members:

- Dr Robyn Napier (Chair)
- Mr James Freemantle (until September 2015)

Working Groups

President's Medical Liaison Councils (PMLC)

The PMLCs are 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's role is to:

- advise 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
- provide operational departments with clinical knowledge to create resources for our Members
- contribute to the development and delivery of our workshops, presentations and publications
- assist in research and feedback on marketing and relevant business initiatives
- participate in medical conferences and activities
- engage and network informally with colleagues.

PMLC members:	SA	WA
- Dr Beres Wenck (National Chair), QLD	- Dr Jill Maxwell (State Chair)	- Dr Dror Maor (State Chair)
NSW	- Dr Michelle Emmerson	- Dr James Anderson
- A/Prof Andrew Keegan (State Chair)	- Dr Chloe Furst	- Dr Robert Henderson
- Dr Maria Li	- Dr Michael Hayes	- Dr Richard Riley
- Dr Clark Maul	- Dr Scott Ma	- Dr Natalie Sumich
- Dr Brian Morton	- Dr Andrew Perry	
- Dr Saxon Smith	VIC	
QLD	- Dr Travis Brown (State Chair, until December 2014)	
- Dr David Gilpin (State Chair)	- Dr Marianna Dare	
- Dr Penny Brassey (until December 2014)	- Dr Xavier Fagan	
- Dr Anita Sharma	- Dr Michael Galvin	
- A/Prof Michael Steyn	- Dr Paul Nisselle (until March 2015)	

Education Services Advisory Group (ESAG)

The ESAG provides advice on the delivery of educational activities in accordance with MDA National's strategic plan. Its purpose 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.

ESAG non-staff members:
- Dr Kaye Atkinson
- Dr Paul Eleftheriou
- Dr Samari Jayarajah
- Prof Stephen Trumble
- Dr Genevieve Yates



Clinical complications

An intern Member performed a pleural tap under registrar supervision. The patient developed a pneumothorax which required the placement of a chest drain. The patient lodged a statement of claim against the hospital, exposing the intern to the risk of being involved in the claim. MDA National successfully ensured the claim was applied to the hospital's policy and assisted the intern in providing a statement to the hospital's solicitors. The intern had no further involvement in the legal proceedings.

Coronial inquests

A junior surgical registrar Member was asked to review a patient who had an emergency laparotomy earlier that day. The registrar examined the patient's swollen abdomen, noted an increased heart rate and reduced blood pressure, and phoned the on-call consultant with concerns of internal bleeding. The consultant instructed the registrar to continue to observe the patient and to call in two hours if there was no change.

Before going off duty, the surgical registrar handed over to a night registrar, asking him to review the patient and contact the consultant if the patient remained unwell. The outgoing registrar recorded his discussion with the consultant in the patient's records, but forgot to record his handover to the oncoming night registrar. The patient was later found deceased.

The matter was reported to the Coroner for investigation. The night registrar denied having been advised by the surgical registrar of the patient's condition or need for timely review. The surgical registrar contacted MDA National for advice. We prepared his statement to the Coroner and, given the clear conflict between each registrar's version of events, we also arranged separate representation at the inquest to ensure our Member's interests were properly represented.

Allegations of misrepresentation and breach of privacy

A friend of a patient contacted the practice and asked to speak to the friend's treating doctor. The request was declined as the patient had not given consent for the treating doctor to discuss personal medical information with the friend. The friend called several times and while the receptionist consulted with the treating doctor, another administrative staff member intercepted the call which had been on hold for some time.

When the staff member asked, "How can I help you?" the patient's friend provided lengthy comment on the patient's care before the staff member was able to interrupt and advise that she was not a doctor.

The staff member was then accused by the patient's friend of impersonating a doctor and breaching the patient's privacy. MDA National's Practice Indemnity Policy responded to a claim that was subsequently brought against the practice staff.

* The case scenarios described above are based on actual medical negligence claims or medico-legal referrals. However, certain facts have been omitted or changed to ensure the anonymity of the parties involved.

A photograph of two women in a medical or office setting, overlaid with a semi-transparent orange filter. The woman on the left is looking at a document held by the woman on the right. They are both dressed in professional attire. A white circle is superimposed over the lower-left portion of the image, containing the text 'WE PROMOTE'.

**WE
PROMOTE**

Promoting best
practice in the
medical profession

PROMOTING Safe Medical Practice

MDA National promotes safe medical practice by informing, educating and supporting our Members through a variety of channels.

Member publications

Our suite of Member publications is tailored to address the specific needs of Members at key career stages, and delivered in both hard copy and online format to best suit Members' preferences.



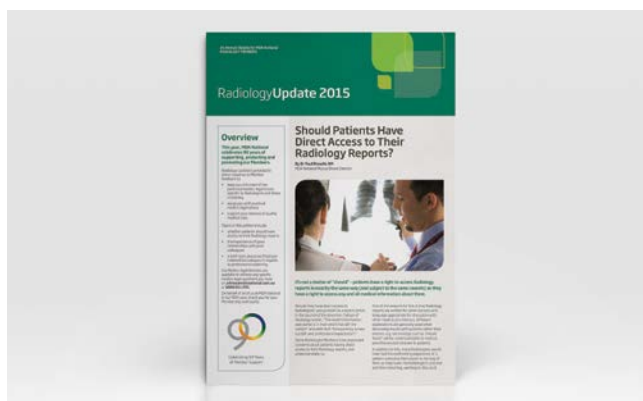
Defence Update

- Our flagship publication designed for Members who are established in their chosen field of expertise as medical practitioners and/or specialists.
- Three editions per year distributed to our Doctor in Specialist Training Members and Doctor in Practice Members.



First Defence

- Three editions per year distributed to our Doctor in Training Members from intern to postgraduate year 5.
- Spring/Summer edition also sent to final year student Members.



