

Annual Report 2017

Expert Guidance, Unwavering Support



Contents

01 **Strong Leadership, Robust Governance**

Governance and leadership report	6
Financial performance	8

02 **Sound Expertise, Personalised Support**

Medico-legal advice	12
Expert claims management	16
Tailored risk management	20
Extensive professional indemnity	22
Emotional support	24

03 **Relevant Resources, Multiple Channels**

Tailored publications	28
Digital content	30
Medico-legal blog	32
Practical education	34
Strong alliances	38

04 **National Footprint, Local Presence**

Organisational culture	42
Hands-on support	44
Expert leadership	46
Robust governance	48
Valuable insight	50

05 **Solid Performance, Secure Financials**

Concise Financial Report

Directors' Report	56
Independent Auditor's Report	62
Auditor's Independence Declaration	63
Statement of Comprehensive Income	64
Statement of Financial Position	65
Statement of Changes in Equity	66
Statement of Cash Flows	67
Notes to the Concise Financial Statements	68

**Grew our net
assets to \$178m**

as at 30 June 2017
(from \$174m at 30 June 2016)

**Achieved a
\$3.8m surplus**

for the year ending
30 June 2017

Highlights

2016/2017

**Grew our
junior doctor
Members by
14.1%**

**Grew our
practice
policies by
13.9%**

**Retained 97.3%
of our practising
doctor Members**

at year end renewals

**Expanded our
Claims & Advisory
team into
Queensland**

01

Strong Leadership, Robust Governance

**Governance
& leadership
report**

**Financial
performance**

Governance and leadership report

We remain true to our “doctors for doctors” ethos – owned and governed by doctors, caring for the wellbeing and interests of doctors. And we take pride in a workplace culture that is focused on people, core values and collaborative relationships, with a strong sense of responsibility for Members’ welfare.

Expert guidance, unwavering support

In this year’s annual report, we focus on the experience and expertise of our teams across the organisation. We are fortunate to have such highly skilled and talented people who are driven by a genuine and heartfelt commitment to deliver excellence in Member support.

We have completed another successful year - thanks to the dedication of our staff; the industry knowledge and experience of our Board members; valuable Member insight from our committees and working groups; and strong leadership and technical acumen from our senior management.

Doctors for doctors

Doctors are embedded throughout the organisation and involved in many aspects of our core business – including our Claims and Advisory Services, Boards, Committees and Working Groups. Their extensive insight from a medical perspective adds significant value to our business outcomes and Member services.

We sincerely thank Dr Robyn Napier, who retired from the Mutual Board and Chairmanship of our Eastern Cases Committee in August 2017, for all her contributions over the past 12 years. We also extend a warm welcome to A/Prof Michael Hollands who rejoined the Mutual Board in August 2017, and to our newest Mutual Board member, Dr Christine Pascott.

More of what really matters

We know Members have a resolute focus on the welfare of their patients. MDA National exists to give Members the support, protection and peace of mind they need so they can focus on patient care. Our Members are not just buying an insurance product – they are joining colleagues who collectively provide a support system for them, while also protecting their career and reputation.

Professional indemnity insurance combined with advice, expertise and financial security is MDA National’s core offering to Members. We continue to inform and guide Members on best practice through our high quality education and risk management services.

At the forefront

In 2016, we were the first medical defence organisation in Australia to launch a medico-legal blog as a means to communicate topical medico-legal issues in a timely way to Members – this has proven to be a successful initiative. The Schedule 8 Code change (described on page 32) is a great example of the effectiveness of our Medico-legal Blog and our collaboration with other professional organisations to achieve a good outcome for Members and, in this case, for palliative care.

In 2016/17, we advocated on various matters that had the potential to affect Members and the wider medical community – this included the senate inquiry into medical complaints; the independent review of chaperones by AHPRA and the Medical Board; the interim report on revalidation; and the ongoing dialogue in relation to treating doctor exemptions to mandatory reporting and its impact on doctors’ mental health. We continue to advocate on the proposed government changes to the high cost claims scheme so that changes, if any, would be moderate for the medical indemnity industry.



Dr Rod Moore
MDA National President



Steve Scudamore
MDA National Insurance Chairman



Ian Anderson
MDA National CEO

Member centricity and clear future focus

MDA National's commitment to Member centricity - putting Members at the heart of everything we do - is reflected in the work of every staff member across the organisation.

We conducted a Reputation Survey in February 2017 to evaluate how our services were resonating with Members. The survey results were encouraging - 90% of respondents said they felt supported by our team of medico-legal experts, and 87% felt we provide exceptional service.

In order to achieve our vision - "to be chosen above all others as the most valued and natural part of a doctor's professional risk management" - we need to be the best at meeting Members' needs. We are committed to achieving this through our continued drive for innovation and evolution.

In 2016/17, we refined our long-term strategic direction and key milestones aligned with our vision. We have a clear future focus, ensuring our continued ability to adapt and respond to changes in indemnity insurance, medical practice and our Members' needs.

Equipped for the future

MDA National finished the financial year with a solid capital position of \$178 million in net assets and a \$3.8 million surplus for the year. We retained 97.3% of practising doctor Members at year end renewals, while welcoming new Members. Today, we support more than 52,000 Members and insureds across Australia.

Our re-insurance program was renewed successfully this year - and once again we received very good feedback from the reinsurers who highly value MDA National's best practice approach to managing claims for Members. This was high praise coming from re-insurers who deal in medical malpractice on a global scale.

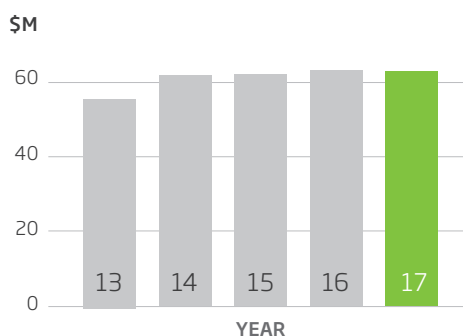
The Business Council of Co-operatives and Mutuals (of which we are a member) stated in the Australian Financial Review (June 2017) that "... mutuals are member-owned rather than investor-owned businesses, so the objective of delivering shared value rather than shareholder value is hard-wired into their DNA." As a mutual organisation, MDA National Members are not just insurance policy holders or recipients of our services - they are co-owners and stakeholders in the business.

Thank you to all our Members for your ongoing trust and loyalty. Thank you also to our Boards and people across the organisation for your dedication and diligence through another successful year. We look forward to embracing new opportunities to strengthen MDA National and deliver on Members' expectations in the year ahead.

In 2016/17, we continued to soundly manage all the elements of a strong insurance business and stay commercially competitive, while still remaining invested in supporting Members over and above medical indemnity.

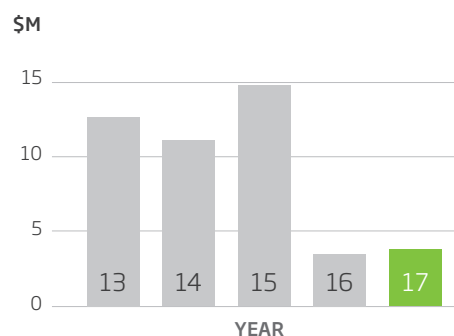
Financial performance*

Premium and subscription income for financial year ending 30 June



- Our premium and subscription income was \$62.8 million, an increase of 0.3% from the financial year ending 30 June 2016.
- Growth in Membership and dental practitioner insureds were offset by lower average premiums.

Surplus for financial year ending 30 June



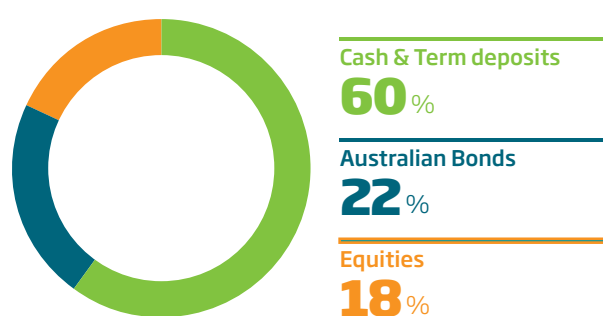
- We achieved a \$3.8 million surplus. This exceeded our close to break-even budget which was set on the basis of not needing to build capital and our continued commitment to deliver quality Member Services.
- The surplus is attributable to better than expected investment performance and lower general expenses.

Investment revenue and return for financial year ending 30 June



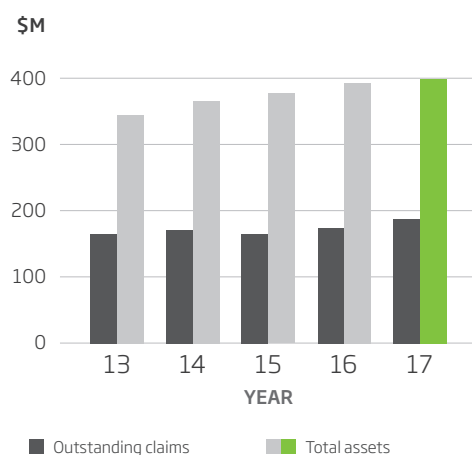
- Our investment return for the year was 4.0% compared to the official cash rate which began the year at 1.75%, reducing to 1.50% in August 2016.
- Investment income was above budget, largely as a result of the performance of equity pooled funds.

