

Supporting you to  
**keep on**





**Dr Declan Scragg**  
**Junior House Officer**  
*Member since 2014*



**Interested in receiving a hard copy  
or an interactive PDF version?**

Send an email to  
[brandcomms@mdanational.com.au](mailto:brandcomms@mdanational.com.au)  
or call 1800 011 255.

**Content creation & project management**

Niranjala Hillyard

**Graphic design**

Clarity Communications

**Content review**

MDA National Executive Team

**Corporate compliance review**

Vic Grant



# Contents

## SECTION ONE

---

Highlights 2018/19	02
Sound leadership & governance	04
Keep on evolving	10

## SECTION TWO

---

Delivering member value & care	18
Providing individualised support	21
Promoting quality medical practice	26

## SECTION THREE

---

Concise financial report	31
--------------------------	----

### Front cover photo:

**Dr David Chong, Plastic & Reconstructive Surgeon** (*Member since 1998*)

The case studies in this document 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.

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.

Members' names have been removed from some of the testimonials in this report due to privacy considerations.

2018/19

# Highlights



Refreshed the MDA National brand identity



Net Promoter Score of **+66%** indicating strong member satisfaction



Launched new website with a member-centric focus



Retained **96.4%** of practising doctor members at year-end renewals



Upgraded CRM and core insurance system for operational agility



Practice policies increased by **14%**



Introduced on-demand education webinars for members



Received **9,212** medico-legal enquiries



SECTION

# 01

HIGHLIGHTS 2018/19

SOUND LEADERSHIP & GOVERNANCE

KEEP ON EVOLVING



Dr Ameer Ibrahim  
Sports and Exercise Physician  
Member since 2011

# Governance and leadership report

We have had another rewarding year, and our commitment to delivering outstanding value and service to our members is stronger than ever. Our members are our inspiration, and our focus is to empower them to keep on practising at their best. We are proud to support our members when it matters most – always responsive, always confidential, always by their side.

## A fresh face for a trusted brand

The members of MDA National are our heroes, and we've used their feedback to drive a refresh of our brand identity. At the centre of our new look is the "Keep On" message. We want to help doctors keep on doing what they do best, knowing that MDA National is here to support them.

Throughout this Annual Report, you'll see a reflection of this new brand identity. Owned by members and run for members, MDA National is a medical defence organisation with a difference. We provide access to the best medico-legal experts in the country, who are here to help our members with any concern, no matter how big or small. Our brand doesn't see members as numbers – we see them as our number one priority.

## Responding to change

The market we operate within continues to present challenges – increasing competitor expectations, rising demands from members, and a difficult claims environment. In our previous annual report, we discussed our reinvigorated strategic direction,

with a strong emphasis on service leadership. This approach has been instrumental in directing how we respond and adapt to changes in our market.

One of the first steps we've taken was to undertake a significant organisational restructure to reduce operating costs and support more competitive premiums. In addition, we've implemented an upgrade to our core insurance system to make it easier for our members to navigate. We've also re-designed our website to provide more meaningful content to our members and deliver a more user-friendly experience.

We've initiated a major product review, as well as completing phase 1 of enhancements to our pricing model. This process is designed to deliver more targeted, personalised pricing based on a member's individual risk and circumstance.

While we are proud looking back at these achievements, MDA National has an eye to the future. We talk to our members and understand their landscape is evolving, and technology advancing. That's why we're building strong and sustainable systems which are agile and can respond to the changing needs of our members.

## Delivering value when it matters

This year our annual Net Promoter Score (NPS) survey produced a score of +66% – our highest and most positive result to date. This score represents the proportion of members who would recommend MDA National to a friend or colleague. In addition, we retained 96.4% of practising doctor members at year-end renewals. This is a clear testament to the quality of service and value we deliver to our members.

One of the many reasons our members are satisfied is our outstanding medico-legal team, who responded to over 9,000 enquiries this past year. These members call us because they know we provide expert advice that is relevant, compassionate and personalised to their situation.

We continue to deliver face-to-face education activities nationwide, while growing our online learning to include on-demand webinars. Our risk advisers supported and assisted more than 1,400 members through our Support in Practice services, and we continue to empower our member base with medico-legal knowledge through our blog and various publications.



## Championing a stronger system

MDA National has continued to work closely with both AHPRA and other industry partners to enhance how we support members. Alongside other medical indemnity providers, we participated in talks with federal government departments ahead of changes to the Medical Indemnity Act. As a result of these discussions, we have retained premium subsidy schemes, and secured improvements to simple run-off cover schemes.

Like many organisations, we've been closely watching the outcomes from the Financial Services Royal Commission. The Royal Commission has reinforced the benefit of the strong governance and a member centric approach that MDA National has adopted for many years.

## Financially strong

Our subscription and premium income was \$69 million, an increase of 3.5% from the last financial year. Our total assets rose to \$446 million, comfortably exceeding the outstanding claims liability by \$224 million. This ensures we are well equipped to meet members' current needs, with the added capacity to respond to unforeseen claims in the future.

With regards to our results, we reported a loss of \$0.6 million this year, below the close to break-even budget. The loss is attributable to higher than expected claims costs, partially offset by better than expected investment income and lower general expenses.

MDA National will continue to deliver great financial management through careful claims management, continued focus on reduced operational expenses, and overall growth in premium subscription revenue.

## Owned by members, run by members

As a member-based organisation, we put our members first. We recognise the needs of medical practitioners, and our goal is to provide a service which truly helps you in your practice. Right across our organisation, we have a culture of honesty and communication that our members can trust. We are committed to maintaining a viable and robust national business for our members, and the composition of our Board reflects that.

Thank you to all our members for their ongoing loyalty. Thank you to our Board and employees for their dedication and professionalism throughout another successful year. Together, we're excited to further strengthen MDA National and keep on delivering better outcomes for our members.



A handwritten signature in dark ink that reads "Rod Moore".

**Dr Rod Moore**  
MDA National President



A handwritten signature in dark ink that reads "S. Scudamore".

**Steve Scudamore**  
MDA National Insurance Chairman



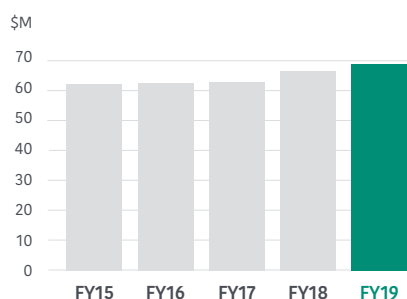
A handwritten signature in dark ink that reads "Ian Anderson".