Specialty Updates

- Designed as companion publications to *Defence Update*.
- Distributed annually in direct response to Member demand for specialty-specific information.



Student eNews

- Three digital editions per year distributed to our medical student Members.
- Nature and timing of content driven by key milestones for medical students, e.g. medical student orientation, elective placements, exams and graduation.

Member education

MDA National continued to provide a broad range of education to Members in 2014/15. Built on Member feedback and the analysis of claims and risk management data, all our educational topics are based on Member needs and demand. In 2014/15, we continued to accredit our activities with medical college professional development programs to enable Members to receive appropriate recognition for their learning with MDA National.

Face-to-face activities

Our face-to-face sessions often combine participants across diverse specialties, enabling insight into different perspectives on common challenges. Many of our Members have contributed ideas for education topics, content, delivery methods and future improvements. In 2014/15, Members facilitated 96% of our face-to-face sessions, with the remaining 4% facilitated by experts from a legal and risk management background.

We strive to deliver many face-to-face sessions around the country each year, with a priority on bringing these activities to rural and/or remote areas where possible. In 2014/15, our Education Services team delivered 71 face-to-face activities (55 in capital cities; 16 outside of capital cities).

In 2014/15, we delivered a new face-to-face activity, *Complexities of Informed Consent Conversations*, aimed at strengthening doctors' knowledge and skills in facilitating optimal patient understanding and informed consent processes. The case scenario quiz format had participants vigorously discussing tricky consent issues and provided a foundation for useful dialogue between our medico-legal staff and Members. Participants also commented positively on the inclusion of a consumer representative on the session panel.

*"Excellent delivery
and research"*

Practice Manager, QLD

*"Productive and
interactive workshop
with interesting case
discussions"*

General Practitioner, ACT

*"Very effective and
delightful session"*

Medical Officer, VIC

*"Great session. Lots of
different scenarios and
audience participation"*

Sexual Health
practitioner, WA

*"The right amount of
didactic... and group
contributions"*

Senior Resident Medical
Officer, NSW

*"Good to have
group discussion
and feedback
from colleagues"*

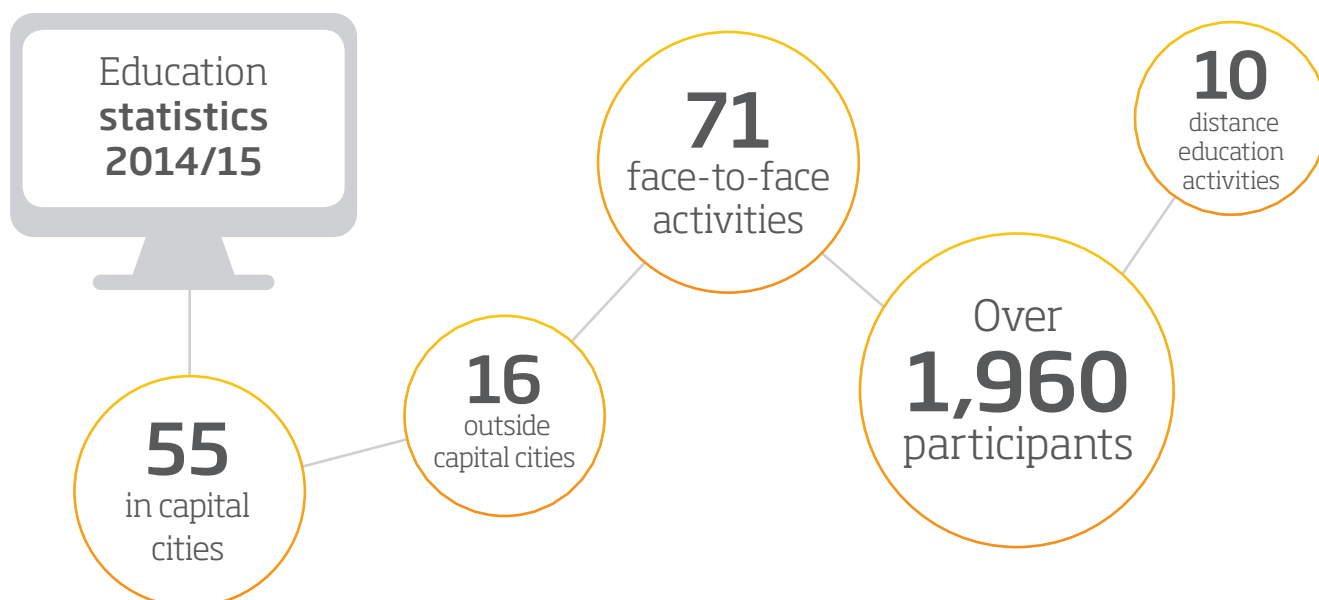
General Practitioner, SA

Distance education

We launched a new online education platform in 2014/15 including several activities continuously available through our Member Online Services:

- three accredited *Defence Update* activity instalments
- "Applying for Junior Doctor Positions" module.

Members tell us that online education is important. This remains a focus for us to further enhance engagement with our rural and remote Members, and to provide more choice around the delivery of education for all Members.



Face-to-face sessions were delivered by our Education Services team to



Medico-legal presentations

In 2014/15, our Claims and Advisory Services staff delivered **over 50 presentations** on a range of medico-legal and risk management topics, with the focus on safe medical practice.

Requests were initiated by



Presentations were delivered by our Claims and Advisory staff to



PROMOTING The Medical Profession

As an organisation that has long been part of the medical profession, we recognise that promoting good medical practice flows over to the broader medical profession and ultimately benefits the community as a whole.

Advocating for the profession

In 2014/15, we continued to actively advocate for our Members by way of submissions at a number of forums, as well as through the Medical Indemnity Industry Association of Australia (MIIAA), taking into consideration issues of concern to Members and emerging risks.