Investment mix as at 30 June 2017



- Our investment mix has remained fairly consistent for a number of years – cash and term deposits make up 60% of total investments; Australian Bonds represent a little under a quarter; and the remainder is invested in equity pooled funds managed by an external fund manager.
- 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 larger claims.

Outstanding claims and total assets for financial year ending 30 June



- MDA National's total assets of \$399 million (an increase of 2% on last year) exceeded the outstanding claims liability by \$213 million as at 30 June 2017.
- Having total assets more than double the level of outstanding claims means MDA National is able to meet Members' current needs, and also has the capacity to respond to any unforeseen claims events that could arise in the future.

We continue to direct our resources and investments to deliver superior service and value to our **52,000+ Members and insureds** across Australia.

Net assets and net assets per Member (excluding students) as at 30 June



- Our net assets increased to \$178 million (from \$174 million as at 30 June 2016).
- Net assets per Member (excluding students) have continued to reduce as a result of the steady growth in Membership.

Results from our Reputation Audit Research in 2017 indicated that **90% of Members feel supported** by our team of medico-legal experts, and **87% feel we provide exceptional service.**

Here's how our Members describe us:*



02

Sound Expertise, Personalised Support

**Medico-legal
advice**

**Expert claims
management**

**Tailored risk
management**

**Extensive
professional
indemnity**

**Emotional
support**

Medico-legal advice when you need it most

MDA National is much more than an insurance provider. In fact, we rarely talk about ourselves in those terms. We are truly a Member service organisation – with the emphasis on “service” – supporting and protecting our Members through the inevitable medico-legal issues they may face at some point in their career. This commitment is never more evident than in the work of our medico-legal team.

2016/17: Top 10 reasons for medico-legal advisory calls



30%
Advice/ethical
dilemma



12%
Medical records



11%
Medico-legal
report



8%
Confidentiality/
privacy



7%
Subpoena/
appearance
in court



6%
Ending
doctor-patient
relationship



6%
Clinical
incident



5%
Practice
management



4%
Employment
issues



4%
Mandatory
reporting of
colleagues

I can't possibly overstate how amazing the advice I've received from you has been over the years. I've been with MDA National since 2004. I have only ever had to ring you three times, and each time the advice has been A+.

Psychiatrist, QLD

Members have access to our 24-hour medico-legal helpline. As the first line of defence, our Medico-legal Advisers are on hand to offer immediate assistance to Members involved in a complaint, an inquiry or a negligence claim.

With experience in health care, law and professional indemnity, our Medico-legal Advisers have strong industry insight into today's medical practice environment. They are able to offer expert guidance and practical advice tailored to each Member's specific situation, which can often prevent the actual occurrence of a claim.

2016/17: Top 5 specialties that called for medico-legal advice

shown as % of total calls



54%
General
practitioner



13%
Surgeon



8%
Junior & doctor
in training



8%
Physician



6%
Psychiatrist



In 2016/17,
we received
7,712 calls to
our medico-legal
advisory line.

Medico-legal Advisers, Nerissa
Ferrie (left) and Janet Harry (right)

I am so relieved! I had no idea how long, stressful and emotionally draining this whole experience would be, and you have been an unbelievable support to me at every stage. I will always be grateful to you. MDA National has me as a life-long member now! I couldn't have got through this without you. You have been more of a support than you will ever know.

General Practitioner, TAS

What's your career background?

My career started with defendant personal injury work for insurance companies. But I had always wanted to do medical law – so I did my specialist accreditation in 2000, completed my Master of Laws in 2005, and joined MDA National in the same year. Since then, I've been focused on managing medico-legal claims.

What led you to this type of role?

Both my parents are medical practitioners, so I guess that's how my interest developed. I lived through their ups and downs and saw first-hand what doctors go through when things go wrong. I always hoped I would find a role where I could do something to make a difference, and help those who were focused on helping others.

What do you love about your work?

I really enjoy the level of contact we have with our doctors, and appreciate being able to help them through such difficult times in their lives. I get immense personal satisfaction when I've spoken to a doctor and they tell me a weight has been lifted off their shoulders. I go home on most days feeling I've really been able to make a difference to our doctors, and that's incredibly rewarding.

Julie Brooke-Cowden - NSW
12 years at MDA National

Manager, Claims & Advisory Services

What are your interests outside of work?

I love cooking, reading, and walking with my "fur child" Ellie. I've been researching in preparation for writing a book, with a lot of procrastinating! I have a fair bit of commitment outside of work and I volunteer for various activities. I'm on a number of law society committees and on the human research ethics committee at Concord hospital. I also lecture at the University of Notre Dame.

Do you have a favourite quote?

"Treat others as you wish to be treated" – that's my guiding mantra.

If you could change one thing for doctors or the medical profession, what would it be?

I'd like to see equity in the approach of the courts and the complaints bodies, with less of a presumption that the doctor is at fault when a claim is made or a complication has been experienced.



Expert claims management for the best outcomes

The overriding concern in any claim is the welfare of our Member. When Members are threatened with legal action, investigation by a regulator, a subpoena by the Coroner, or when their employment and reputation are at stake, they can be reassured of our claims team's diligence and expertise in managing such matters.

Using their past experience in dealing with similar issues, our Claims Managers propose the most appropriate strategy and tailor solutions to best meet the Member's particular situation.

Our Claims Managers also receive invaluable advice from our Cases Committees (Eastern, Western and Central) which consist of a broad spectrum of clinicians.

2016/17: Top 5 reasons for cases



31%
General duty
of care issues



17%
Diagnosis



16%
Legal issues



15%
Procedure



7%
Medication
related

2016/17: Top 5 specialties involved in cases

shown as % of total cases based
on the top three incident types



54%
General
practitioner



10%
Surgeon



7%
Psychiatrist



7%
Physician



2%
Anaesthetist

Our claims team (based in Sydney, Perth and Brisbane) is backed by a broad selection of senior lawyers in each Australian state and territory who understand our industry, and who can be called upon at any stage to provide representation, advice and support.

This gives us the unique capability of matching the Member with the best of in-house expertise and external lawyers for their specific matter. Our Claims Managers listen to the Member and factor in their desired outcomes when determining the strategy.

In 2016, I was sued for negligence when I knew I had done nothing wrong. The whole process was extremely stressful for me and my family. I didn't realise how much background work the legal case involved - digging up evidence from 11 years ago, providing supporting documentation, finding expert witnesses and endless negotiations. I would never have been able to do this myself.

MDA National was fantastic in protecting me, arranging legal support, guiding me through it and fighting for me - and in the end the court ruled in my favour, finding no negligence on my part. My medical records (which were surprisingly good) helped a lot as a key element in my defence.

The team at MDA National were always reassuring and attentive to my needs, and I'm most grateful for all the help and support I received during this very stressful time. My advice to other doctors is to practise defensively by keeping good medical records and get a good MDO - I have been with MDA National for 16 years!

General Practitioner, VIC

Our Claims and Advisory team have a combined experience of **205+ years** in providing medico-legal and claims support to Members.

Puja Menon, Claims Manager



Until I started discussing my case with you, I had always thought that 'true empathy' is only needed in the healthcare profession. For the first time, I've realised how important 'empathy' is for the law profession as well.

I was really moved by the way you understood the situation from the Surgeon's perspective. Thank you for your patience, understanding and help throughout this episode.

Surgeon, NSW

Q&A

What's your career background?

I started off with a degree in occupational therapy, and with that I worked predominantly in industrial rehabilitation and acute catastrophic injury rehabilitation, both in Australia and the USA. At 22, I started studying law at UWA while I continued working as an occupational therapist and also in law firms providing advice on damages in personal injury claims. In 1991, I started working for law firm Talbot & Olivier doing personal injury defence and insurance litigation. I went on to work in insurance litigation for law firms Parker & Parker, Freehills and Phillips Fox.

What led you to work in medical indemnity?

When I joined Parker & Parker in 1996, I got my first real exposure to professional indemnity and medical negligence. It had always been a goal for me to fuse my medical and legal backgrounds, and this area of law was the perfect way for me to achieve that. So when I later got the opportunity to work at MDA National, at the heart of medical indemnity, I felt it was the perfect fit.

What motivates you in the work you do?

It's the passion that drives me every day; the chance to help people and get good outcomes for them. The way we do things at MDA National continuously evolves and improves. We have an incredibly talented team of compassionate people who don't think of what they do as just a job, it's very much a vocation.

Who is your greatest inspiration?

My late father, a Surgeon, who was driven by a desire for best practice; to teach great medicine and to achieve the very best outcomes for his patients and the wider community. He was never afraid to voice his beliefs.

What are your interests outside of work?

I have two boys in high school. We have a dog, and a farm with a tennis court which gets a lot of use. Health and fitness are very important to me, and I enjoy cycling, running and hiking.

