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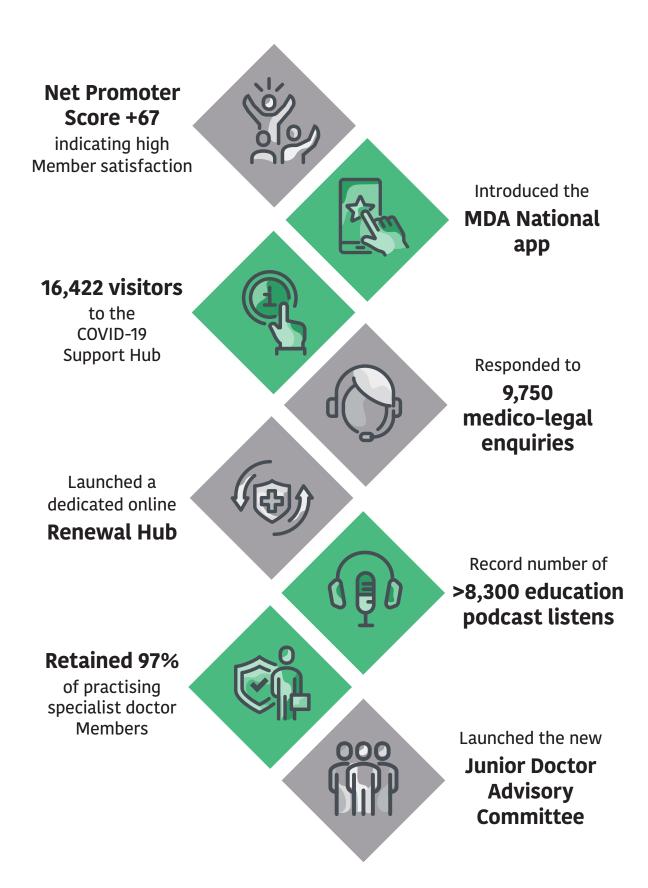
Section 01

EVOLVING WITH A FUTURE FOCUS

James Pike

Medical student | Member since 2020

HIGHLIGHTS 2020/21



LEADERSHIP REPORT

Clear purpose, future focus

It is often hard to make sense of the whirlwind that has been the last year and a half. Globally, the COVID-19 pandemic has had a devasting effect with well over four million deaths. While Australia has avoided anything like the levels of destruction and disease seen internationally, it has still had a significant impact on our lives and our practices.

While Members in states like Western Australia and Queensland have noticed relatively minimal disruption to their work, those in Victoria and New South Wales have been far less fortunate.

Doctors in some specialties will have mostly carried on with work as normal, especially those required to be on call 24/7, delivering other essential care or predominantly Category 1 surgery.

But it has been more challenging for practitioners in other equally important areas of health care, such as those working around airborne generating procedures who are more likely to acquire infections and have their work disrupted.

MDA National also provides insurance products to dentists – and they too have had their ability to care for patients and earn a living greatly diminished.

It was against the shock of the original pandemic that the Board deferred what was an overdue decision to increase premiums. We came to you, our Members, in good faith during the 2021/22 renewal, explaining the need to raise premiums.

An increasingly litigious society, and the everincreasing generosity of the courts, have led to a phenomenon called 'social inflation' which is increasing the cost of medical indemnity globally.

Beyond this, we have suffered troubling claims experience in certain areas of medicine in recent years. This made it appropriate to ask those of our surgical Members who perform neurological, spinal, orthopaedic and bariatric surgeries to pay more, recognising their greater risk and higher costs. The ongoing pandemic and the hardening of the international reinsurance market have also affected our bottom line.

Despite the challenges, MDA National's long history of being careful and prudential with Members' funds was rewarded with an extremely successful renewal.

We, the Board, the senior executive staff and the whole MDA National team, do not take this loyalty for granted. We continue to provide the highest levels of Member service with our dedicated and professional in-house legal teams spread across Australia.

Throughout the challenging times, we listened and responded to Members' needs. Members are actively involved in our management and advisory committees (as shown on page 6). The specific challenges and impact of COVID-19 on junior doctors prompted us to launch the Junior Doctor Advisory Committee, giving a platform to our future doctors.

The trend towards a higher proportion of our work relating to complaints to bodies like Ahpra continues. The outstanding staff in our claims management and underwriting teams have been handpicked to deliver the support Members need when facing a medico-legal matter.