Issue	Action	Status
Australian Cosmetic Medical and Surgical Procedures	Provided a submission in May 2015 about the Medical Board of Australia's Cosmetic Medical and Surgical Procedures. Our submission supports a single regulatory authority and specific guidelines in relation to these procedures.	Awaiting outcome of review.
Mandatory Reporting	Continued to lobby state governments, the Medical Board of Australia and AHPRA on the need to implement mandatory reporting exclusions in all states and territories for doctors who treat other doctors (similar to the exemptions under current WA legislation). We believe it is imperative for doctors to be able to seek medical care without fear of mandatory reporting which has a negative impact on their health and wellbeing.	Ongoing lobbying of relevant entities.
Medical Board of Australia Guidelines	<p>Provided a submission in August 2014 about the regulatory management of registered health practitioners and medical students infected with blood-borne viruses. We recommended that:</p> <ul style="list-style-type: none"> • there should be guidelines in relation to health practitioners and the public outlining the regulatory management of practitioners infected with blood-borne viruses • practitioners who do not perform exposure-prone procedures should not be required to know their blood-borne virus status. 	No further developments.
National Registration and Accreditation Scheme	Provided an extensive submission in October 2014 advocating for treating doctor exemption in relation to mandatory reporting and national uniformity of processes in relation to complaints and notifications against medical practitioners focusing on communication, responsiveness and consistency of outcomes.	Treating doctor exemptions in relation to mandatory reporting continues to be on the agenda. Ongoing meetings with AHPRA and OHO in relation to complaints and notifications.
NSW Ministry of Health Consent Manual	Reviewed in December 2014.	No further developments.

Personally Controlled Electronic Health Records (PCEHR)	Provided a submission in September 2014 recommending limited exclusions in relation to uploading of diagnostic imaging and pathology reports. We advocated that STD/HIV test results and results relating to “vulnerable patients” should be excluded from PCEHR records.	No further requirements to provide submissions.
AHPRA processes	<p>Commenced quarterly meetings with AHPRA to discuss Member grievances and canvass better ways to manage/limit the stress of notifications on practitioners. Discussion has included the introduction of a triage process whereby the Medical Board will review notifications before dispatch to practitioners in order to appropriately “weed out” those that do not justify putting the practitioner to the trouble of providing a response.</p> <p>Further discussion involved shifting of responsibility for less serious matters away from AHPRA and back to the health complaints entities. Discussions led to a further meeting between AHPRA personnel and MDA National staff to discuss emerging education and support needs of practitioners.</p>	Ongoing dialogue with AHPRA with a view to taking steps towards our shared objective of assisting practitioners to perform to their maximum potential with the best interests of their patients as the goal.

Uniting for the profession

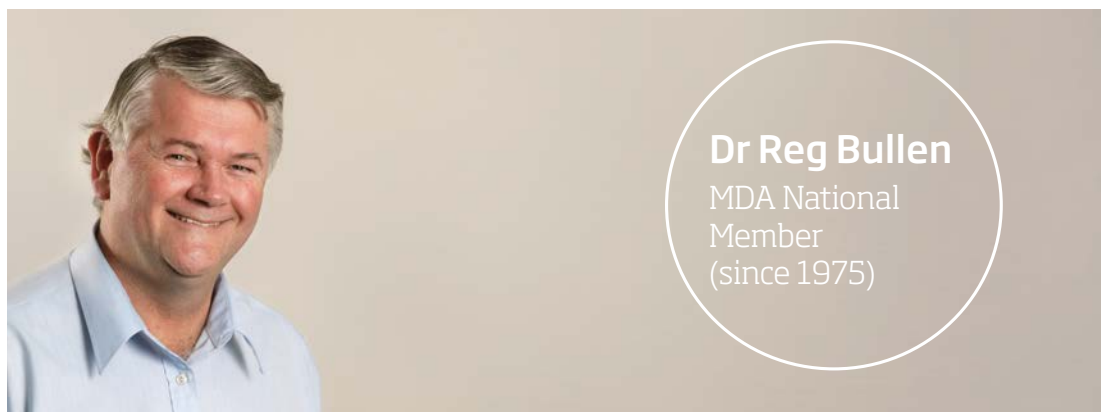
We believe we can achieve better outcomes for our Members and the broader community when we work together with like-minded organisations towards a shared vision. With this in mind, we place great emphasis on choosing and maintaining close working relationships with relevant organisations and industry associations to promote good medical practice and offer enhanced Member benefits.

We have continued to grow our diverse network of stakeholders, strategic alliances and key industry relationships to support our Members and the medical profession. Our strategic alliances and major industry sponsorships for 2014/15 included:

Australian Medical Association of Western Australia (AMA WA)	General Practice Supervisors Australia (GPSA) - new
Australian Medical Students' Association (AMSA)	Medical Journal of Australia (MJA)
Australian Orthopaedic Association (AOA) - new	Royal Australian College of General Practitioners (RACGP)
Australian Society of Anaesthetists (ASA)	Royal Australian College of General Practitioners (RACGP) Tasmania
Australian Society of Ophthalmologists (ASO)	Royal Australasian College of Surgeons (RACS) Queensland
<i>beyondblue</i>	Rural Doctors Association of Australia (RDAA) - new
G20 Health Summit	The Electives Network (TEN)
General Practice Registrars Australia (GPRA)	



I expect to eventually become a retired Member after benefiting from a professional lifetime of security, friendship, service and protection accorded to me by “my” medical defence organisation – MDA National.



Seemingly a lifetime ago (in 1975), an “aged” doctor attended my medical school late in our sixth year to recruit us to join the Medical Defence Association of Western Australia (MDAWA). It would only cost \$100 per year for the doctors, at any stage of their career, and would protect us from the (then) unlikely event of being sued. All 88 of us joined!

I suspect we neither thought about it for very long, nor expected to get anything in return for our money. It was, after all, just insurance. At the time, Resident Medical Officers could expect an annual income of \$12,200 with no overtime paid, and work an average of 100 hours per week except in ED... so it was probably good value. Oh! How things have changed.