**Ian Anderson**  
MDA National CEO

# Financial performance

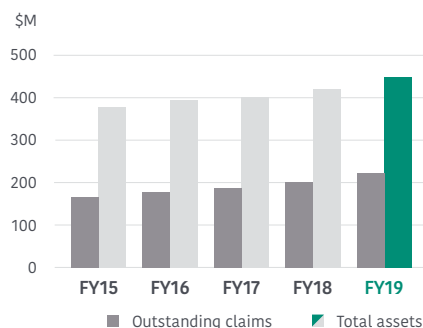
## Subscription and premium income for financial year ending 30 June

Our subscription and premium income was \$69 million – an increase of 3.5% from the financial year ending 30 June 2018. This reflects continued growth in membership and dental practitioner insureds, along with a small increase in average premiums.



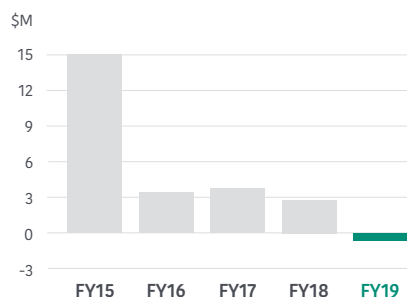
## Outstanding claims and total assets as at 30 June

Our total assets were \$446 million – an increase of \$25 million (6%) from last year. This comfortably exceeds the outstanding claims liability by \$224 million. With total assets amounting to more than double the outstanding claims liability, we are well equipped to meet members' current needs, with the added capacity to respond to any unforeseen future claims.



## Surplus for financial year ending 30 June

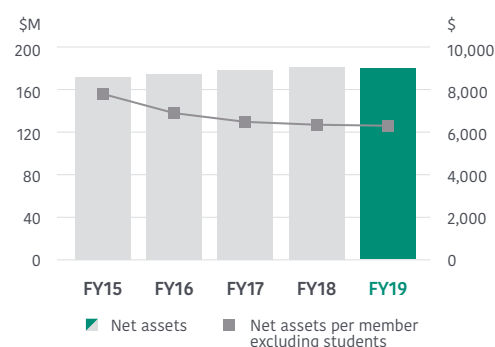
A loss of \$0.6 million this year was below the close to break-even budget. Setting of the budget was based on not needing to build capital and our commitment to continue delivering quality member services while keeping premiums affordable. The loss is attributable to higher than expected claims costs, partially offset by better than expected investment income and lower general expenses.





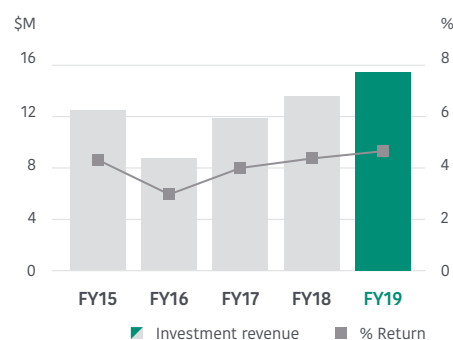
## Net assets and net assets per member (excluding students) as at 30 June

Our net assets reduced to \$180 million (from \$181 million as at 30 June 2018). Net assets per member (excluding students) have continued to reduce due to the steady growth in membership combined with not targeting an increase in capital. MDA National Insurance comfortably exceeds the Australian Prudential Regulation Authority's minimum capital requirements and the prudential buffer required by the Insurance Board.



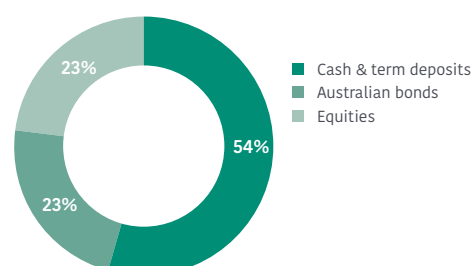
## Investment revenue and return for financial year ending 30 June

We achieved better than expected investment returns. Our investment return for the year was 4.7% – which is well above the official cash rate that ended the year at 0.75%.



## Investment mix as at 30 June 2019

Our investment mix remained stable, with the composition of the investment portfolio tilted towards passive investments in cash and term deposits. These investments are balanced against a small allocation to equities and some longer-term Australian Bonds in recognition of the time taken to settle claims.



# Our Board members

The MDA National Group is made up of MDA National Limited and MDA National Insurance Pty Ltd. The Boards of both entities work closely to ensure the organisation meets members' needs, maintains financial stability and upholds regulatory requirements.



**1 Dr Rod Moore - WA**  
President, Mutual Board  
MBBS (WA), Grad Dip Sp Med  
(UNSW), FAICD

**2 A/Prof Max Baumwol - WA**  
Chair of Finance  
MBBS (WA), FRCS (Eng), FRCS  
(Edin), FRACS

**3 Mr Steve Scudamore - WA**  
Chairman, Insurance Board  
MA (Oxon), FCA, FAICD, SF Fin

**4 Mr Terry Agnew - WA**  
BE (Hons), MSc, MBA

**5 Dr Simon D Benson - VIC**  
MBChB, BSc (Hons), MRCP, FRACGP

**6 Dr Michael Gannon - WA**  
MBBS, MRCP, FRANZCOG, GAICD, FAMA

**7 Dr David Gilpin - QLD**  
MBBS (Hons), FRACS, GAICD




**8 A/Prof Michael Hollands - NSW**  
MBBS, FRACS, FRSC, FACS, DHMSA

**9 Dr Andrew Miller - WA**  
MBBS, LLB (Hons), FANZCA, FACLM, FAICD

**10 Dr Mellissa Naidoo - QLD**  
BSc (Hons I), BMBS, DCH, MHM, FRACMA, FCHSM, GAICD, CHIA

**11 Ms Anne O'Driscoll - NSW**  
FCA, GAICD, ANZIIF (Fellow)

**12 Dr Christine Pascott - WA**  
MBBS, FRACGP, GAICD

-  Mutual Board
-  Insurance Board
-  Mutual & Insurance Boards



Mutual Board directors' individual profiles can be viewed at [mdanational.com.au/about-us/who-is-mdanational/governance](https://mdanational.com.au/about-us/who-is-mdanational/governance)

Insurance Board directors' individual profiles can be viewed at [mdanational.com.au/about-us/who-is-mdanational/insurance-board](https://mdanational.com.au/about-us/who-is-mdanational/insurance-board)



# Our industry alliances

2018/19

## Strategic alliances

Preferred medical indemnity provider status



AUSTRALASIAN COLLEGE OF  
SPORT AND EXERCISE PHYSICIANS

Preferred insurer status



Major MDO sponsor status



Exclusive MDO sponsor status



2018/19

## Formalised industry relationships





Watch our brand story brought to life featuring some of MDA National's remarkable doctor members.