Do you have a favourite quote?

"Ignore the challenge in every opportunity and seize the opportunity in every challenge."

If you could change one thing for doctors or the medical profession, what would it be?

Bring the medical profession closer in line with other professions for which there is less oversight by regulatory bodies. There is too much emphasis on regulating non-core medical issues, and this has the potential to impede delivery of good medical outcomes.

**Philippa Nash - WA
15 years at MDA National**

Manager, Professional Services



Tailored risk management for safe practice

Our Support in Practice (SiP) team works with Members to make risk management simple and practical, encouraging safety and confidence in medical practice. With extensive experience in healthcare risk management, the team provides a proactive service with a focus on mitigating risks.

Our Risk Advisers help Members identify and overcome the medico-legal risks they face in day-to-day practice. They support Members and practice staff with practical advice and tailored strategies to reduce future risk. In doing so, the team also protects our broader Membership by reducing the likelihood of activities that could give rise to claims.

2016/17:

Support in Practice Services



>1,000

Members assisted and supported



74

Practice visits



376

Written advices



37

Risk management presentations



Using and loving the new consent form. Feels like wearing a seat belt!

Specialist, SA

Karen Stephens, Risk Adviser

It's always such a relief to have the support that you provide. It means being able to concentrate on my work. I can put things at the back of my mind and not be riddled with anxiety or ruminate constantly over issues. Your assistance and support is much appreciated.

General Practitioner, WA

Our Support in Practice team have a combined experience of **29+ years** in providing risk management education and support.

2016/17:

Top 10 topics for SiP advice to Members and practices



25%
Practice management



15%
Privacy



11%
Consent



11%
Medical records



10%
Advertising



6%
Practice systems



4%
Follow-up



3%
Prescribing



2%
Communication



2%
Records - access/transfer

Extensive professional indemnity for your peace of mind

Members can rely on our broad medical indemnity cover at every stage of their career – from the day they start their medical studies, through their active years of medical practice, and all the way through retirement. We ensure that our insurance cover protects our Members throughout their career transitions.

I was talking to colleagues today and the conversation turned to which medical defence organisation to join - I had nothing but praise for MDA National!

Intensive Care
Physician, QLD

2016/17:

Product and process enhancements

In response to Member feedback, we improved our Professional Indemnity Insurance Policy wording to provide greater clarity.

Enhanced our Professional Indemnity Insurance Policy by introducing cover for new communicable diseases, and new covers such as credentialing disputes.

Expanded the cover under our Practice Indemnity Policy in relation to indemnity for employment disputes and participation in clinical trials.

Broadened risk categorisation for Doctors in Specialist Training and General Practitioners.

Amended our Starting in Private Practice premium reductions with a more even progression towards mature premium over five years.

Provided a 5% premium rebate to eligible Members on their 2016 renewal to acknowledge Member loyalty.

Streamlined the process for insurance applications and made it easier for new Members to accept offers of insurance.

I am very happy that MDA National has been so responsive... I am sure this will benefit not just me, but also a lot of my colleagues. Knowing that my MDO will defend me has restored my faith in the Policy coverage and I really felt like you listened to me.

Ophthalmologist, QLD

We genuinely listen to our Members' concerns, work with them to resolve issues, and recognise when there is a need to modify our product offerings to benefit the broader Membership. This is exemplified in the situation below.

One of our long-term Members was the subject of a defamation claim last year. This led us to review and enhance the defamation cover under our Professional Indemnity Insurance Policy.

The Member was extremely pleased to hear about the expansion of the defamation cover, and felt reassured by MDA National's responsiveness.

Our Membership and Insurance teams have a combined experience of **190+ years** in the insurance industry.

2016/17:



20,431
calls



23,345
emails

Emotional support for your wellbeing

We understand that a complaint, claim or investigation can significantly affect our Members' career and reputation, as well as their emotional and physical wellbeing. We provide additional support to help Members through these difficult times, at a personal and professional level, through our complimentary Member Support Program.

I cannot emphasise enough how reassuring it is to have a knowledgeable and understanding person on the other end of the phone, especially at times of great stress. Thank you for all your kind help over the last couple of years. I cannot say how much it is appreciated.

General Practitioner,
QLD

Member Support Program



DOCTORS FOR DOCTORS PROGRAM

Members can use this confidential, one-on-one peer support service to speak to another medical practitioner who understands the impact of the medico-legal experience.

Doctors in the program are employed or engaged by MDA National and exempt from mandatory reporting obligations, so Members can share their concerns freely.



PROFESSIONAL SUPPORT SERVICES

Members can access this confidential clinical support service to consult an independent Psychiatrist during the medico-legal process.

MDA National provides up to 10 complimentary consultations per Membership year.

I am really very grateful to your team who helped me through this difficult time. I could not have got through the last two years without your amazing professional services, your emotional support and wonderful collegiality.

General Practitioner, WA

2016/17:

Supporting doctors' health and wellbeing

Mental health advocacy

Removing barriers to doctors seeking mental health support

Addressing the issue of suicides in the medical profession

Advocating on treating doctor exemptions from mandatory reporting

Promoting work-life balance

Live Well Work Well initiatives for practising doctors

Live Well Study Well activities for medical students

Articles on the importance of work-life balance

Supporting health and wellbeing

Charity of Choice association with *beyondblue*

Articles and case studies on doctors' health and wellbeing

Educational content addressing health and wellbeing

Collaborative initiatives through strategic alliances

Sponsorship of Members for health and wellbeing activities



▲
Colleen Green, Senior Support Services Officer

For us, it is all about exemplary service, unwavering support and your peace of mind. We are always beside you with the advice and expertise you need, whenever you need it.



▲
Jenny Kim, Marketing Operations Specialist



▲
Victoria Astill-Smith, Claims Manager

Relevant Resources, Multiple Channels

**Tailored
publications**

**Digital
content**

**Medico-legal
blog**

**Practical
education**

**Strong
alliances**

Tailored publications

to keep you informed

As our Members progress through their career, their information needs change accordingly. Our publications are tailored with relevant, topical content to address the specific requirements of Members at their key career stages. They are produced as printed magazines, online microsites and PDFs, and delivered to Members in their preferred format.

Topics are selected from various sources such as Members’ calls for medico-legal advice, matters leading to claims, risk management issues, case studies, educational needs and legislative changes. We also regularly develop content to address Members’ requests for specific topics.

Our publications are developed with expertise and input from Members, stakeholders, and across the organisation.

- Medico-legal Advisers
- Claims Managers
- External lawyers
- Risk Advisers
- Education Writers
- State Advisory Committee
- MDA National Members
- Publications Manager
- Graphic Designer
- Membership and Insurance Team
- Claims and Advisory Counsel
- Risk and Compliance Manager



The medico-legal pull-out (in *Defence Update*) helped me prepare well for my day at the Family Court - the first time I was giving evidence. It is an excellent resource and I congratulate your team on putting this out for clinicians.

Psychiatrist, NSW

Well informed and experienced authors write about real cases. Contains good reminders about common and newly emerging situations relevant to medical defence.

General Practitioner, WA

Our publications are tailored to Members' career stages and specialties

Defence Update

Practising specialist doctors

Doctors in specialist training



First Defence

Doctors in training

Final year medical students



Student eNews

Medical students



Specialty Updates

Specialists



Digital content for ease of access

In 2016/17, we continued to enhance Members' access to relevant information through multiple digital channels.

Our vast array of medico-legal and educational information is packaged into an online portal on our website. It is a one-stop-shop with simple navigation for quick and easy access to a range of resources. We also actively inform and engage with Members through social media channels.

Online resources



Medico-legal Blog

Breaking news on medico-legal issues, recent cases, court judgments and legislative updates



Articles and Case Studies

Search using a keyword, or choose the category, career stage and specialty



Videos

Internship tips and strategies to survive night shifts and long working hours



Podcasts

Practical tips and insights on medical specialties

**Engaging
content with a
wide variety of
information for
all audiences.**

Intern, WA

The combination of videos, audios and interaction helped to make this a useful learning process.

General Practitioner, NSW



Learning Activities

An e-library of interactive education activities to complete at your own pace



Publications

Hard copy, PDF and online microsite formats, tailored to career stages and specialties



Medico-legal FAQs

Answers to questions on common topics that Members call us about



Facebook, Twitter, LinkedIn

Members can 'like' or 'follow' MDA National to receive relevant content and timely updates

Medico-legal blog on topical issues

It began with a simple question: *How can we ensure that topical and relevant medico-legal issues are communicated faster and in a more succinct manner for time-poor doctors?*

The answer was The Medico-legal Blog - a new initiative launched to complement our suite of medico-legal publications.

Our Medico-legal Advisers generate the blog articles using interesting cases and engaging topics, with links to relevant medico-legal advice.

The Medico-legal Blog (launched in May 2016)

The Medico-legal Blog highlights MDA National's innovation and Member focus - bringing the latest happenings in the medico-legal world to Members' fingertips.