- MDAWA is now MDA National.
- I’m not a 23-year-old.
- (Almost) no one works 100 hours per week in a hospital.
- Even more patients and others (AHPRA, the Ombudsman, Medical Board, PSR/Medicare) want a piece of us.

So why do we bother?

The status, the money, the excitement, the joy, the collegiality of our profession, the satisfaction, the chase, the outcomes, the gratitude... or you can add your choice of other benefits. These then are the rewards! But, as with all endeavours worth the effort, the risk-benefit analysis is one crucial consideration we need to address.

As always, I have many good resources available to tip the risks somewhat in my favour, and therefore to my patients’ benefit. These are my teachers (undergraduate, postgraduate, online and live), my texts (print and online) and increasingly, my MDA National Member benefits.

Since introducing medical education services as a Member benefit in the early “noughties”, MDA National has expanded this service to help Members fulfil the requirements from CPD/QA assessments for many colleges; broadened and deepened the subjects covered; and sought to increase its relevance to modern medical practice – and still manages to provide it to Members within the subscription cost.

There are times when mistakes occur – despite the expectations of courts, regulators and patients, we remain human doctors. And today, as in 1925 (yes, that long ago), the doctor Members of MDA National remain a mutually supportive collegial group who will look after one another, and with increasingly sophisticated means of doing so.



CONCISE FINANCIAL REPORT

For the year ended
30 June 2015

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 2015. 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 and its controlled entities ("MDA National" or "the MDAN Group") present the concise financial report of the MDAN Group for the year ended 30 June 2015 and their report as follows:

Corporate information

MDA National Limited is medical practitioner owned and operated, and offers professional medical indemnity throughout Australia through its wholly owned insurance company, MDA National Insurance Pty Ltd (MDA National Insurance). Founded in Western Australia (1925), MDA National 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
(08) 6461 3400

Directors

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

A/Prof Max Baumwol

Dr Reg Bullen (resigned March 2015)

A/Prof Rosanna Capolingua

Dr David Gilpin

A/Prof Michael Hollands

Dr Andrew J Miller

Dr Rod Moore

Dr Robyn Napier

Dr Paul Nisselle (appointed March 2015)

A/Prof Julian Rait (resigned October 2014)

Mr Steve Scudamore

Mr John Trowbridge (resigned October 2014)

Dr Beres C A Wenck

Dr Rod Moore (President)

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

Dr Moore was appointed Chairman of MDA National's Mutual Board on 19 March 2015. He was first elected to the Mutual Board in 1998 and served as Vice President from 2004 to 2007.

Dr Moore is a member of the MDAN Group's Nominations & Remuneration Committee and Capital Committee, and MDA National Insurance's Clinical Underwriting Committee. He is also Chair of the Cases (Western/Central) Committee. In addition, Dr Moore has been a member of the Board of MDA National Insurance Pty Ltd since 2007. He was a member of the MDAN Group's Nominations Committee until December 2013, which was subsequently merged with the Remuneration Committee.

Dr Moore is a founding Principal of two multidisciplinary sports medicine clinics in Perth. He has had a long involvement with Australian Rules football. He has been the team doctor for the West Coast Eagles from when they entered the national competition in 1987 until the end of the 2012 season. He is a graduate of the Australian Institute of Company Directors and serves as a clinical tutor for the University of Notre Dame, Western Australia. He is also a Board member of HBF Health Ltd.

Dr Beres C A Wenck (Vice President)

MBBS, FRACGP (Hon), FAMA, MAICD

Dr Wenck was elected to the Mutual Board in September 2004. She is a General Practitioner in Brisbane and is involved in teaching medical students and supervising trainee GP registrars.

Dr Wenck is the National Chair of the President's Medical Liaison Council (PMLC). She is a member of MDA National Insurance's Clinical Underwriting Committee, and was a member of the MDAN Group's Nominations Committee until December 2013.

Dr Wenck has been an invited speaker on medical indemnity both nationally and internationally. Currently, she is Principal Medical Director of National Home Doctor Service in Brisbane and the Chair of the Clinical Advisory Board of National Home Doctor Service, the group responsible for the clinical governance of the organisation.

Dr Wenck is the Chair of the National Standing Committee of the Royal Australian College of General Practitioners (RACGP) for GP Advocacy and Support. In 2009, she was commissioned to author a paper for the Health and Hospital Reform Commission titled *General Practice* in 2020. She was awarded Honorary Fellowship of the RACGP in 2009. In 2012 she was awarded RACGP's most prestigious honour, the Rose Hunt Medal.

During her career, Dr Wenck has been a Ministerial Appointee to the Q Comp Board and the Health Promotion Board in Queensland. She also spent many years as a visiting medical officer at the Royal Children's Hospital. She is the Medical Consultant for Adoptions, Queensland.

Dr Wenck was President of AMA Queensland (1999-2000) and was awarded Fellowship of the AMA in 2000, and the AMAQ President's Award in 2007. She is a past AMA Federal Councillor.

A/Prof Max Baumwol (Chair of Finance)

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

A/Prof Baumwol, a General Surgeon, has been a member of the Mutual Board since 1993. He has held the positions of Secretary (1997) and Treasurer (1998-2001) and has been the Chair of Finance since 2002.

A/Prof Baumwol is a member of MDA National Insurance's Cases Committee (Western/Central) and the MDAN Group's Capital Committee. He was a director of MDA National Insurance from 1996 to 1998.

A/Prof Baumwol is attached to the University of WA Surgical Teaching Unit, and is an examiner for the University of Western Australia MBBS and the Royal Australasian College of Surgeons.