# Refreshed brand identity & new website

We understand the changes occurring in medical practice, the rapid growth in the digital environment, and the impact these have on you. That's why we're always evolving to ensure we remain relevant and responsive to your needs.

Based on member feedback gathered over the last year, we developed a new member-centric website and refreshed our brand identity.

Launched in April this year, our brand campaign reflects how MDA National, as a trusted partner, continues to provide expert protection, support and advice to help our doctors keep on practising with confidence and peace of mind.

Scan the QR code to watch  
the video or view it at  
[youtu.be/ceWHSQsTGHU](https://youtu.be/ceWHSQsTGHU)



Dr Fiona Raciti  
Company Director Family Doctors Plus,  
General Practitioner  
Member since 2013

## Behind the scenes

Members are at the heart of everything we do, and that included our brand evolution. It was inspiring to see our members so engaged and involved in the development of our brand campaign video production and photography.







Dr David Chong  
Member since 1998



Dr Declan Scragg  
Member since 2014



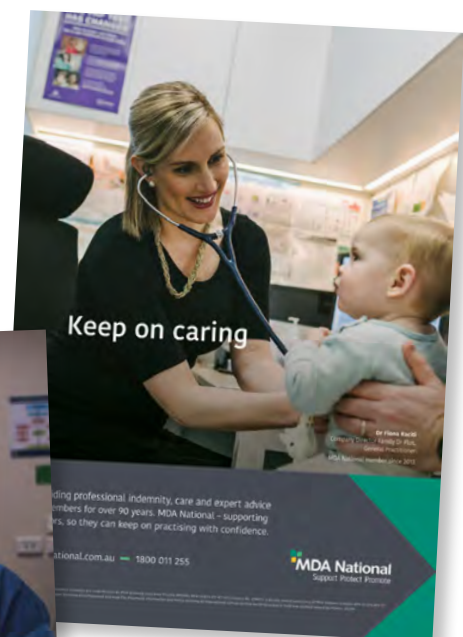
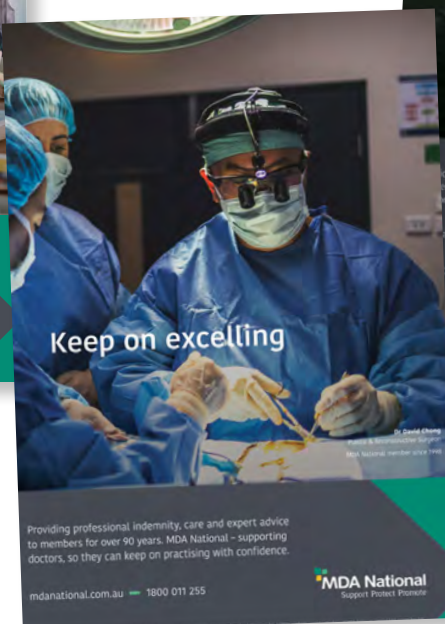
Deb Jackson, one of our  
medico-legal experts



Dr Ameer Ibrahim  
Member since 2011

# Brand campaign advertising

Our brand advertising campaign helped bring to life MDA National's commitment to support and protect you, our members, in your daily practice of medicine. No matter where you are – a medical consultation, an operating theatre or an outdoor emergency – we're by your side.





# Publications redesign

As part of our brand refresh we redesigned *Defence Update*, our flagship magazine, with a new style and composition. We also responded to members' feedback by expanding the magazine's distribution to include doctors in training, incorporating a relevant *First Defence* section. We will continue to evaluate and evolve the magazine to ensure the content remains engaging and relevant to you.



# New member-centric website

With members' needs in mind, we launched our new website in May 2019 with a more contemporary, user-friendly and mobile-responsive design.

Our new online Library gives you improved access to a wide variety of resources including articles, case studies, blogs, videos, podcasts and learning activities. Recordings of live webinars with educational and risk management content are now available for you to watch at your convenience. All articles and case studies previously hosted on our individual publication microsites have been migrated to the new website – so you can now access all our content through a single online Library portal.



With easier navigation and personalised content based on your career stage, you can find the information you need with ease.





SECTION

# 02

DELIVERING MEMBER VALUE & CARE  
PROVIDING INDIVIDUALISED SUPPORT  
PROMOTING QUALITY MEDICAL PRACTICE

**Professor Rupert Leong**  
Gastroenterologist & Interventional Endoscopist  
Member since 2002

**Dr Mark Bonnicksen**  
Gastroenterology Advanced Trainee  
Member since 2013



# Supporting you to keep on

Whether you're studying, training or practising as a doctor, our industry-leading doctors, lawyers and medical defence experts are at your service – always responsive, always confidential, always by your side.

Our core purpose is to protect and support you at the times that matter most. We're here for you with the industry's best advice, resources and expertise to help you keep on practising with safety and confidence.

We care about your health and wellbeing too, which is why we created our Doctors for Doctors Program to give you the emotional support you need to keep on going during stressful medico-legal matters.



## Here's how members describe us\*

- ▶ Amazing advice
- ▶ Listens to members' concerns
- ▶ Thought-provoking education
- ▶ Compassionate and caring
- ▶ Accessible and genuine
- ▶ Responsive and helpful
- ▶ Attentive and supportive
- ▶ Fantastic, reassuring
- ▶ Experts, worthy of praise
- ▶ Informative publications
- ▶ Competent, professional
- ▶ Engaging content
- ▶ Reliable guidance
- ▶ Excellent resources
- ▶ Timely support
- ▶ Pure gold

\*Sourced from MDA National's Reputation Audit Research, publication surveys and ongoing member feedback.

**Dr Russell Thompson**  
2018 MDA National & RDAA Rural  
Bursary Winner, recent graduate  
Member since 2018



We're here to support you in many different ways.