Dr Michael GannonPresident, MDA National

Whether it is an inquiry or a civil claim, this does not reduce the stress on individual Members – this is clearly seen in the first-hand accounts from two of our Members (pages 17-19).

All our staff have been working under trying circumstances. Upholding high standards of service in extended lockdowns, while possibly 'home schooling' children and maintaining work-life balance, has been hard. We cannot stress enough our appreciation to our people.

The successful vaccination rollout represents the way out of the pandemic for Australia and the rest of the world, and delivery of this program intimately involves our Members.

We have been working with both the Australian Medical Association and the Insurance Council of Australia to make sure robust indemnity arrangements are in place to support Members during this unprecedented whole of population vaccination rollout.

As MDA National moves towards a century of existence with a **clear purpose** of supporting and protecting doctors and promoting good medical practice, we promise to intensify our efforts.

We will continue to evolve with a **future focus** to meet the changing needs of the medical profession – looking forward optimistically to a time when both a sense of calm and our freedoms are restored.

Dr Michael Gannon was elected President of MDA National in November 2020.

Dr Gannon is a renowned Obstetrician and Gynaecologist based in Perth. He has had a longstanding association with MDA National, dating back to his time as President of the Australian Medical Students' Association (AMSA) and joining as an intern in 1989.

He was appointed to the Cases Committee in 2011, elected to the Mutual Board in 2018, and was Chair of Finance in 2020. He is a member of the National Health and Medical Research Council (NHMRC) and a Board member of AMA WA.

Dr Gannon is a Past President of the Federal AMA (2016-2018) and AMA WA (2015-2016).



lan Anderson
CEO, MDA National

Ian Anderson commenced in his role as MDA National CEO in February 2015.

Ian's significant leadership experience includes an in-depth knowledge of healthcare and financial services across both private and government sectors.

His background ranges from health insurance and leading standalone medical businesses to the delivery of major healthcare capital works programs.

Prior to joining MDA National, Ian was the CEO of St John of God Midland Public and Private Hospitals project, where he successfully oversaw the tendering, contracting and construction phases of a 20-year Public Private Partnership agreement.

Responsive. Reliable. Confidential. Always by your side.

GOVERNANCE & LEADERSHIP STRUCTURE

Mutual Board & Insurance Board 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 the needs of Members and insureds, maintains financial stability and complies with regulatory requirements. **Group & Board Committees** Supported by MDA National management and chaired by a director of either the Mutual or Insurance Board, sharing the workload in specific areas of expertise and responsibility Remuneration Audit Nominations & Risk Capital Sub Committee Committee Committee Remuneration Committee Committee **Executive Team** Responsible for leading the management and operational aspects of the business and implementing the strategic direction set by the Board **Management & Advisory Committees** Provide support in matters of executive responsibility, reporting directly to the responsible executive MDA National Members are heavily involved, providing valuable advice and insight Cases Clinical State **Junior Doctor** Corporate Advisory Advisory Underwriting Committees Social Committee Committees Committee Responsibility (Western/Central Committee & Eastern)



Details about our leadership team and committee members can be viewed at: mdanational.com.au/about-us/our-people

OUR BOARD MEMBERS



Dr Michael GannonPresident, Mutual Board
MBBS, MRCPI, FRANZCOG,
FAICD, FAMA



Dr Mellissa NaidooVice President, Mutual Board
BSc (Hons I), BMBS, DCH, MHM,
FRACMA, CHE, FCHSM, GAICD, CHIA



Mr Steve Scudamore Chairman, Insurance Board BA (Hon), MA (Oxon), FCA, FAICD, SF Fin, HonDUniv (Curtin)



Dr Simon D BensonChair of Finance
MBChB, BSc (Hons), MRCGP,
FRACGP



Dr Andrew J MillerMBBS, LLB (Hons), FANZCA,
FACLM, FAICD



Dr David GilpinMBBS (Hons), FRACS, GAICD



Mr Terry Agnew
BE (Hons), MSc, MBA, FAICD,
SF Fin, FAIM, HonDUniv (Curtin)



Ms Anne O'Driscoll FCA, GAICD, ANZIIF (Fellow)



A/Prof Michael HollandsMBBS, FRACS, FRSC, FACS, DHMSA



Dr Christine PascottMBBS, FRACGP, GAICD, CHIA



Dr Andrew WesseldineMBChB (University of Auckland),
FRACP, GAICD, MBA



Clinical A/Prof Anthony Bell

MBBS (UWA), FACEM, FRACMA,

FCHSM, MBA, MPH

Thank you to Dr Rod Moore, past President of MDA National.