A/Prof Rosanna Capolingua (Director)

MBBS, FAICD

A/Prof Capolingua, a General Practitioner, was elected to the Mutual Board in 2005. During her career, she has been actively involved with the medical profession through a number of organisations including the Australian Medical Association (AMA), both at state and federal level.

A/Prof Capolingua is a member of MDA National Insurance's Cases (Western/Central) Committee. From July 2010 to November 2013, A/Prof Capolingua was an alternative director to Dr Fiona Bettenay on the Board of MDA National Insurance Pty Ltd.

A/Prof Capolingua served as Federal President of the AMA (2007-2009), AMA (WA) President (1998-2000) and AMA Federal Treasurer (2005-2007). She was on the Executive of the Federal AMA for six years, having chaired the Federal AMA's Ethics and Medico-legal Committee and the Taskforce on Indigenous Health. She was also Chair of the Australian Medical Publishing Company and has been a member of two standing committees of the National Health and Medical Research Council - the Human Genetics Advisory Committee and the Australian Health Ethics Committee.

A/Prof Capolingua has also served on the Medical Board of WA, Professional Services Review Committee, the Board of Mercy Care, and was a member of the UWA Raine Foundation Board. She was also Chairman of the Board of Healthway, Board member of St John of God Healthcare Australia and the Board of Governors of the University of Notre Dame Australia. In 2012, A/Prof Capolingua was appointed Chair of the Governing Council for Child & Adolescent Health Services in WA. She is also Chair of the WA Immunisation Strategy Committee, St John of God Clinical Performance Committee, AMA (WA) Services Pty Ltd, and Councillor of AMA (WA).

A/Prof Capolingua sits on the Medical Advisory Committee and is a Director of Doctor Liaison for SJOG Hospital in Subiaco, WA. She is also Medical Director of the AMA (WA) Foundation and is the practice principal and owner of a general practice which teaches medical students and GP registrars.

Dr David Gilpin (Director)

MBBS (Hons), FRACS, GAICD

Dr Gilpin is an Orthopaedic Surgeon in Queensland with a sole focus of practice in upper limb surgery. He was appointed to the Mutual Board in 2010.

Dr Gilpin's appointments with MDA National include Queensland Chair of the President's Medical Liaison Council and member of MDA National Insurance's Clinical Underwriting Committee. He was also a member of the Queensland Advisory Committee (2003-2009). Dr Gilpin was appointed to the MDAN Group's Audit Committee and Risk Committee in August 2015.

Dr Gilpin has been in practice for over 20 years, during which time he has been involved in the active promotion of upper limb surgery, having served as both President of the Shoulder and Elbow Society of Australia and more recently on the Board of Hand Surgery. Dr Gilpin is a member of the Australian Orthopaedic Association, the Queensland Shoulder Surgery Society, the Queensland Hand Surgery Society and the Royal College of Surgeons.

Dr Gilpin is also involved in teaching, research and assisting in the ongoing education of both the medical profession and paramedical groups.

A/Prof Michael Hollands (Director)

MB, BS, FRACS, FRSC, FACS, DHMSA

A/Prof Hollands joined the Mutual Board in November 2013. He also serves on MDA National Insurance's Cases (Eastern) Committee.

A/Prof Hollands is a General Surgeon at Westmead Hospital (NSW) and is Clinical Associate Professor of Surgery of the Western Clinical School of Sydney University. He has postgraduate training in gastro-oesophageal and hepatopancreatobiliary surgery.

A/Prof Hollands trained at St Vincent's Hospital in Sydney, and later at The Royal Postgraduate Medical School and Guys Hospital in London. He then worked in Beth Israel Hospital and Harvard Medical School (Boston) and Queen Mary's Hospital (Hong Kong) before joining the staff at Westmead in 1986.

A/Prof Hollands has Fellowships in surgery from The Royal Australasian College of Surgeons (RACS), the Royal College of Surgeons of England and the American College of Surgeons. He was formerly Chair of the Early Management of Severe Trauma Committee and the NSW Regional Committee of RACS. He was elected to the Council of RACS in 2006, served as Treasurer from 2010 to 2011, and was elected President in 2012.

A/Prof Hollands is a member of the Council of the National Medical Training Advisory Network, the Board of the Foundation for Surgery and the Australian Medical Council. He was also the Area Director of General Surgery, Eastern Cluster of Western Sydney Area Health Service. He is the Chairman for the Committee of Presidents of Medical Colleges.

Dr Andrew J Miller (Director)

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

Dr Miller is an Anaesthetist in active private practice in Perth. He was first elected to the Mutual Board in 1998. He is a member of MDA National Insurance's Cases (Western/Central) Committee and MDAN Group's Nominations & Remuneration Committee.

Dr Miller's appointments with MDA National include Secretary (2000-2001), Vice President (2001-2004), President (2004-2005), Director of Medical Indemnity Services (2001-2005), Alternate Director of MDA National Insurance Pty Ltd (2010-2013) and Director MDA National Insurance Pty Ltd (from June 2015).

Dr Miller is Chairman of the Medical Indemnity Industry Association of Australia (MIIAA). He is a Director and Treasurer of the Australian Society of Anaesthetists, and Vice President and Anaesthesia Craft Group Representative of AMA (WA). He is a Board member of the Marian Centre Pty Ltd. Dr Miller is also a graduate member of the Australian Institute of Company Directors.

Dr Robyn Napier (Director)

MBBS (Sydney), FAMA, MAICD

Dr Napier is a General Practitioner in Sydney. She joined the Mutual Board in 2005. She is Chair of MDA National Insurance's Cases (Eastern) Committee and Chair of MDAN Group's Corporate Social Responsibility Steering Committee.

Dr Napier is the AMA (NSW) Medical Secretary and Medical Director. She has represented the profession on the NSW Medical Board and later the NSW Medical Council, and is currently a member of the NSW Registration Committee of the National Board.