### Individualised support & unparalleled member care

- Medico-legal helpline with 24-hour live support for emergencies
- Expert medico-legal advisers and claims managers who handle every concern
- One case manager until your matter is resolved
- Personalised risk management advice from our Support in Practice team
- In-house medical defence experts backed by a dedicated team of external lawyers
- Doctors for Doctors program for one-to-one peer support during medico-legal matters
- Professional Support Service for referral to an independent psychiatrist in exceptional circumstances
- Doctor-led and doctor-informed service delivery, focused on the best professional and personal outcome for you
- Live Well Work Well activities promoting work-life balance
- Local presence, national support with offices in WA, NSW, QLD, VIC, SA and TAS



### Benefits tailored to your career stage

- Complimentary education, publications and resources designed for your career stage and specialisation
- Online library with articles, case studies, videos, webinars and podcasts
- Free cyber security cover for Practice Policy holders until 30 June 2020
- Low-cost cover for registrars and doctors in specialist training
- Competitive cover for doctors in public hospitals and private practice
- 80% premium discount in your first year of private practice
- Free subscription to The Electives Network for medical students
- Free membership and cover until the end of PGY3
- Access to discounts on travel insurance for you and your immediate family
- Up to 20% off medical publications and reference books



I'm very thankful that I can rely on the understanding and empathetic professionals at MDA National to support me, so I can continue doing the work I'm so passionate about.

**General Practitioner, NSW**

# Keep on practising with peace of mind

We understand the medico-legal challenges you face, and that's why we do more than simply cover you with our professional indemnity insurance. We constantly evaluate and adapt our products, services and member benefits to respond to your evolving needs – so you can keep on practising with peace of mind.

## 2018/19

### Product enhancements

- Broadened the non-procedural General Practitioner risk category to cover single stage local flaps for the removal of skin lesions and defect repairs as well as split skin and full thickness grafts
- Introduced new covers under the Professional Indemnity Policy:
  - up to \$250,000 to pay fines and penalties due to unintentional breaches of the Privacy Act for all members, following changes to the Privacy Act
  - cover for loss of personal income as a result of Court attendance due to a civil liability claim against you as a medical practitioner (not applicable for students).
- Improved policy wording for better clarity in relation to covers and indemnity limits available under the policy
- Extended the complimentary Cyber Risk Policy through Chubb Insurance for Practice Policy holders until 30 June 2020

## 2018/19

### Process improvements

- Upgraded our core insurance system and optimised processes to enhance operational responsiveness and agility
- Commenced work to enable members to download a copy of their tax/invoice receipt for policy payments within the Member Online Services portal
- Progressed with work to introduce a new practice payment portal that would allow practices to make policy payments online
- Streamlined internal processes to make it easier for members to renew their policy with us and for new members to join us

Refined the High-Risk Member Scheme to contain costs and minimise adverse effects on the overall membership, which also serves in the interest of patient safety.



# By your side through medico-legal matters

Our medico-legal advisers are your first point of contact for all your medico-legal queries. With expertise in health care, law and medical indemnity, they are just a click or phone call away – always ready to support you, no matter how big or small your concerns.

Medico-legal advisers are part of a broader team of professionals at MDA National comprising doctors, allied health staff, solicitors and risk managers. So we're ready to respond to your every enquiry with accurate, practical and expert advice tailored to your specific situation.



**In 2018/19 we received  
9,212 medico-legal  
enquiries.**

Nerissa Ferrie  
MDA National Medico-legal Adviser

We understand that medico-legal matters can be demanding and stressful, both personally and professionally. That's why our highly qualified and experienced in-house legal team works in close partnership with you to resolve your particular matter as expediently as possible.

Where appropriate, our claims team will partner with an external senior lawyer or engage directly with Senior Counsel. So you will have the most appropriate expertise matched to your specific needs, to ensure the best possible outcome for you.



#### TOP TEN

##### Reasons why members called us for advice\*

1. General advice/ethical dilemma (35%)
2. Medical records (11%)
3. Ending doctor-patient relationship (7%)
4. Medico-legal report (6%)
5. Employment issues (6%)
6. Confidentiality/privacy (6%)
7. Clinical incident (6%)
8. Practice management (5%)
9. Subpoena/appearance in court (5%)
10. Death issues (3%)



#### TOP TEN

##### Reasons for cases involving members\*

1. General duty of care issues (23%)
2. Procedure (18%)
3. Treatment (15%)
4. Diagnosis (13%)
5. Legal issues (13%)
6. Medication related (7%)
7. Unsatisfactory treatment outcome (3%)
8. Anaesthetic/infection control (3%)
9. Consent issues/breach of confidentiality (2%)
10. Sexual misconduct/harassment/discrimination (2%)

\* In 2018/19



## New in 2018/19



### MEDICO-LEGAL ROUND TABLE

We initiated a series of round-table discussions with multiple specialty groups, specifically designed to address common themes arising from current claims and investigations relevant to each of the target groups.

Participants were invited to submit topics ahead of time, and the content was provided by our in-house legal team in consultation with Cases Committee members and top external legal minds, including Senior Counsel. Relevant statistics and case studies were presented illustrating a range of scenarios that have arisen within each specialty. Feedback from participants was extremely positive.



### AHPRA INSIGHT

We recruited the former Manager of Legal Services and senior lawyer from AHPRA to complement our Cases and Advisory Services team.

Along with unique and invaluable insights into the regulator, she has also brought specialised experience in dealing with AHPRA notifications. This has enhanced our level of assistance and advice to members faced with an AHPRA investigation.

Thank you for such a wonderful presentation last night on the issue of diagnosis. It was extremely well received. Several of the partners have commented today on what a great talk it was and how they had picked up many useful tips to help change their practice to hopefully avoid having to see you in a professional capacity in the future!

Thank you again for such a useful talk, and for the support MDA gives to us as radiologists and the medical profession in general.

**Radiologist, WA**

## CASE STUDY

### Fitness to drive

An experienced GP saw a new patient brought in by a work mate after suffering a collapse at work. Based on the history provided, the GP suspected the patient had suffered a seizure and advised the patient not to drive until further investigation and clearance by a suitable specialist. The patient refused to stop driving.

Our member GP contacted us and was assisted with making a report to the appropriate driver licensing authority. Subsequently the patient made a notification to AHPRA saying that he had lost his job as a result of the notice to the driver licensing authority. We helped the member to write a suitable response and AHPRA dismissed the notification with no further action taken.

## CASE STUDY

### Return to sender

A specialist practice purchased a software package to speed up the process of distributing specialist letters back to referrers. The software paired a contact list with the relevant specialist correspondence, and reception staff set the program to run before leaving for the day.

An automatic upgrade to virus software interrupted the mailout and disrupted the order of distribution. The next morning staff received calls from referrers who received letters for patients they had never heard of.

The practice called us seeking advice on managing the data breach. The breach was contained, the patients and referrers notified – and it was established that in this case the practice did not need to notify the OAIC under the Notifiable Data Breaches Scheme.