The AGM in November 2020 saw the retirement of our longstanding Board member and President, Dr Rod Moore. He was first appointed to the Mutual Board in 1998, serving as Vice President from 2004 to 2007 and then as President from 2014 to 2020. Our sincere thanks to Dr Moore for his dedicated service and unwavering commitment to the organisation and our Members.





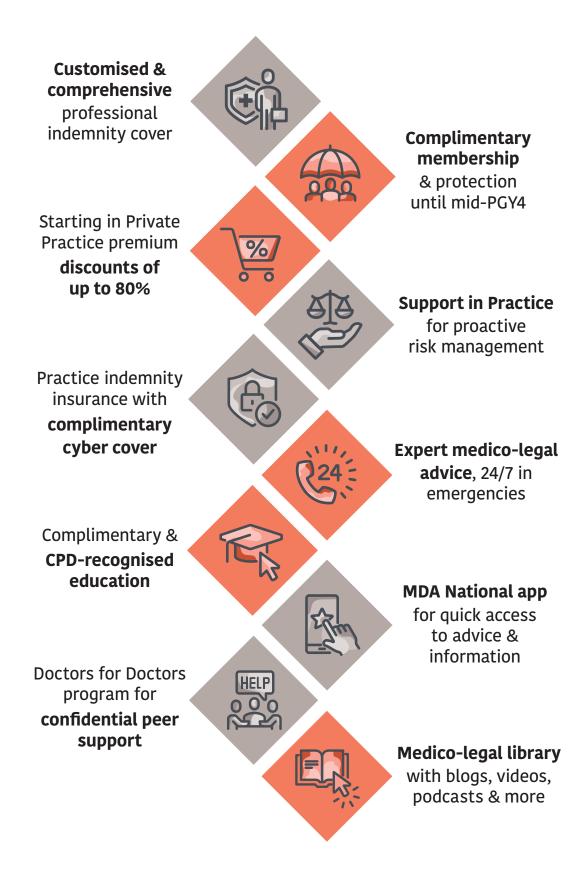


Section **02**

FOCUSED ON YOU

Dr Sikta Samantray
Intern | Member since 2017

Tailored **protection**Unwavering **Support**



SUPPORTING you in the moments that matter

COVID-19 support

As of 30 June 2021, our COVID-19 Support Hub had **16,422** online visits.

Throughout the changing environment, we constantly updated our online COVID-19 Support Hub with crucial information, resources and FAQs to guide Members in their practice – with topics including telehealth, e-prescribing, medical clearance certificates, career complications, dealing with uncertainty, and other relevant matters.



Keep on Caring program

We implemented our Keep on Caring program in hospitals across Australia as a small gesture of support, in recognition of the pressures faced by our Members working on the frontline through the ongoing COVID-19 crisis.



Initiatives included delivery of:

- >1,500 complimentary 'My Muscle Chef' meals to doctors working on the frontline
- ▶ 1,300 coffee vouchers to various hospitals
- >1,000 hand sanitisers & lens wipes
- Complimentary yoga & meditation classes
- ▶ Discount code for up to 25% on 'My Muscle Chef' meals for MDA National Members.

COVID-19 professional indemnity scheme

The past year has been a challenging one, particularly for GPs and practices who agreed to provide COVID-19 vaccinations. The scale of the vaccine program and the pace of vaccine development introduced uncertainty and risks for practitioners.

We worked closely with the Department of Health and other stakeholders to ensure clarity for practitioners. We lobbied the government to extend support for doctors, leading up to the establishment of a professional indemnity scheme by the government to cover healthcare practitioners participating in the COVID-19 vaccine program.



CASE STUDY

COVID-19 vaccine - billing complaint

A practice was setting up as one of the few in the vicinity to administer the COVID-19 vaccine. This was during the early days of the vaccination program when the details regarding charging a 'gap fee' for COVID-19 suitability consultations were still unclear.

While this was usually a fee-charging GP practice, COVID-19 vaccination itself was bulk billed. Many new patients were attending, which required time-consuming clarification of relevant history. The practice contacted us for advice when a patient complained about a 'gap fee' billed for a COVID-19 vaccine suitability consultation.

With input from our Support in Practice team, we helped clarify the evolving billing requirements – that COVID-19 vaccine-related consultations and administration should not generate out-of-pocket costs. We also assisted the staff with scripts for responding to COVID-19 vaccination queries.