Dr Napier is a past AMA Federal Councillor and the inaugural Chair of the Federal AMA Therapeutics Committee. Dr Napier is also on the BEACH Research Advisory Committee (University of Sydney), Medicines Australia Monitoring Committee and the Area of Need Advisory Committee (NSW). She is a Deputy Director of Professional Services Review and a member of the Australian Institute of Company Directors.

Dr Paul Nisselle (Director)

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

Dr Nisselle is a General Practitioner in Melbourne. He was elected to the Mutual Board on 19 March 2015. He was a member of MDA National's President's Medical Liaison Council (PMLC) until March 2015.

Dr Nisselle has held senior roles in medical indemnity organisations in Australia as well as in London, where he worked as Senior Consultant for Educational Services at MPS. He has held senior positions in AMA (VIC) including a term as President, and was an AMA Federal Councillor for 11 years. He has sat on the Victorian Faculty Board and Federal Council of the RACGP, was a Director and then Chairman at The Doctors' Health Fund, and for a number of years held two Ministerial appointments.

He has written and lectured extensively on clinical and medico-legal topics in Australia and internationally. He has conducted workshops on these topics widely across Australia and the United Kingdom as well as in New Zealand and South East Asia. He has held teaching appointments at both the University of Melbourne and Monash University (Melbourne). He was made a Member of the Order of Australia (AM) in 2003.

Mr Steve Scudamore (Director)

MA (Oxon), FCA, FAICD, SF Fin

Mr Scudamore was appointed to the Mutual Board in November 2013. He joined the MDA National Insurance Board in July 2012 and was later appointed Chairman of the Insurance Board on 11 October 2014. He is a member of the MDAN Group's Audit Committee, Risk Committee and the Nominations & Remuneration Committee.

Mr Scudamore has over 38 years work experience, 28 of which have been as a partner of KPMG providing advisory services and, earlier in his career, audit services to companies in a variety of industries including energy and natural resources, financial services and government clients.

Mr Scudamore is the Chair of Amana Living and a Director of Aquila Resources and Altona Mining Ltd. He is also a member of the Curtin University of Technology Council and Trustee of the Western Australia Museum. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australia.

Principal activity

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

Throughout the 2015 financial year, MDA National has continued to provide Members and insureds with a competitive insurance policy that protects their interests in addition to high quality service 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 robust Business Plan using a series of Key Performance Indicators designed to monitor Membership growth, Member satisfaction, claims management and financial strength of the MDAN Group.

Results and performance

The consolidated net profit after tax for the year was \$14,902,223 (2014: \$11,060,162).

Significant changes in the state of affairs

There has been no significant change in the state of affairs during the year.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future years are that the Company will continue normal operations with a view to remaining one of Australia's leading medical indemnity providers through careful management of its financial position.

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, the Company 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 the Company 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 2001* (Cth), 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.

Indemnification of auditors

To the extent permitted by law, the Company 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.

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, Risk & Compliance Committee meetings		Remuneration Committee meetings		Nomination Committee meetings		Capital Committee meetings		Audit Committee		Risk Committee		Nominations & Remuneration 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	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 Max Baumwol	9	10							5	7						
Dr Reg Bullen ⁽¹⁾	7	7	3	3							1	1	1	1		
A/Prof Rosanna Capolingua	9	10														
Dr David Gilpin	9	10														
Dr Andrew J Miller	10	10					2	2							5	5
Dr Rod Moore	10	10			3	3	2	2	7	7					5	5
Dr Robyn Napier	8	10														
A/Prof Julian Rait ⁽²⁾	4	5														
Dr Beres C A Wenck	9	10														
A/Prof Michael Hollands	9	10														
Mr Steve Scudamore	10	10	3	3	2	3	2	2			2	2	2	2	5	5
Mr John Trowbridge ⁽²⁾	4	5														
Dr Paul Nisselle ⁽³⁾	2	3														

⁽¹⁾ Resigned March 2015

⁽²⁾ Resigned October 2014

⁽³⁾ Appointed March 2015

Class of Membership

The Membership of the MDAN Group is divided into the following classes: practising Members, student Members, retired Members, honorary life Members and compounded life Members.

Liability of Members and guarantee on winding up

The liability of the Members is limited. Each Member undertakes to contribute to the assets of the Company 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 2015 Membership, the maximum amount that Members of the company are liable to contribute is \$365,280.

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 48.

Non-audit services

The following non-audit services were provided by the MDAN Group's auditor, Ernst & Young. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The nature and scope of the non-audit services provided means that auditor independence was not compromised.

Ernst & Young received the following amounts for the provision of non-audit services:

Proposed Merger Related Expenses	\$148,123
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Signed in accordance with a resolution of the Board of Directors:



Director

Dr Beres Wenck



Director

A/Prof Max Baumwol

Dated 18 September 2015



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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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 2015, 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 2015. 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 2015. We expressed an unmodified audit opinion on the financial report in our report dated 18 September 2015. 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 2015 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Ernst & Young

T G Dachs
Partner
Perth
18 September 2015



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Auditor's Independence Declaration to the Directors of MDA National Ltd

In relation to our audit of the financial report of MDA National Ltd and its controlled entities for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* (Cth) or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