I have been a GP for 34 years and this was my first complaint on that level, ever. Totally distressing. I wish I could thank you personally, you were absolutely great. You answered my questions and helped immediately with every email I sent. And you were a great comfort through my severe stress during the situation.

General Practitioner, WA

Thank you for your advice, and I can't thank you enough for your efficiency, expertise and reassuring professionalism in dealing with this matter. The Office of the Health Ombudsman has indicated that this was a clear attempt at intimidation. I am very glad that, with your assistance, I have been able to remove myself from this bullying behaviour.

Neurologist, QLD



### CASE STUDY

## Notifiable conduct

A patient consulted a GP and mentioned that she had recently seen a surgeon regarding her varicose veins. She reported that the surgeon touched her breasts and remarked on her appearance in a way that made her feel very uncomfortable. The patient told the GP that she did not want to take any further action.

The GP was unsure whether he could do anything about the situation without the patient's consent, but he felt uneasy about the surgeon's conduct and contacted MDA National to discuss the situation. After discussing mandatory reporting with a medico-legal adviser, the GP formed the view that the surgeon's conduct was notifiable. He reported the matter to AHPRA who thanked him for the report and AHPRA proceeded with an investigation into the surgeon's conduct.

### CASE STUDY

## A tough pill to swallow

A surgical trainee was cornered by the theatre coordinator who asked him to write her a quick script for the pill. The trainee wrote the script and thought nothing about it until he received an AHPRA notification three months later. The theatre coordinator suffered a life-threatening DVT, and AHPRA requested a written response and a copy of the trainee's (non-existent) notes. The prescription was contraindicated due to a family history of DVT, but the trainee had failed to take the patient's history.

When the trainee sought assistance from the hospital, they told him he was not indemnified for the AHPRA notification and that the hospital would be launching its own investigation. The trainee was very relieved to discover that MDA National could provide him with the support and advice he needed for both investigations.



I want to thank you sincerely for your kind advice and guidance last year. This whole process was a deeply unsettling experience for me. At the time we were talking, I was struggling to manage mixed feelings of guilt, shame, regret and anxiety. I was in an exceptionally dark place within myself. I just really want to convey to you the impact you had by taking the time to accept my calls, write and share your experience with me.

You spoke to me with gentle honesty, respect and real empathy at a time when I was feeling such condemnation. Our conversations supported me and really contributed to my healing. Not to mention the time you took to read drafts and share your legal knowledge with me which allowed me to find my way through the process. I really couldn't be more grateful to you.

Intern, NSW



# Keep on practising with confidence

The aim of our Support in Practice team is to encourage safety and confidence in your medical practice. Using a proactive approach, the team works with you to help identify medico-legal risks in your practice that may lead to claims or complaints – so you can continue to practise safely and stay focused on patient care.

Our risk advisers are ready to help you with advice by phone or email. If necessary, they will visit your practice to speak to you and your practice staff to provide a tailored risk management solution for your specific needs.



2018/19

## Support in Practice services

**620** written advices (up 14%)

**33** risk management presentations (up 22%)

**73** practice visits (up 30%)

**1,445** members supported & assisted (up 25%)



TOP FIVE

## Topics of advice

1. Practice management & systems (37%)
2. Privacy (15%)
3. Medical records (13%)
4. Advertising (9%)
5. Consent (7%)



**Dr Maria Boulton**  
Company Director Family Doctors Plus,  
General Practitioner  
*Member since 2003*

## CASE STUDY

### Follow-up of test results

Following a patient complaint, the NSW Medical Council decided to conduct a Performance Assessment of a member's practice. The complaint had highlighted some problems with the member's systems in relation to the follow-up of test results.

A risk adviser from our Support in Practice team worked with the member and his practice staff to implement changes to overcome the issues. With this help, the member was able to demonstrate improvements to his follow-up system during the Performance Assessment. This was noted favourably in the Medical Council's report.

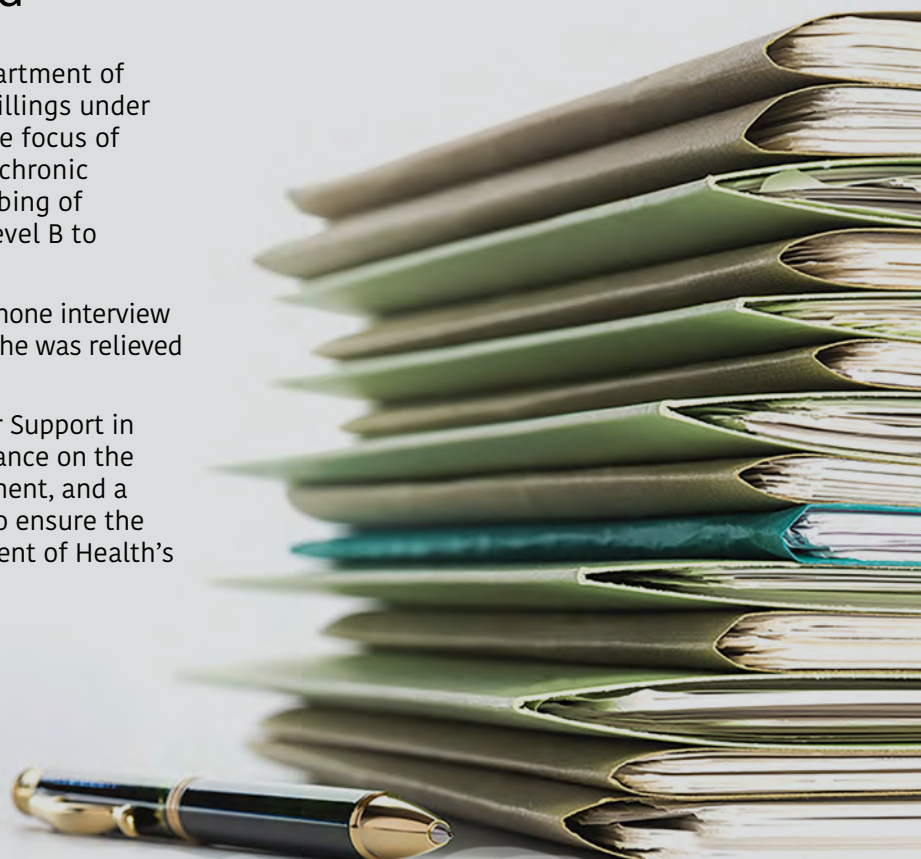
## CASE STUDY

### Medicare minefield

A GP received a letter from the Department of Health advising of an audit of her billings under the Practitioner Review Program. The focus of the investigation was the billing of chronic disease management items, prescribing of benzodiazepines, and the ratio of Level B to Level C consultations.