>60
individual
blog articles



>20,000
visitors



>1,600
subscribers

Thanks very much for your input re the new HDWA S8 Code. I appreciate you taking the time to assist with this... I think a significant problem has been appropriately dealt with in a collaborative fashion...

Dr Simon Torvaldsen,
Chair, AMAWA Council
of General Practice

Here is a great example of how our Medico-legal Blog was effective in bringing about change - achieving a good outcome for our Members, other doctors in WA, and for palliative care in WA.

**February
2017**

Medico-legal Blog article was released on the new WA Schedule 8 (S8) prescribing law.

Readers' comments and Members' calls identified a difficulty when prescribing S8s for palliative care patients.

**March
2017**

MDA National contacted the AMA WA and provided input for their meeting on this issue with the Health Department of WA.

The meeting resulted in changes to the S8 prescribing code - prescriptions made easier to terminally ill patients, minimising any impact on palliative care services in WA.

What's your career background?

I am a general practitioner by training. In 1987, I started work as a partner in a four-person general practice; then our family moved to the US in 1994. I did distance education in child sexual abuse at the University of Colorado. On returning to Sydney, I worked at a Sexual Assault Service doing forensic medical assessments – writing reports for court and giving evidence in court. It was an interesting intersection between medicine and criminal law, and I continued to work part-time in general practice.

What led you to your role at MDA National?

In 1998, I started as a medico-legal adviser at The Medical Defence Union (which later merged with United Medical Protection, now known as Avant). It seemed a good opportunity to explore another dimension to my medical/legal background. I joined MDA National in 2002. It's a bit like medical practice – you connect with people, understand what's going on, and work with them to find a solution.

Has your job lived up to your expectations?

Very much so... I loved the work from the moment I started. I enjoy the diversity – providing medico-legal advice, managing claims, giving talks and writing articles. It's a fascinating line of work, challenging and very rewarding. I enjoy helping Members with medico-legal issues – and interpreting the medicine for the lawyers and the law for the doctors. Being able to support Members through stressful medico-legal issues and make a difference gives me great satisfaction.

What are your interests outside of work?

I'm a great fan of the theatre and orchestra, and I love to read. I have three grown-up children – my daughter Ella who is a Physician trainee, and my sons Hugh and Ted.

Do you have a favourite quote?

"Prediction is very difficult, especially about the future"
– Niels Bohr

If you could change one thing for doctors or the medical profession, what would it be?

I'm very passionate about doctors' health. I would love to see it gain greater recognition, and for more work to be done to improve the health and wellbeing of doctors, especially our doctors in training.

Q&A



Dr Sara Bird - NSW
15 years at MDA National

Manager, Medico-legal and
Advisory Services

Practical education to suit your needs

Our education offerings continue to evolve with the introduction of various online activities to enhance the ease and experience of learning for Members. In 2016/17, we continued to build an e-library of interactive education activities for Members to complete at their own pace and in their own time.

Extensive expertise and collaboration underpins the creation and development of our education activities – from subject matter experts, medical education writers, editors, designers, as well as the Education Services Advisory Group and our Members who bring a wealth of insight from their own needs and experiences.

2016/17: Education highlights

>1,551 participants in face-to-face sessions and distance learning.

2,658 CPD points reported to colleges for education participants.

Choice of topic, delivery format or duration to suit Members' needs.

An average of 80% of survey respondents said they are likely to do something different as a result of the activity.

The majority of survey respondents selected "9" or "10" out of 10 when indicating whether they would recommend the activity to a colleague or friend.

Released 2 new face-to-face activities:

- *Noteworthy: The How, What, Where and Why of Medical Documentation*
- *Anaesthetists' Think Tank*.

The Perth workshop, *Noteworthy: The How, What, Where and Why of Medical Documentation*, **booked out within hours of being advertised.**

Released 3 new online education activities on informed consent, Surgeons' operative protocols, and communicating difficult news.

93% of survey respondents said they found the new online activities enjoyable.

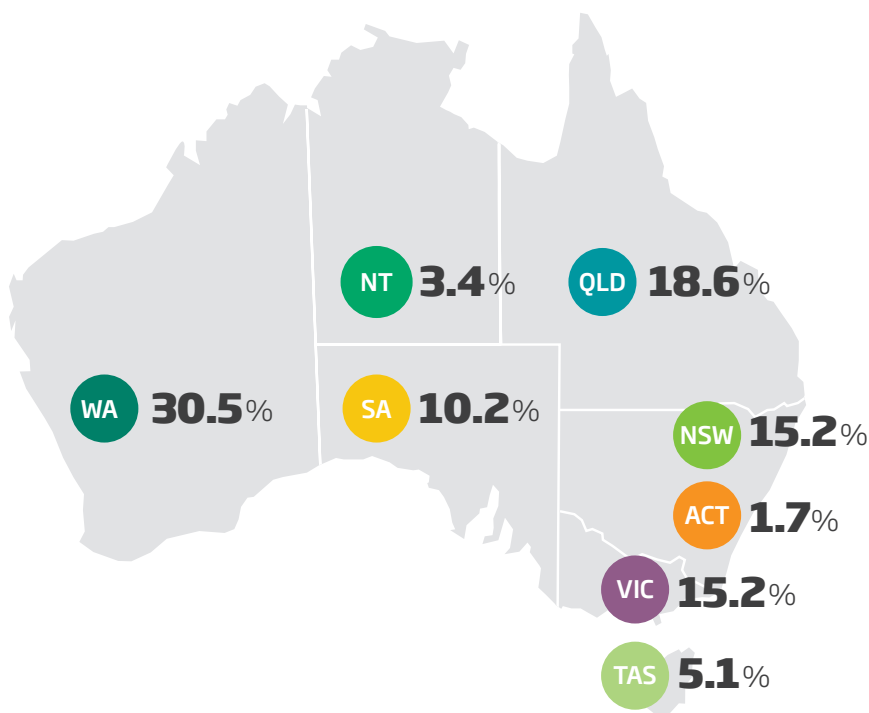
**Thank you for
an enjoyable
session, thought-
provoking and
inspiring.**

Junior doctor, WA

The discussion of real-life current issues after the role-plays with colleagues was pure gold.

Surgeon, WA

2016/17: Face-to-face education



Total sessions
59

Capital cities
75%

Outside of capital cities
25%

Career stage of medical participants in face-to-face sessions: (when known)

60%
Practising
specialist
doctor

20%
Medical
student

12%
Doctor
in training

8%
Doctor
in specialist
training

**Excellent session, thank you.
Very relevant across public
and private sectors.**

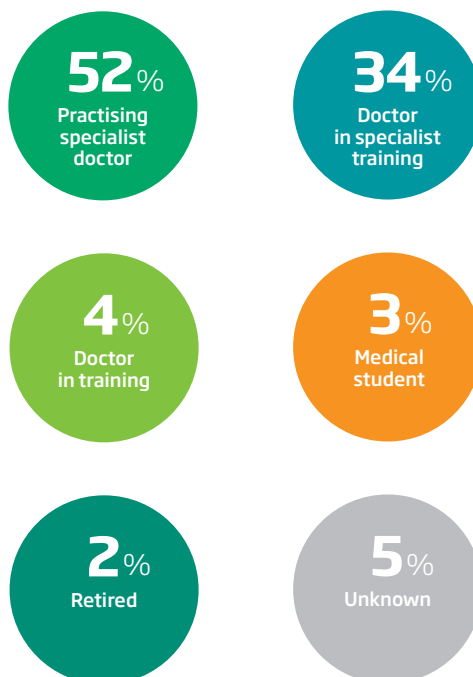
Early career doctor, QLD

2016/17: Distance education

Total activities

16

Career stage of participants
in distance education:



**Very, very useful.
It was a fresh
breeze after a
hard day.**

Occupational &
Environmental Medicine,
WA

**Was feeling a bit
lost before, but
now ready to go.**

Medical student, TAS

All our education activities are complimentary for Members, and most activities are recognised for continuing professional development (CPD) with medical colleges.

Our Education Services team have a combined experience of **25+ years** in developing, delivering or organising medical education.

Sinead Cagney, Events & Marketing Projects Administrator (left) with Hatha McDivitt, Education Liaison Officer (right)



Strong alliances for enhanced value

Maintaining strong alliances and industry relationships provides us with a platform for advocacy, and to create influence within the medical industry in support of our Members.

2016/17: Our formalised industry relationships



Through our collaborative alliances and close working relationships, we are able to broaden the benefits, opportunities and value we deliver to our Members and the medical community – such as:

supporting and promoting doctors' health and wellbeing

additional resources for medical students

sponsorship and educational opportunities

premium reductions on Membership and Policy for eligible Members

events and collaborative initiatives

annual awards, bursaries and educational grants for Aboriginal or Torres Strait Islander medical students and junior doctors

medico-legal education for rural practitioners

fundraising and charitable grants for the local medical community.

In 2016/17 we continued to manage and explore strategic alliances aligned to our organisational vision and values, in support of our collective Members in both rural and metropolitan areas.