T G Dachs
Partner
18 September 2015

MDA NATIONAL LIMITED trading as MDA NATIONAL

Statement of
Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
	Notes	30 June 2015 \$	30 June 2014 \$
Revenue			
Premium revenue (including subscription revenue)	3	62,284,323	61,954,093
Outward reinsurance expense		(3,492,538)	(3,699,638)
Net premium revenue		58,791,785	58,254,455
Claims expense		(27,869,556)	(39,227,033)
Reinsurance and other recoveries revenue		8,193,953	9,873,272
Net claims incurred		(19,675,603)	(29,353,761)
Other underwriting expenses		(3,106,392)	(2,787,357)
Underwriting result		36,009,790	26,113,337
Investment income	3	9,849,785	9,788,939
Fair value gains		2,631,053	7,061,437
Rental revenue		622,101	1,218,471
Other revenue	3	620,376	766,446
Depreciation and amortisation expense		(916,325)	(1,521,599)
Salaries, fees and employee benefits expense		(12,197,110)	(12,940,089)
Promotion and travel expense		(3,278,285)	(3,222,376)
Legal expense		(376,968)	(105,560)
Consulting expense		(3,144,128)	(3,160,815)
Financial costs and fees		(1,065,760)	(1,091,207)
General insurance expense		(438,378)	(528,019)
Other expenses		(5,807,073)	(5,347,611)
Profit/(loss) before income tax expense		22,509,078	17,031,354
Income tax expense		(7,606,855)	(5,971,192)
Net profit/(loss) after income tax expense from continuing operations		14,902,223	11,060,162
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit for the year		14,902,223	11,060,162

DISCUSSION AND ANALYSIS

The net profit after tax for the year ended 30 June 2015 was \$14.9 million compared to the profit after tax of \$11.1 million for the year ended 30 June 2014. Key factors contributing to the increase 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 offset by a reduction in premium rates across most doctor categories.

The net claim incurred expense for the year ended 30 June 2015 decreased by \$9.7 million to \$19.7 million. Net claims expense relating to the 2015 underwriting year was \$37.1 million which was offset by a provision release of \$17.4 million with respect to lower than expected claims arising from 2014 underwriting years and prior.

The underwriting result increased from \$26.1 million for the year ended 30 June 2014 to \$36.0 million for the year ended 30 June 2015. The increase is mainly attributed to the movement in the net claims expense and premium revenue outlined above.

Investment performance

Net investment income for the year was \$12.5 million compared to \$16.9 million in 2014. The reduction is mainly attributed to lower fair value gains and losses in 2015.

MDA NATIONAL LIMITED trading as MDA NATIONAL

Statement of
Financial Position

AS AT 30 JUNE 2015

	Consolidated	
	30 June 2015 \$	30 June 2014 \$
ASSETS		
Current Assets		
Cash and cash equivalents	16,693,879	17,889,044
Receivables	14,990,415	18,895,264
Financial assets at fair value through profit and loss	165,441,779	155,287,426
Other assets	428,715	460,910
Total Current Assets	197,554,788	192,532,644
Non-Current Assets		
Receivables	44,896,042	42,957,976
Financial assets at fair value through profit and loss	111,049,797	107,466,011
Deferred tax asset	1,154,898	2,229,810
Intangible assets	5,387,795	2,938,193
Property, plant and equipment	17,858,836	18,521,824
Total Non-Current Assets	180,347,368	174,113,814
TOTAL ASSETS	377,902,156	366,646,458
LIABILITIES		
Current Liabilities		
Payables	10,346,606	11,287,672
Provisions	66,352,863	65,973,190
Current tax liabilities	3,778,940	1,653,043
Total Current Liabilities	80,478,409	78,913,905
Non-Current Liabilities		
Provisions	126,493,870	131,704,899
Total Non-Current Liabilities	126,493,870	131,704,899
TOTAL LIABILITIES	206,972,279	210,618,804
NET ASSETS	170,929,877	156,027,654
MEMBERS' FUNDS		
Accumulated surplus	170,929,877	156,027,654
TOTAL MEMBERS' FUNDS	170,929,877	156,027,654

DISCUSSION AND ANALYSIS

The net assets as at 30 June 2015 have increased by \$14.9 million from \$156.0 million as at 30 June 2014 to \$170.9 million due to the profit for the current year.

Total assets have increased by \$11.3 million mainly due to an increase in financial assets at fair value through the profit and loss of \$13.7 million, offset by a reduction of \$1.2 million in Cash and cash equivalents. The net increase of \$12.5 million reflects increased receipts.

The above is offset by a decrease in tax related assets of \$1.1 million relating to tax payments during the year.

Receivables have decreased by \$2.0 million during the year. This is predominately due to lower anticipated recoveries from government schemes and reinsurance recoveries.

Intangible assets increased by \$2.5 million to \$5.4 million at 30 June 2015 due to the Group undertaking a project to upgrade software and system capabilities.

Total liabilities have decreased by \$3.6 million as a result of a decrease of \$6.2 million in the gross outstanding claims provision. The decrease in the gross outstanding claims reflects claims payments during the year, and claims reserve releases.

MDA NATIONAL LIMITED trading as MDA NATIONAL

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated	
	Accumulated Surplus \$	Total Members' Funds \$
At 1 July 2013	144,967,492	144,967,492
Net profit after tax for the year	11,060,162	11,060,162
Total comprehensive profit	11,060,162	11,060,162
At 30 June 2014	156,027,654	156,027,654
Net profit after tax for the year	14,902,223	14,902,223
Total comprehensive profit	14,902,223	14,902,223
At 30 June 2015	170,929,877	170,929,877

DISCUSSION AND ANALYSIS

Accumulated surpluses increased to \$170.9 million as a result of the operating profit after tax of \$14.9 million for the year.