We assisted the GP prior to her telephone interview with the Department of Health, and she was relieved to receive a six-month review period.

Shortly after, she was referred to our Support in Practice team who gave the GP guidance on the criteria for chronic disease management, and a self-audit process was established to ensure the GP was able to address the Department of Health's concerns prior to the next review.



# Keep on learning with best practice education

Members' requests, queries and medico-legal experiences inform the choice of education topics we deliver. Members help to create and deliver the education activities, and member feedback leads to the ongoing improvement of the content.

## How you can benefit from our education activities

- Complimentary education at no cost to you
- A choice of topics and formats to suit your learning needs and preferences
- Easily accessible e-learning activities that you can complete at your convenience
- Specific activities for various specialties and career stages
- Upskill in non-clinical areas related to medico-legal claims, complaints and queries
- Practical and comprehensive learning experiences that inspire and facilitate behaviour change, reducing medico-legal risk across the mutual membership
- Case scenarios linked to real-life context whenever possible, with opportunities to practise skills and strategies with peers in a supportive environment
- Relevant content for your practice managers and support staff
- Activities that help you meet your professional development requirements
- Formal education activities that help many members satisfy Medical Board education requirements, with free and easy access.



We continue to invest time and resources into developing a range of education activities relevant to your needs, focused on safe medical practice.





2018/19

## Education highlights

- 19 distance education activities available across the year
- An average of 96% of survey respondents across our active learning modules planned to do something differently at work as a result of participating
- 28% increase (from last financial year) in members completing on-demand e-learning activities
- Feedback from on-demand e-learning survey respondents:
  - 72% selected “9” or “10” out of “10” to indicate whether they would recommend the activity
  - 89% planned to do something differently at work as a result of participating
  - 92% agreed or strongly agreed that they enjoyed the activity
- 243 participants across three live webinars, with survey respondents’ feedback indicating that an average of:
  - 80% planned to do something differently at work as a result of attending
  - 63% selected “9” or “10” out of “10” as to whether they would recommend the activity
- 97% of all face-to-face activity survey respondents agreed or strongly agreed that they enjoyed the session



2018/19

## New online releases

- Recordings of live webinars now available to watch on-demand by members:
  - *Pause Before You Publish or Post: Avoiding Medical Marketing Mistakes*
  - *Intimate Examinations: Respect and Responsibility*
  - *Protecting Your Practice from Cyber Strike*
  - *Privacy and Information Security in Private Medical Practice*
- Two podcasts on coronial matters:
  - *Tips for Writing a Medico-legal Report for the Coroner*
  - *Coronial Investigation Process: Roles of the Coroner and the Doctor*
- E-learning activity:
  - *Surgeons’ Risk Self-assessment: Privacy in Private Practice*



### CAREER STAGE Participants across all face-to-face sessions

- 55%** practising senior doctor
- 15%** prevocational doctor
- 15%** student
- 10%** vocational trainee
- 2%** non-clinical staff
- 2%** unknown



### TOP FOUR Specialist groups who participated in our face-to-face sessions

- general practitioners
- physicians
- ophthalmologists
- surgeons

## What participants said about our education sessions

It has been of great value for me as I was facing unprecedented and unsolicited change in my workplace.

**General Practitioner**  
*Making Teams Work*

Very good – every doctor should take this course.

**Ophthalmologist**  
*Practical Solutions to Patient Boundaries*

I enjoyed the heterogeneity of the group and yet the relevance of the workshop to all of the participants; the collegiate support, the superb facilitation and educational materials.

**General Practitioner**  
*Making Teams Work*

Really enjoyed the session. It was great that it was tailored to our needs and anxieties.

**Medical Student**  
*Applying for Internship*

I especially liked the use of videos showing doctors' techniques of managing situations. I felt these were very realistic and helpful.

**General Practitioner**  
*The Challenging Emotions of Difficult News*

I thoroughly enjoyed the activity and learned a great deal from it.

**General Practitioner**  
*Prescribing Opioids*



SECTION

# 03

CONCISE FINANCIAL REPORT

**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 2018. 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.

**Professor Rupert Leong**  
**Gastroenterologist & Interventional Endoscopist**  
*Member since 2002*



## 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 of the Group for the year ended 30 June 2019 and their report as follows:

### Corporate Information

MDA National is medical practitioner owned and operated, and offers professional medical indemnity in 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

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

##### Period in office

Since 1998

##### Experience

General Practitioner – Sports Medicine

##### Special responsibilities

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

#### Dr B Wenck

MBBS, FRACGP (Hon), FAMA, MAICD

##### Period in office

From 2004 until 16 November 2018

##### Experience

General Practitioner

##### Special responsibilities

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

#### Dr D Gilpin

MBBS (Hons), FRACS, GAICD

##### Period in office

Since 2010

##### Experience

Orthopaedic Surgeon

##### Special responsibilities

Vice President from 7 February 2019, MDANI Alternate Director (to Dr R Moore, from May 2019), Chair of MDANI's Clinical Underwriting Committee

#### A/Prof M Baumwol

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

### DIRECTORS' REPORT

#### Dr S Benson

MBChB, BSc (Hons), MRCGP, FRACGP

##### Period in office

From 16 November 2018

##### Experience

Specialist GP

##### Special responsibilities

None

#### Dr A Miller

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

##### 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

#### Mrs D Browning

B Juris, LLB

##### Period in office

From 2012 until 1 August 2019

##### Experience

Legal, Secretarial, Risk Management

##### Special responsibilities

General Counsel, Company Secretary to MDANI and MDA National

#### Dr M Gannon

MBBS, MRCPI, FRANZCOG, GAICD, FAMA

##### Period in office

Since 15 June 2018

##### Experience

Obstetrician & Gynaecologist

##### Special responsibilities

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

#### Dr M Naidoo

BSc (Hons I), BMBS, DCH, MHM, FRACMA, FCHSM, GAICD, CHIA

##### Period in office

From 16 November 2018

##### Experience

Clinical and medical administration

##### Special responsibilities

Chair of Queensland State Advisory Committee

#### Ms J Wright

BEC, AGIA

##### Period in office

Since 25 June 2019

##### Experience

Secretarial, Corporate Administration

##### Special responsibilities

Company Secretary to MDANI and MDA National

#### A/Prof M Hollands

MBBS, FRACS, FRSC, FACS, DHMSA

##### Period in office

2013-2016 and since 2017

##### Experience

General Surgeon

##### Special responsibilities

Member of MDANI's Cases Committee (Eastern)