2016/17: Our strategic alliances



Australian Medical Associations (AMAs) WA, NT, QLD and VIC

Preferred medical indemnity provider status



Australian Society of Ophthalmologists (ASO)

Preferred insurer status



Rural Doctors Association of Australia (RDAA)

Major MDO sponsor status



Royal Australasian College of Surgeons (RACS)

Preferred medical indemnity provider sponsor status with RACS Queensland



General Practice Supervisors Australia (GPSA)

Exclusive MDO sponsor status



Travis Williams, Finance Manager (left) with
Andrew Fraser-Gillard, Chief Financial Officer

Although our offices are distributed nationally across six states, we firmly maintain our “one office culture” and genuine sense of family throughout the organisation – which we believe are the cornerstones of our success.



Dawn Behets, Process Improvement Analyst



Daniel Brand, Claims Manager (left) with Natalie
Tagliaferri, Medico-legal Assistant

National Footprint, Local Presence

**Organisational
culture**

**Hands-on
support**

**Expert
leadership**

**Robust
governance**

**Valuable
insight**

Organisational culture driven by values

We pride ourselves on attracting the right people – based on their professional skills as well as personal attributes – to ensure they are the “best fit” for the organisation. We invest heavily in creating a work environment conducive to ongoing training and development – giving our staff a strong impetus to reach their full potential and stay committed to our vision, purpose and values.

While we function as a national organisation, our unified “one office culture” remains a constant focus. We develop the skills and capabilities of our staff in every state to ensure they can continue to evolve with the business.

Through our regular Leadership Forums, we bring our managers and leaders together to develop their skills, engage them in business strategy, and ensure consistency in the behaviour and management of teams across the organisation.

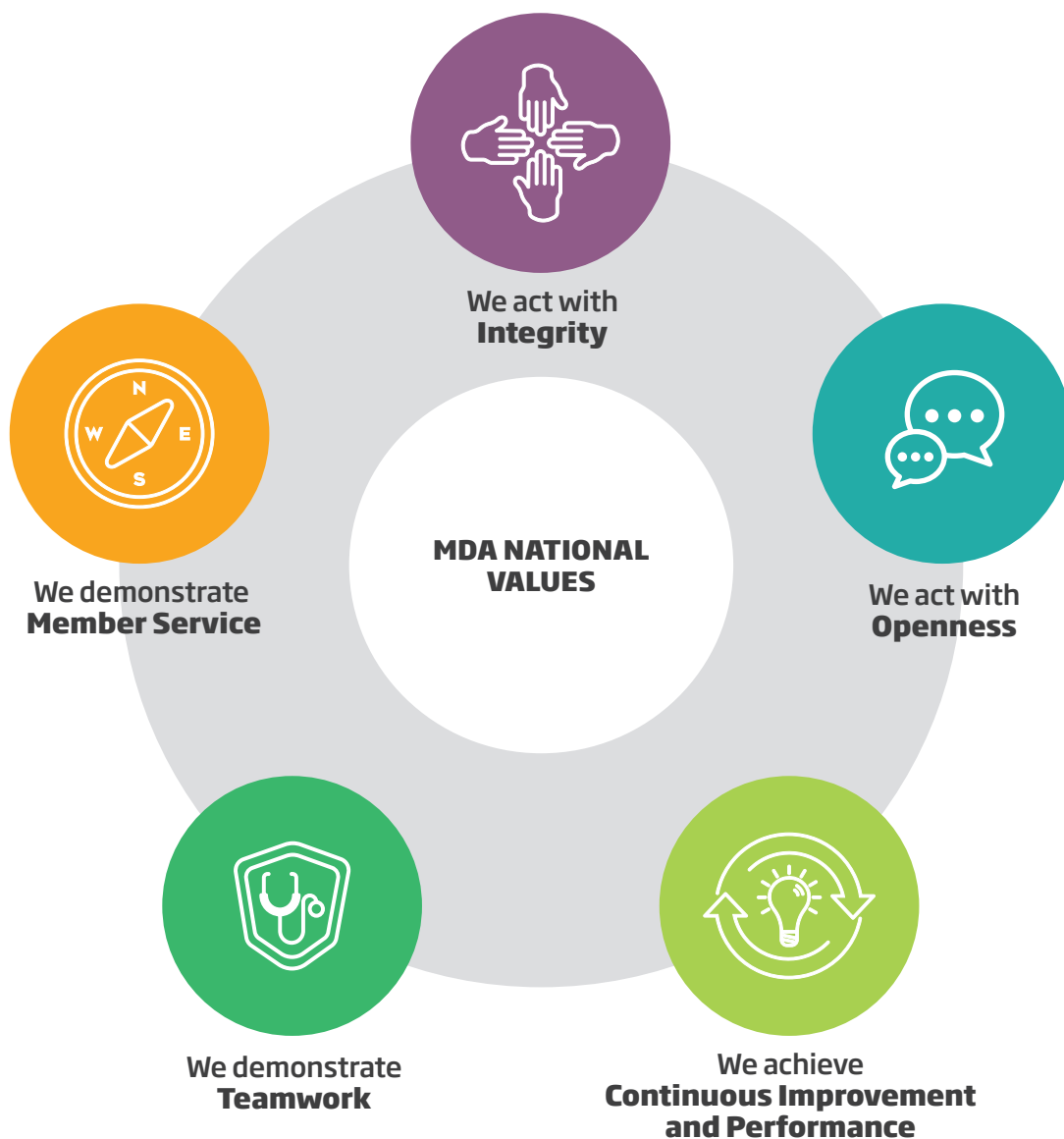
2016/17: Staff distribution



Tenure	Number of staff
1-3	38
3-5	22
5-10	37
10-15	19
15+	4
Total	120

With a long average staff tenure, we have a wealth of intellectual property, expertise and valuable insights which strengthen the level of support and services we deliver to our Members.

Our values are more than just a set of words – they are firmly embedded in our business model, strategic planning processes and performance management systems.



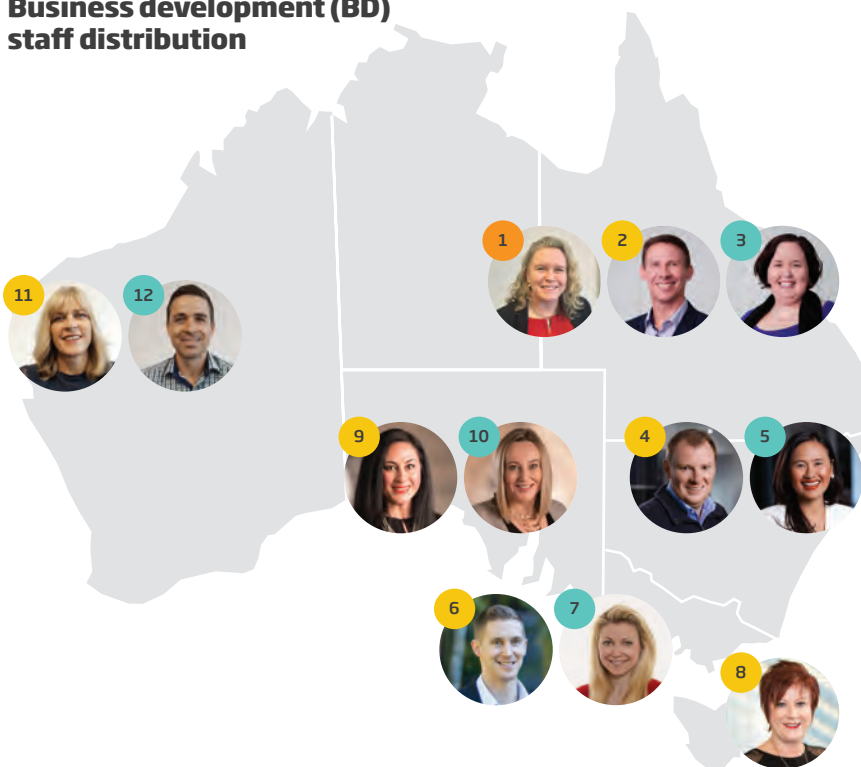
Hands-on support for local activities

With offices in all six Australian states, and “virtual” support in the Australian Capital Territory and Northern Territory, MDA National is well equipped to meet the unique needs of our Members across Australia.

Our Business Development team are the local point of contact for every Member across Australia. They act as the direct contact and conduit for Members, putting their needs first and foremost in all their interactions. With an active role in building relationships, they also work with colleges, universities, hospitals and industry bodies to ensure MDA National is on hand to support local activity.

Every individual in our Business Development team is truly engaged, with a strong commitment to the organisation and dedicated to doing right by our Members. They often go the extra mile when it comes to supporting Members and providing the highest quality of customer service.