MDA NATIONAL LIMITED trading as MDA NATIONAL

Statement of
Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated	
	30 June 2015 \$	30 June 2014 \$
Cash flows from operating activities		
Receipts from Members, insureds, reinsurance and other recoveries	78,185,345	72,287,727
Interest received	7,095,956	6,488,483
Payments to suppliers, employees and claims paid	(71,546,931)	(68,978,918)
Interest paid	-	-
Income tax received/(paid)	(4,406,046)	(1,861,630)
Net cash inflows from operating activities	9,328,324	7,935,662
Cash flows from investing activities		
Funds deposited into managed portfolio and term deposits	(48,429,008)	(79,331,413)
Proceeds from the redemption of investments	40,608,458	67,822,030
Proceeds from the sale of property, plant and equipment	-	-
Acquisition of property, plant and equipment and intangibles	(2,702,939)	(3,133,984)
Net cash outflows from investing activities	(10,523,489)	(14,643,367)
Cash flows from financing activities		
Finance lease	-	-
Repayment of borrowings	-	-
Net outflows from financing activities	-	-
Net decrease in cash and cash equivalents	(1,195,165)	(6,707,705)
Cash and cash equivalents at beginning of year	17,889,044	24,596,749
Cash and cash equivalents at the end of year	16,693,879	17,889,044

DISCUSSION AND ANALYSIS

Cash flows from operations

Net cash inflow from operations was \$9.3 million compared with a \$7.9 million inflow for the previous year. The major contributing factors are highlighted below:

- An increase of \$5.9 million in receipts from Members, insureds, reinsurance and other recoveries.
- Income tax payments of \$4.4m.
- An increase of \$2.6 million in payments to suppliers, employees and claims is attributable to claims costs settled during the period.

Cash flows from investments

Net cash outflows from investment activities were \$10.5 million compared with a \$14.6 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 \$7.8 million in cash being invested.

Cash flows from financing

There were no cash flows during the year relating to financing activities.

MDA NATIONAL LIMITED trading as MDA NATIONAL

Notes To The Concise Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the requirements of Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

The Concise Financial Report is presented in Australian dollars and has been prepared on an historic cost basis except for certain financial instruments that have been measured at fair value. MDA National Limited's functional currency is Australian dollars.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and judgements are made by MDA National Limited to arrive at certain key assets and liability amounts disclosed in the financial statements. These estimates and judgements are continually being evaluated and are based on historical experience and other factors including the benefit of hindsight as well as new actuarial modelling techniques.

(a) Liabilities arising under insurance policies

Provisions are made at year end for the outstanding claims liability in the Statement of Financial Position. This is the cost of claims incurred but not settled at balance date. Estimations are also made in respect of all recoveries, including reinsurance.

While all reasonable steps are taken to ensure that adequate information is obtained regarding outstanding claims exposures, given the uncertainty in establishing claims provisions, it is likely the final outcome will prove to be different from the original liability established.

The estimate of the liability for outstanding claims is based on independent actuarial valuation. Refer to Note 2(d) for specific assumptions used in deriving the outstanding claims liability.

(b) Assets arising from reinsurance contracts and government schemes

Assets arising from reinsurance contracts and government schemes are also calculated using actuarial methods. In addition, the recoverability of the assets is amended on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment losses are recognised where there is objective evidence that the MDAN Group may not receive amounts due to it and these amounts can be reliably estimated.

(c) Valuation of investments

The Group uses three methods in estimating the fair value of financial and non-financial assets. The methods comprise:

- Level 1 The fair value is calculated using quoted prices in active markets. Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs.
- Level 2 The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices). For financial and non-financial assets not quoted in active markets, the Group uses the valuation technique where all of the inputs to the valuation are based directly or indirectly on market observable prices.
- Level 3 The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The value of level 3 investments disclosed in the statement of financial performance is \$nil (2014: \$nil). All other investments are classified as level 1 or level 2 in accordance with AASB 7 *Disclosures of Financial Instruments*.

(d) Process to determine actuarial assumptions

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

Average weighted term to settlement

The estimated average weighted term to settlement is based on historical settlement patterns.

Claim numbers (claim frequency)

Estimated future numbers of claim reports are based on historical patterns of claim reporting and conversion from incident to claim.

Average claim size

Estimated average claim sizes are based on historical claim size experience.

Inflation and superimposed inflation

Normal inflation is based on future forecasts for wage inflation. The superimposed inflation rate is based on the MDAN Group's view of Australia-wide 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. This is often termed superimposed inflation and is analysed and forecast separately from wage inflation. The actuarial method used to project future claim payments in respect of medical indemnity claims typically has an explicit allowance for superimposed inflation.

Reinsurance and non-reinsurance recoveries

Reinsurance recoveries estimates are based on historical recovery rates. High Cost Claim Scheme ("HCCS") recoveries are estimates of recoveries based on the estimated costs above the HCCS thresholds implied by the MDAN Group's average claim size model. Run-Off Cover Scheme ("ROCS") recoveries estimates are based on the likelihood of doctors meeting the ROCS criteria in future and historical reporting patterns.

Claims handling expenses

The allowance for claims handling expenses is 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

The adopted discount rate is estimated using the expected claim payment profile and the Commonwealth Government bond yield curve at the balance date. The decrease in the discount rate from 3.0% at 30 June 2014 to 2.3% at 30 June 2015 resulted in an increase of approximately \$1million in the outstanding claims provision.

Risk margin

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate. Uncertainty was 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 were applied to the net central estimates to arrive at an overall provision which is intended to have a 75% probability of sufficiency.

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

	2015	2014
Average weighted term to settlement from reporting date	3.3 years	3.2 years
Claims handling expense rate		
% claims capped at excess of loss retention	8.0%	9.0%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	2.3%	3.0%
Inflation	N/A*	N/A*
Risk margin	15.3%	19.7%

* 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, 3.75% normal inflation and 3.00% superimposed inflation were used for all projection years.

3. REVENUE AND OTHER INCOME

	Consolidated	
	2015 \$	2014 \$
Underwriting activities		
Premium and subscription	62,284,323	61,954,093
Investment income		
Interest - other bodies corporate	6,563,249	7,222,795
Trust distributions	3,094,646	2,388,409
Fee rebate income	191,890	177,735
	9,849,785	9,788,939
Commission received	23,082	35,360
Government subsidy	597,294	731,086
	620,376	766,446

More than medical indemnity

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North Adelaide SA 5006

Brisbane

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87 Wickham Terrace
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Hobart

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Hobart TAS 7001

Melbourne

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Perth

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West Perth WA 6005

Sydney

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69 Christie Street
St Leonards NSW 2065