#### Dr C Pascott

MBBS, FRACGP, GAICD

##### Period in office

Since 2016

##### Experience

General Practitioner

##### Special responsibilities

Member of the Group's Audit Committee and the Group's Risk Committee

#### Dr P Mahar

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

##### Period in office

From 2004 until 16 November 2018

##### Experience

Dermatologist

##### Special responsibilities

None

#### Mr S Scudamore

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

## 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	Board 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			5	5	4	4		
Dr B Wenck <sup>(1)</sup>	3	3								
Dr D Gilpin	7	8								
A/Prof M Baumwol	7	8			3	5				
Dr S Benson <sup>(2)</sup>	5	5								
Dr M Gannon	8	8								
A/Prof M Hollands	7	8								
Dr P Mahar <sup>(1)</sup>	1	3								
Dr A Miller	8	8					4	4		
Dr M Naidoo <sup>(2)</sup>	3	5								
Dr C Pascott	7	8	5	5					4	4
Mr S Scudamore	7	8	5	5	4	5	4	4	4	4

<sup>(1)</sup> Ceased 16 November 2018

<sup>(2)</sup> Appointed 16 November 2018

#### 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 2019 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 as the most valued medical defence organisation and trusted 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.



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

---

### Results and performance

The consolidated net loss after tax for the year was \$0.6 million representing a decrease of \$3.4 million from 2018 profit after tax of \$2.8 million.

Key drivers for the financial performance were:

- an increase in the net claims expense of \$7.3 million due to worse than expected medical and dental claims experience, a general increase in the member base and a reduction in the discount rate used to value the outstanding claims provision;

offset by

- increase in net premium and subscription revenue of \$2.3 million due to an increase in average premium combined with member growth;
- an increase in investment revenue (including movements in fair value) of \$1.9 million due to continued strong performance of the Company's equity portfolio.

### Significant changes in the state of affairs

There were no significant changes for the year ended 30 June 2019.

### 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 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 as the most valued and trusted 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.

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

### DIRECTORS' REPORT

---

#### 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 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.

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 2019 membership, the maximum amount that members of MDA National are liable to contribute is \$438,190.

#### 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 40.

#### Non-audit services

No non-audit services were provided by the Group's auditor, Ernst & Young, during the financial year.

Signed in accordance with a resolution of the Board of Directors



Director  
**DR D GILPIN**



Director  
**DR C PASCOTT**

Perth, 20 September 2019



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

We have audited the concise financial report, which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and related notes, derived from the financial report of MDA National Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2019. The concise financial report also includes discussion and analysis and the directors' declaration.

In our opinion, the accompanying concise financial report, including the discussion and analysis and the directors' declaration complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Concise Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### 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 financial report and the auditor's report thereon.

#### The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 20 September 2019.

#### Responsibilities of the directors 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 for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

#### Auditor's responsibilities for the audit of the concise financial report

Our responsibility is to express an opinion on whether the concise financial report complies, in all material respects, with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies 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  
20 September 2019





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 2019, 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  
20 September 2019

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

Consolidated			
	Notes	30 June 2019 \$000	30 June 2018 \$000
<b>Revenue</b>			
Premium and subscription revenue	4	68,992	66,637
Outward reinsurance expense		(3,248)	(3,164)
Net premium revenue		65,744	63,473
Claims expense		(76,507)	(49,359)
Reinsurance and other recoveries revenue		23,142	3,330
Net claims incurred		(53,365)	(46,029)
Other underwriting expenses		(3,445)	(2,896)
<b>Underwriting result</b>		8,934	14,548
Investment income	4	11,448	9,483
Fair value gains		4,035	4,120
Rental revenue		616	661
Other income		832	630
Salaries, fees and employee benefits expense		(12,917)	(11,596)
Promotion and travel expense		(2,871)	(3,229)
Consulting expense		(1,127)	(1,353)
Depreciation and amortisation expense		(2,177)	(1,760)
Financial costs and fees		(874)	(948)
General insurance expense		(740)	(620)
Legal expense		(138)	(144)
Direct investment expenses		(30)	(24)
Other expenses		(6,629)	(7,054)
<b>(Loss)/profit before income tax credit</b>		<b>(1,638)</b>	2,714
<b>Income tax credit</b>		<b>1,086</b>	52
<b>Net (loss)/profit after income tax credit from continuing operations</b>		<b>(552)</b>	2,766
<b>Net (loss)/profit attributable to members of parent</b>		<b>(552)</b>	2,766
<b>Other comprehensive income</b>		–	–
<b>Other comprehensive income for the year, net of tax</b>		–	–
<b>Total comprehensive (loss)/profit for the year</b>		<b>(552)</b>	2,766

### Discussion and analysis

The net loss after tax for the year ended 30 June 2019 was \$0.6 million compared to the profit after tax of \$2.8 million for the year ended 30 June 2018.

### Underwriting result

The net claims incurred expense for the year ended 30 June 2019 increased by \$7.3 million to \$53.4 million. For the current year, the claims experience in relation to prior underwriting years was unfavourable due to the deterioration in the claims experience across the dental and medical portfolios. This resulted in a provision strengthening of \$1.8 million (2018: \$0.7 million) with respect to higher than expected claims arising from the 2018 and prior underwriting years. Claims expense across the dental and medical portfolios was also higher than expected for the 2019 underwriting year. Combined with member growth and lower discount rates this led to an increase in current years' claims expense of \$6.3 million. During the current year, net premium revenue increased by \$2.3 million due to an increase in average premium combined with member growth.

### Investment performance

Net investment income for the year was \$15.5 million compared to \$13.6 million in 2018. The increase is mainly attributed to the continued market performance in 2019.

### Salaries, fees and employee benefits

The increase of \$1.3 million in salaries, fees and employee benefits expense is mainly related to an increase in salaries, recruitment to fill vacant positions and restructuring costs.

### Depreciation and amortisation expense

Majority of the \$0.4 million increase relates to an increased value of assets transferred out of work-in-progress and an increased spend on software assets in 2019.

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 2019

#### Discussion and analysis

The net assets as at 30 June 2019 have decreased by \$0.6 million from \$180.9 million as at 30 June 2018 to \$180.3 million, due to the loss for the current year.

Total assets have increased by \$25.4 million mainly due to increases in cash and cash equivalents of \$15.3 million.