Business development (BD) staff distribution



1 Simone Pontin
National BD Manager

2 Sean Launchbury
State BD Manager, QLD

3 Cathy Kayess
BD Specialist, QLD

4 Benjamin Leach
State BD Manager, NSW and ACT

5 Regina Angara
BD Specialist, NSW

6 Kale Hocking
State BD Manager, VIC

7 Nina Soldatovic
BD Specialist, VIC

8 Jo Edwards
State BD Manager, TAS

9 Helena Manis
State BD Manager, SA and NT

10 Briony Van Den Brink
BD Specialist, SA

11 Janice Lawrence
State BD Manager, WA

12 Ryan De Bruin
State BD Specialist, WA

Everything we do is about being there for our Members when they need us. What I enjoy about my role is meeting existing Members, getting to know new Members, and listening to their feedback on how we can continue to work and grow with them.

Business Development staff member

Our Business Development team have a combined experience of **70+ years** in the medical indemnity industry.

Regina Angara, Business Development Specialist

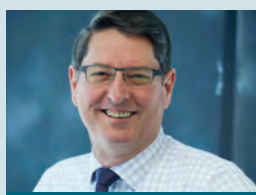


Expert leadership to drive innovation

Our Executive Team has been focused on setting our strategic direction and developing business plans in accordance with our long-term objectives. In 2016/17, the drive for innovation and evolution within the organisation continued – ensuring our ability to adapt and respond to changes in indemnity insurance, medical practice and Members' needs.

2016/17:

MDA National's Executive Team - a solid framework of expertise



Mr Ian Anderson

Chief Executive Officer (CEO)
MBA, BBus, FAICD

Supported by the senior leadership team whose responsibilities cover all the management and operational aspects of the business.

Senior leadership team

Areas of expertise



Ms Dianne Browning

Company Secretary & General Counsel
B Juris, LLB

40 years' experience in legal, risk and governance in the financial services industry, with senior positions in banking prior to current role.

14 years at MDA National



Mr Andrew Fraser-Gillard

Chief Financial Officer
B Comm, CPA

22 years' experience in finance and accounting; capital management including investments, reinsurance and general insurances; corporate facilities management.

13 years at MDA National

Putting Members at the heart of everything we do remains a strong focus at MDA National – and this commitment is reflected in the work of every staff member across the organisation.

Senior leadership team

Areas of expertise



Ms Jennifer Park

*Executive Manager, People & Support
Acting Executive Manager, Marketing
(from March 2017)
B Bus*

27 years' experience in Human Resource management in organisations within the private, not-for-profit and local government sectors.

11 years at MDA National



Mr Luke Thomson

*Executive Manager, Insurance
B Bus, ANZIIIF (Snr Assoc) CIP*

22 years' insurance experience in the UK and Australia. Executive and senior management roles in underwriting and product development within professional Indemnity.

14 years at MDA National



Ms Nicola Washington

*Executive Manager, Business Solutions
DMS, AFAIM
(until October 2017)*

20 years' senior leadership experience within operational and strategic management, with a focus on improvements to systems and business practices.

17 years at MDA National



Mr Ian Yard-Smith

*Executive Manager, Professional Services
BA/LLB, BA (Hons), GAICD*

22 years' experience in legal/law practice, with senior management roles for 12 years. Responsible for the Cases Committees at MDA National.

4 years at MDA National

Robust governance from our Boards

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

Our Insurance Board

The Board of MDA National Insurance (MDANI) is currently comprised of five directors. Two of them are also elected members of the Mutual Board, and the three independent directors bring additional experience and qualifications appropriate for oversight of a regulated insurer.

The Insurance Board leads MDANI which is responsible for oversight of:

implementing the MDA National Group's strategic goals and objectives

issuing policies of indemnity to MDA National Members and insureds

performing the operational requirements of MDA National under a Service Agreement

employing all staff.

The individual profiles of the Insurance Board directors can be viewed on our website: mdanational.com.au/about-us/who-is-mda-national/insurance-board



WA

Mr Steve Scudamore
Chairman

MA (Oxon), FCA, FAICD, SF Fin



WA

Mr Terry Agnew

BE (Hons), MSc, MBA



WA

Dr Andrew J Miller

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



WA

Dr Rod Moore

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



NSW

Ms Anne O'Driscoll

FCA, GAICD, ANZIIF (Fellow)

Our Mutual Board

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

The Mutual Board:

approves the overall strategic objectives for the MDA National Group

appoints the directors of MDA National Insurance and monitors their performance

sets the Group's philosophy and provides input on issues which impact the medical profession

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

The individual profiles of the Mutual Board directors can be viewed on our website: mdanational.com.au/about-us/who-is-mda-national/governance



WA

Dr Rod Moore
President

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



QLD

Dr Beres C A Wenck
Vice President

MBBS, FRACGP (Hon), FAMA, MAICD



WA

A/Prof Max Baumwol
Chair of Finance

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



QLD

Dr David Gilpin

MBBS (Hons), FRACS, GAICD



NSW

A/Prof Michael Hollands

MBBS, FRACS, FRSC, FACS, DHMSA (from August 2017)



VIC

Dr Patrick Mahar OAM

MBBS (Hons), LLB (Hons), MBA, PhD, DMedSc, FACLM, GAICD



WA

Dr Andrew J Miller

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



NSW

Dr Robyn Napier OAM

MBBS (Sydney), FAMA, MAICD (until August 2017)



VIC

Dr Paul Nisselle AM

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



WA

Dr Christine Pascott

MBBS, FRACGP, MAICD (from November 2016)



WA

Mr Steve Scudamore

MA (Oxon), FCA, FAICD, SF Fin

Valuable insight from 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.

Group & Board Committees

Audit Committee

Ms Anne O’Driscoll
Chair

Dr David Gilpin
Mr Steve Scudamore

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

Risk Committee

Ms Anne O’Driscoll
Chair

Dr David Gilpin
Mr Steve Scudamore

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

Capital Committee

Mr Steve Scudamore

Chair (until Nov 2016)

Mr Terry Agnew

Chair (from Nov 2016)

A/Prof Max Baumwol

Dr Rod Moore

The Capital Committee assisted the Boards to:

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

Nominations & Remuneration Committee

Mr Steve Scudamore

Chair

Mr Terry Agnew

Dr Andrew Miller

Dr Rod Moore

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

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

Remuneration Sub Committee

Mr Steve Scudamore

Chair

Mr Terry Agnew

Dr Rod Moore

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

Management Committees*

Our Management Committees provide support in matters of executive responsibility. They operate within a set of agreed Terms of Reference and report directly to the responsible executive.

Clinical Underwriting Committee

Luke Thomson
Responsible Executive

Dr Rod Moore
Acting Chair (from Feb 2017)

Dr Richard Barnett
Chair (until Feb 2017)

Dr Reg Bullen

Dr David Gilpin

Dr Beres Wenck

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

Corporate Social Responsibility (CSR) Committee

Ian Yard-Smith
Responsible Executive

Dr Robyn Napier
Chair (until August 2017)

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

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

Cases Committees

Ian Yard-Smith
Responsible Executive

Western/Central (Perth)
Dr Rod Moore
Chair

A/Prof Max Baumwol

Dr Fiona Bettenay

Dr Reg Bullen

A/Prof Rosanna Capolingua

Dr Michael Gannon

Clinical Prof Guy van Hazel

Dr Tim Jeffrey

Dr Andrew Miller

Clinical Prof Allan Skirving

A/Prof David Watson

Eastern (Sydney)

Dr Robyn Napier
Chair (until August 2017)

Dr Richard Barnett

A/Prof Michael Hollands

A/Prof Frank Martin

Dr Stephen Quain

Dr Nigel Symons

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

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

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

Working Groups

State Advisory Committee (SAC)

Dr Beres Wenck

Mutual Board Sponsor of the SAC

NSW

A/Prof Andrew Keegan

State Chair

Dr Maria Li

(until December 2016)

Dr Brian Morton

Dr Saxon Smith

QLD

Dr David Gilpin

State Chair

Dr Clark Maul

(until October 2016)

Dr Anita Sharma

A/Prof Michael Steyn

SA

Dr Jill Maxwell

State Chair

Dr Michelle Emmerson

Dr Chloe Furst

Dr Scott Ma

Dr Andrew Perry

VIC

Dr Xavier Fagan

(until November 2016)

Dr Thomas Boosey

(from May 2017)

Dr Michael Galvin

WA

Dr Dror Maor

State Chair (until December 2016)

Dr James Anderson

Dr Robert Henderson

Dr Richard Riley

Dr Natalie Sumich

The State Advisory Committees (SAC) are a primary source of Member insight, providing integral feedback on local issues and emerging risks across various specialties. Each state SAC comprises local and highly experienced medical practitioners of varying specialties and career stages, recruited for a two-year term.

The SAC:

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

Education Services Advisory Group

Non-staff members:

Dr Kaye Atkinson

Dr Paul Eleftheriou

Dr Samari Jayarajah

Prof Stephen Trumble

Dr Genevieve Yates

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

- advise on the planning of our education programs each 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.

Five strategic pillars underpin our corporate strategy to help us target our activities and achieve long-term goals.