In addition, reinsurance and other recoveries have increased by \$12.3 million during the year. This is predominately due to higher claim recoveries from government schemes and reinsurance following an overall increase in the claims provision and the number of large claims.

Total liabilities have increased by \$25.9 million as a result of an increase of \$22.7 million in the gross outstanding claims provision. The increase in the gross outstanding claims provision reflects an additional year of claims exposure less claims payments during the year and additional reserve to reflect the deterioration in the claims experience across the dental and medical portfolios, as well as a reduction in the discount rate adopted in its valuation. Payables increased by \$2.6 million mainly attributed to timing combined with additional restructuring cost accruals.

	Consolidated	
	30 June 2019 \$'000	30 June 2018 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	40,863	25,601
Receivables	7,724	6,107
Reinsurance and other recoveries	13,691	11,494
Financial assets	145,381	155,623
Income tax receivable	-	2,477
Prepayments	772	735
<b>Total Current Assets</b>	<b>208,431</b>	<b>202,037</b>
<b>Non-Current Assets</b>		
Receivables	129	130
Reinsurance and other recoveries	61,436	51,379
Financial assets	150,100	143,356
Deferred tax asset	5,587	4,216
Intangible assets	2,994	1,929
Property, plant and equipment	17,545	17,966
<b>Total Non-Current Assets</b>	<b>237,791</b>	<b>218,976</b>
<b>TOTAL ASSETS</b>	<b>446,222</b>	<b>421,013</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	13,853	10,781
Income tax payable	157	-
Unearned premium revenue	27,625	27,738
Employee benefits	1,607	1,621
Outstanding claims	51,413	49,138
<b>Total Current Liabilities</b>	<b>94,655</b>	<b>89,278</b>
<b>Non-Current Liabilities</b>		
Employee benefits	490	519
Outstanding claims	170,765	150,352
<b>Total Non-Current Liabilities</b>	<b>171,255</b>	<b>150,871</b>
<b>TOTAL LIABILITIES</b>	<b>265,910</b>	<b>240,149</b>
<b>NET ASSETS</b>	<b>180,312</b>	<b>180,864</b>
<b>MEMBERS' EQUITY</b>		
Accumulated surplus	180,312	180,864
<b>TOTAL MEMBERS' EQUITY</b>	<b>180,312</b>	<b>180,864</b>

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 2019**

	<b>Consolidated</b>	
	<b>Accumulated Surplus \$000</b>	<b>Total Members' Funds \$000</b>
<b>At 1 July 2017</b>	174,337	174,337
Net profit after tax for the year	2,766	2,766
<b>Total comprehensive profit</b>	2,766	2,766
<b>At 30 June 2018</b>	180,864	180,864
Net loss after tax for the year	(552)	(552)
<b>Total comprehensive loss</b>	(552)	(552)
<b>At 30 June 2019</b>	<b>180,312</b>	<b>180,312</b>

## Discussion and analysis

Accumulated surpluses decreased to \$180.3 million as a result of the operating loss after tax of \$0.6 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 2019**

## Discussion and analysis

### Cash flows from operations

Net cash inflows from operations decreased \$20.7 million from \$25.3 million as at 30 June 2018 to \$4.6 million. The major contributing factors are highlighted below:

- lower cash receipts from reinsurance and other recoveries of \$6.5 million predominately due to timing
- an increase of \$17.4 million in claims paid mainly due to claims experience being worse than expected

offset by

- an increase in premium receipts of \$1.1 million due to an overall increase in premium income
- an increase in tax refund received of \$0.9 million due to the Group's overall tax loss position.

### Cash flows from investments

Net cash inflow from investment activities was \$10.7 million compared with a \$11.5 million outflow in the previous year, largely due to an increase of proceeds from redemptions of investments of \$42.4 million, some of which was used to repay the increased claims.

	Consolidated	
	30 June 2019 \$000	30 June 2018 \$000
<b>Cash flows from operating activities</b>		
Subscription receipts	4,161	3,692
Premium receipts	78,292	77,200
Receipts from reinsurance and other recoveries	10,779	17,253
Interest received	5,406	5,053
Payments to suppliers, employees	(42,604)	(42,906)
Claims paid	(53,819)	(36,469)
Income tax received	2,349	1,451
<b>Net cash inflows from operating activities</b>	<b>4,564</b>	<b>25,274</b>
<b>Cash flows from investing activities</b>		
Funds deposited into managed portfolio and term deposits	(59,834)	(40,622)
Proceeds from the redemption of investments	73,354	30,941
Acquisition of property, plant and equipment and intangibles	(2,822)	(1,769)
<b>Net cash inflows/(outflows) from investing activities</b>	<b>10,698</b>	<b>(11,450)</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,262</b>	<b>13,824</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>25,601</b>	<b>11,777</b>
<b>Cash and cash equivalents at the end of year</b>	<b>40,863</b>	<b>25,601</b>

## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**NOTES TO THE CONCISE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019****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 2019, 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.

<b>Assumption</b>	<b>Factors considered</b>
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 \$0.35m (2018: \$0.35m).



## MDA NATIONAL LIMITED TRADING AS MDA NATIONAL

**NOTES TO THE CONCISE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

	2019	2018
Average weighted term to settlement from reporting date	3 years	3.3years
Claims handling expense rate:		
% claims (capped at excess of loss retention)	7.0%	8.0%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	1.1%	2.3%
Inflation	N/A *	N/A *
Risk margin	10.1%	13.0 *

\* 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, 2.75% (2018: 3.00%) normal inflation and 2.5% (2018: 2.5%) 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 Group. 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	
	2019 \$'000	2018 \$'000
<b>Underwriting activities</b>		
Premium and subscription revenue	65,347	62,824
Subscription revenue	3,645	3,813
	<b>68,992</b>	<b>66,637</b>
<b>Investment income</b>		
Interest – other bodies corporate	5,460	5,122
Trust distributions	5,819	4,201
Fee rebate income	169	160
	<b>11,448</b>	<b>9,483</b>

Supporting you  
to keep on

**Adelaide**

Level 1  
26 Flinders Street  
Adelaide SA 5000

**Brisbane**

Level 8  
87 Wickham Terrace  
Spring Hill QLD 4000

**Perth**

Level 3  
88 Colin Street  
West Perth WA 6005

**Hobart**

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

**Melbourne**

Level 3  
100 Dorcas Street  
Southbank VIC 3006

**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](mailto:peaceofmind@mdanational.com.au) **Web:** [mdanational.com.au](http://mdanational.com.au)