Solid Performance, Secure Financials

Concise Financial Report

**Directors'
Report**

**Independent
Auditor's
Report**

**Auditor's
Independence
Declaration**

**Statement of
Comprehensive
Income**

**Statement
of Financial
Position**

**Statement of
Changes in
Equity**

**Statement of
Cash Flows**

**Notes to the
Concise Financial
Statements**

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 2017. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of MDA National Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

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

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

Directors' Report

The Directors of MDA National Limited (MDA National) and its controlled entities (the Group) present the concise financial report for the year ended 30 June 2017 and their report as follows:

Corporate information

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

Registered office

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

Directors and Company Secretary

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

**Dr R Moore
Director**

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

Period in office

Since 1998

Experience

General Practitioner – Sports Medicine

Special responsibilities

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

**Dr B Wenck
Director**

MBBS, FRACGP (Hon), FAMA, MAICD

Period in office

Since 2004

Experience

General Practitioner

Special responsibilities

Vice President (since 2008), member of MDANI's Clinical Underwriting Committee and National Chair of the State Advisory Committees

**A/Prof M Baumwol
Director**

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

Period in office

Since 1993

Experience

General Surgeon

Special responsibilities

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

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**Dr D Gilpin
Director***MBBS (Hons), FRACS, GAICD***Period in office**

Since 2010

Experience

Orthopaedic Surgeon

Special responsibilities

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

**Dr A Miller
Director***MBBS, LLB (Hons), FANZCA, FACLM, GAICD***Period in office**

Since 1998

Experience

Anaesthetist

Special responsibilities

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

**Dr C Pascott
Director***MBBS, FRACGP, MAICD***Period in office**

Since 2016

Experience

General Practitioner

Special responsibilities

None

**A/Prof M Hollands
Director***MBBS, FRACS, FRSC, FACS, DHMSA***Period in office**

From 2013 to 18 Nov 2016 and since 23 Aug 2017

Experience

General Surgeon

Special responsibilities

Member of MDANI's Case Committee (Eastern)

**Dr R Napier
Director***MBBS (Sydney), FAMA, MAICD***Period in office**

From 2005 to 17 Aug 2017

Experience

General Practitioner

Special responsibilities

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

**Mr S Scudamore
Director***MA (Oxon), FCA, FAICD, SF Fin***Period in office**

Since 2013

Experience

Accounting and Advisory Services

Special responsibilities

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

**Dr P Mahar
Director***MBBS (Hons), LLB (Hons), MBA, PhD, DMedSc, GAICD, FACLM***Period in office**

Since 2015

Experience

Dermatology Registrar

Special responsibilities

None

**Dr P Nisselle
Director***MBBS (Hons), M Hlth&MedLaw (Melb), FRACGP, FACLM, FFLM, RCP***Period in office**

Since 2015

Experience

General Practitioner

Special responsibilities

None

**Mrs D Browning
Company Secretary***B. Juris LLB***Period in office**

Since 2012

Experience

Legal, Secretarial, Risk Management

Special responsibilities

General Counsel

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

DIRECTORS' REPORT

Directors' meetings

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

Director	Directors' Meetings		Audit Committee		Capital Committee		Nominations & Remuneration Committee		Risk Committee	
	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held
Dr R Moore	7	8			3	4	4	4		
Dr B Wenck	8	8								
A/Prof. M Baumwol	8	8			4	4				
Dr D Gilpin	7	8	4	5					4	4
A/Prof M Hollands ⁽¹⁾⁽³⁾	1	3								
Dr P Mahar	7	8								
Dr A Miller	8	8					4	4		
Dr R Napier ⁽⁴⁾	6	8								
Dr P Nisselle	7	8								
Dr C Pascott ⁽²⁾	5	5								
Mr S Scudamore	8	8	5	5	4	4	4	4	4	4

⁽¹⁾ Ceased 18 November 2016

⁽²⁾ Elected 18 November 2016

⁽³⁾ Re-appointed 23 August 2017

⁽⁴⁾ Ceased 17 August 2017

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL DIRECTORS' REPORT

Principal activity

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

Throughout the 2017 financial year the Group has continued to provide members with a competitive insurance policy that protects their interests in addition to providing members and insureds with high quality services through educational, medico-legal advice and advocacy.

Objective

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

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

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

Results and performance

The consolidated net profit after tax for the year was \$3,760,764 (2016: \$3,406,989).

Key drivers for the financial performance were:

- lower consulting expenses of \$8.735 million mainly relating to lower information technology and software consulting;
- investment revenue (including movements in fair value) above last year by \$3.155 million;
- a decrease of \$2.498 million in other expenses which mainly relates to a revaluation of intangible assets in 2016;

offset by

- prior year claims reserve releases lower than last year by \$7.547 million;
- an increase in the current year's claims expense of \$3.219 million following an overall increase in exposure;
- a decrease in other income of \$3.010 million predominately as a result of 2016 including a recovery of income relating to prior years.

Significant changes in the state of affairs

There were no significant changes for the year ended 30 June 2017.

Matters subsequent to the end of the financial year

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

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

DIRECTORS' REPORT

Likely developments and expected results of operations

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

Environmental regulation

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

Insurance of officers

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

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

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

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

Rounding

The Group is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in financial/Directors' Report) instrument 2016/191. Where permitted by that class order, amounts in the Director's Report have been rounded to the nearest thousand dollars.

Indemnification of auditors

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

Directors' benefits

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

Class of membership

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

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL DIRECTORS' REPORT

Liability of Members and Guarantee on Winding Up

The liability of Members is limited. Each Member undertakes to contribute to the assets of MDA National if it is wound up while he or she is a member or within one year afterwards, such amount as may be required not exceeding ten dollars (\$10) in aggregate. Based on 30 June 2017 membership, the maximum amount that members of MDA National are liable to contribute is \$428,070.

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 63.

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 and did not compromise the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

Sustainability review	\$20,000
AGM polling related costs	\$1,500

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



President
Dr R MOORE



Chair of Finance
A/PROF M BAUMWOL

Perth, 22 September 2017



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

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

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

Report on the Concise Financial Report

Opinion

The Concise Financial Report, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, are derived from the audited Financial Report of MDA National Limited (the Company) for the year ended 30 June 2017. The Concise Financial Report does not contain all the disclosures required by the Australia Accounting Standards.

In our opinion, the accompanying Concise Financial Report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Concise Financial Report

The Concise Financial Report does not contain all the disclosures required by Australian Accounting Standards. Reading the Concise Financial Report and the auditor's report thereon, therefore, is not a substitute for reading the audited Financial Report and the auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 22 September 2017.

Responsibility of the Director for the Concise Financial Report

The directors of the Company are responsible for the preparation of the Concise Financial Report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, 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 whether the Concise Financial Report complies, in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Ernst & Young

V L Hoang
Partner
Perth
22 September 2017



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

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

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

As lead auditor for the audit of the concise financial report of MDA National Limited and its controlled entities for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MDA National Limited and the entities it controlled during the financial year.

Ernst & Young

V L Hoang
Partner
Perth
22 September 2017

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

		Consolidated	
	Notes	30 June 2017 \$'000	30 June 2016 \$'000
Revenue			
Premium and subscription revenue	4	62,776	62,576
Outward reinsurance expense		(3,369)	(3,220)
Net premium revenue		59,407	59,356
Claims expense		(53,847)	(36,772)
Reinsurance and other recoveries revenue		15,352	9,043
Net claims incurred		(38,495)	(27,729)
Other underwriting expenses		(2,769)	(3,105)
Underwriting result		18,143	28,522
Investment income	4	9,740	12,622
Fair value gains/(losses)		2,108	(3,929)
Rental revenue		543	792
Other income		454	3,464
Salaries, fees and employee benefits expense		(10,832)	(10,781)
Promotion and travel expense		(3,567)	(3,435)
Consulting expense		(1,444)	(10,179)
Depreciation and amortisation expense		(1,199)	(1,054)
Financial costs and fees		(1,048)	(1,089)
General insurance expense		(490)	(431)
Legal expense		(195)	(138)
Direct investment expenses		(28)	-
Other expenses		(6,977)	(9,475)
Profit before income tax expense		5,208	4,889
Income tax expense		(1,447)	(1,482)
Net profit after income tax expense from continuing operations		3,761	3,407
Net profit attributable to members of parent		3,761	3,407
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit for the year		3,761	3,407

Discussion and analysis

The net profit after tax for the year ended 30 June 2017 was \$3.8 million compared to the profit after tax of \$3.4 million for the year ended 30 June 2016.

Underwriting result

The net claims incurred expense for the year ended 30 June 2017 increased by \$10.8 million to \$38.5 million. For the current year, the claims experience in relation to prior underwriting years continued to be favourable. This resulted in a provision release of \$2.6 million (2016: \$10.2 million) with respect to lower than expected claims arising from the 2016 underwriting year and prior. Current year's claims expense increased by \$3.2 million due to an overall increase in exposure.

Other income

Other income decreased by \$3.0 million compared to last year largely as a result of a recovery of income relating to previous years, recognised during the 2016 financial year.

Investment performance

Net investment income for the year was \$11.8 million compared to \$8.7 million in 2016. The increase is mainly attributed to the market performance of the asset classes in 2017.

Consulting expense

The decrease of \$8.7 million in consulting expense is mainly related to information technology and software expensed in 2016.

Other expenses

The majority of the \$2.5 million decrease in other expenses is attributable to the 2016 financial year including a revaluation expense on intangible assets following a detailed review of the carrying value of information technology development costs in accordance with the Group's accounting policy.

The accompanying notes form part of these concise financial statements.

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Consolidated	
	30 June 2017	30 June 2016
	\$'000	\$'000
ASSETS		
Current Assets		
Cash and cash equivalents	34,583	14,704
Receivables	17,458	5,310
Reinsurance and other recoveries	13,344	12,413
Financial assets	147,819	178,347
Income tax receivable	3,866	-
Prepayments	540	495
Total Current Assets	217,610	211,269
Non-Current Assets		
Receivables	129	117
Reinsurance and other recoveries	50,671	48,967
Financial assets	110,191	107,133
Deferred tax asset	4,227	5,391
Intangible assets	1,335	1,213
Property, plant and equipment	18,552	18,496
Total Non-Current Assets	185,105	181,317
TOTAL ASSETS	402,715	392,586
LIABILITIES		
Current Liabilities		
Payables	10,385	13,136
Income tax payable	-	1,943
Unearned premium revenue	26,370	25,285
Employee benefits	1,465	1,277
Outstanding claims	46,063	41,590
Total Current Liabilities	84,283	83,231
Non-Current Liabilities		
Employee benefits	570	617
Outstanding claims	139,764	134,401
Total Non-Current Liabilities	140,334	135,018
TOTAL LIABILITIES	224,617	218,249
NET ASSETS	178,098	174,337
MEMBERS' EQUITY		
Accumulated surplus	178,098	174,337
TOTAL MEMBERS' EQUITY	178,098	174,337

Discussion and analysis

The net assets as at 30 June 2017 have increased by \$3.8 million from \$174.3 million as at 30 June 2016 to \$178.1 million, due to the profit for the current year.

Total assets have increased by \$10.1 million mainly due to increases in receivables of \$12.1 million and cash and cash equivalents of \$19.9 million, partially offset by a decrease in financial assets of \$27.5 million.

Reinsurance and other recoveries have increased by \$2.6 million during the year. This is predominately due to higher claim recoveries from government schemes and reinsurance.

Total liabilities have increased by \$6.4 million as a result of an increase of \$9.8 million in the gross outstanding claims provision. The increase in the gross outstanding claims reflects an additional year of claims exposure less claims payments during the year and reserve releases. Payables have reduced by \$2.8 million due to lower accrued expenses.

The accompanying notes form part of these concise financial statements.

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Consolidated	
	Accumulated Surplus \$000	Total Members' Funds \$000
At 1 July 2015	170,930	170,930
Net profit after tax for the year	3,407	3,407
Total comprehensive profit	3,407	3,407
At 30 June 2016	174,337	174,337
Net profit after tax for the year	3,761	3,761
Total comprehensive profit	3,761	3,761
At 30 June 2017	178,098	178,098

Discussion and analysis

Accumulated surpluses increased to \$178.1 million as a result of the operating profit after tax of \$3.8 million for the year.

The accompanying notes form part of these concise financial statements.

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Consolidated	
	30 June 2017 \$'000	30 June 2016 \$'000
Cash flows from operating activities		
Receipts from members, insureds, reinsurance and other recoveries	77,795	80,863
Interest received	5,008	6,368
Payments to suppliers, employees	(44,920)	(45,637)
Claims paid	(44,049)	(28,780)
Income tax paid	(6,091)	(7,552)
Net cash (outflows)/inflows from operating activities	(12,257)	5,262
Cash flows from investing activities		
Funds deposited into managed portfolio and term deposits	(51,262)	(32,974)
Proceeds from the redemption of investments	85,054	26,743
Acquisition of property, plant and equipment and intangibles	(1,656)	(1,021)
Net cash inflows/(outflows) from investing activities	32,136	(7,252)
Net increase/(decrease) in cash and cash equivalents	19,879	(1,990)
Cash and cash equivalents at beginning of year	14,704	16,694
Cash and cash equivalents at the end of year	34,583	14,704

Discussion and analysis

Cash flows from operations

Net cash outflows from operations were \$12.3 million compared with a \$5.3 million inflow for the previous year. The major contributing factors are highlighted below:

- an increase of \$15.3 million in claims paid
 - a decrease in tax payments of \$1.5 million
- offset by
- lower cash receipts of \$3.1 million.

Cash flows from investments

Net cash inflow from investment activities was \$32.1 million compared with a \$7.2 million outflow for the previous year. This is largely due to \$22.8 million of short-dated term deposits being classified as cash equivalents. The level of funds deposited into the managed portfolio and term deposits increased during the year while the proceeds from redemptions of investments also increased, especially the bond portfolio resulting in a net cash inflow of \$10.9 million (2016: outflow of \$6.2 million).

The accompanying notes form part of these concise financial statements.

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

NOTES TO THE CONCISE FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. General information

MDA National Limited (MDA National) is a not-for-profit company domiciled in Australia. The address of the company's registered office is 88 Colin St, West Perth. The concise financial report has been prepared in accordance with the requirements of Australian Accounting Standard AASB 1039 *Concise Financial Reports* for the year ended 30 June 2017, comprising MDA National and its subsidiaries (the Group).

2. Basis of preparation

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

3. Actuarial estimates and judgements

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

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

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

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

Assumption	Factors considered
Average weighted term to settlement	Based on historical settlement patterns.
Estimated future claim numbers (claim frequency)	Based on historical patterns of claim reporting and conversion from incident to claim.
Average claim size	Based on historical claim size experience.
Inflation	Based on future forecasts for wage inflation.
Superimposed inflation	There is a tendency for claims costs, particularly for medical indemnity, to increase at levels in excess of standard inflationary pressures. This can be due to a number of factors including court awards and precedents and social and environmental pressures which are analysed and forecast separately from wage inflation. The actuarial method used to project future claim payments in respect of medical indemnity claims has an explicit allowance for superimposed inflation.
Reinsurance and non-reinsurance recoveries	Based on historical recovery rates. HCCS recoveries are based on the estimated costs above the HCCS thresholds implied by the Group's average claim size model. ROCS recoveries are based on the likelihood of doctors meeting the ROCS criteria in future and historical reporting patterns.
Claims handling expenses	Based on the historical relationship between claims handling expenses and gross claim costs. The ROCS legislation allows for claims handling expense recoveries of 5% on all ROCS recovery amounts.
Discount rate	Estimated using the expected claim payment profile and the Commonwealth Government bond yield curve at the balance date.
Risk margin	Uncertainty is analysed taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, and the impact of legislative reform. The assumptions regarding uncertainty are applied to the net central estimates to arrive at an overall provision which is intended to have a 75% probability of sufficiency. Measurement of MDA National's risk margin reflects a parent entity capped exposure of \$0.3m (2016: \$0.7m).

MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

NOTES TO THE CONCISE FINANCIAL STATEMENTS

For the year ended 30 June 2017

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

	2017	2016
Average weighted term to settlement from reporting date	3.2 years	3.3 years
Claims handling expense rate:		
% claims capped at excess of loss retention	8.0%	8.0%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	2.1%	1.7%
Inflation	N/A *	N/A *
Risk margin	15.1%	15.2%

* The method used to measure the liability for reported outstanding claims does not involve explicit assumptions for inflation rates. However in valuing the Incurred But Not Reported ("IBNR"), Extended Reporting Benefit ("ERB") and Death, Disablement or Retirement ("DDR") liabilities, 3.25% (2016: 3.25%) normal inflation and 3.0% (2016: 3.0%) superimposed inflation were used for all projection years.

(i) Outstanding claims

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

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

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

(ii) Reinsurance recoveries

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

(iii) Recoveries from government schemes

Estimates of the amounts recoverable from the Commonwealth Government under the HCCS and the ROCS are recognised as revenue in respect of claims liabilities recognised at balance date, other than where claims are subject to reinsurance arrangements.

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

4. Revenue and other income

	Consolidated	
	2017	2016
	\$000	\$000
Underwriting activities		
Premium and subscription	62,776	62,576
Investment income		
Interest - other bodies corporate	5,527	5,935
Trust distributions	4,049	6,509
Fee rebate income	164	178
	9,740	12,622



**More than
medical
indemnity**

**More of
what really
matters**

Adelaide

Level 1
26 Flinders Street
Adelaide SA 5000

Brisbane

Level 8
87 Wickham Terrace
Spring Hill QLD 4000

Hobart

Level 1, ABC Centre
1-7 Liverpool Street
Hobart TAS 7001

Melbourne

Level 3
100 Dorcas Street
Southbank VIC 3006

Perth

Level 3
88 Colin Street
West Perth WA 6005

Sydney

Level 5, AMA House
69 Christie Street
St Leonards NSW 2065

YouTube   

Freecall: 1800 011 255 **Member Services Fax:** 1300 011 244

Email: peaceofmind@mdanational.com.au **Web:** mdanational.com.au