The practice was able to resolve the complaint locally. By that time, however, the matter had escalated to a health complaint body and Medicare.

We helped coordinate communication with the health complaint body, demonstrating how the practice had already responded to the matter – this resolved the issue. We also supported the practice with advice on how to manage the Medicare query.



Medico-legal support

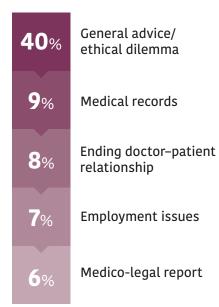
In 2020/21 we responded to **9,750** medico-legal enquiries.

As the first point of contact for Members' enquiries, our medicolegal advisers are always ready to provide timely, accurate, empathic and practical advice, tailored to every Member's specific situation.

With expertise in a variety of backgrounds including health care, law and medical indemnity, the team is well equipped to respond with the industry's best advice.

Top 5 reasons: Medico-legal advisory calls





Every Member's experience with a claim, complaint or medico-legal matter is unique.

We empower Members to have input into managing their medico-legal matter, to help them feel in control of their journey. Our in-house experts are backed by a dedicated external legal team – and we match each Member's needs with the most compatible legal expertise to ensure the best possible outcome for the Member.

Top 5 reasons: Cases involving Members



24%	General duty of care
22%	Procedure
14%	Legal issues
12%	Diagnosis
9%	Medication

Risk management support

In 2020/21 our Support in Practice (SiP) team assisted **1,190** Members.

Legal requirements and professional obligations for medical practices can be varying and complex.

The aim of our SiP team is to help Members manage the medico-legal risks in their practice – thereby reducing the chance of complaints, claims or disciplinary action.

Our risk advisers provide advice over the phone or email, and also visit the practice in person when needed.

Top 5 topics: Support in Practice advice



26%	Practice management
15%	Practice systems
12%	Privacy & confidentiality
9%	Medical records
7 %	Advertising



NEW IN 2021

MDA National Medicare Committee

An increase in targeted compliance and audits by the Department of Health led us to establish an in-house Medicare Committee. Comprised of three medico-legal advisers and a risk adviser, the committee meets monthly to share information and expertise.

The committee's purpose is to ensure that we:

- provide timely and consistent member-centric advice
- publish relevant billing information across all our communication channels
- remain up to date on all Medicare-related matters and changes relevant to Members.



PROTECTING your career & reputation

As a practising doctor in Australia, you have a **1 in 20** chance of receiving a complaint from Ahpra.

No matter how good a doctor you are, or what specialty you're in, a claim, complaint or disciplinary action could have a damaging impact on your career, reputation, finances, health and personal life.

While some allegations are more difficult than others, any matter that progresses past the initial investigation can take longer to resolve, increasing the anxiety it creates.

That's why it's so important to have a strong, reputable and reliable medical defence organisation by your side to support you through medico-legal matters.



Here are two first-hand accounts written by our Members. We are truly grateful to them for sharing their difficult and emotional experiences with candour.



Ahpra notifications – one doctor's journey

I am an obstetrician and gynaecologist. Two months after a brief consultation in a gynaecological outpatient clinic, the patient made an informal complaint to the hospital about my manner and my failure to properly cover her during an examination. She sought an apology and financial compensation.

I examined the patient's chart and noted that a nurse chaperone had assisted me throughout the procedure.

I did not accept the allegations due to my invariable practice of preserving a patient's modesty. However, as a gesture of goodwill, I offered the patient an apology for any unintentional distress and suggested that her care be transferred to one of my colleagues.

The hospital considered the matter closed. I was therefore shocked to receive a notification from Ahpra many months later, that I was being investigated on this same matter.

I immediately contacted MDA National for advice. In compliance with Ahpra regulations I advised my employer, and any hospital I had admitting rights to, that I was being investigated. I felt humiliated.

With MDA's assistance, I responded to the complaint explaining I had no recollection of the consultation. I outlined my usual practice during an examination and the role of nurse chaperones.

I reassured Ahpra that I had reviewed my practice to ensure I was complying with AMA and hospital guidelines and the Medical Board's Code of Conduct.

Six months later, Ahpra notified me of their proposal to issue me with a caution. I was devastated.

I questioned my competence and could barely sleep. I became very wary of every patient encounter. Telehealth came as a welcome relief, as I didn't need to see patients face to face.

With MDA's help, I responded to Ahpra. I strongly denied any wrongdoing and provided testimonials from medical and nursing colleagues. I had a Zoom hearing with the Medical Board and my MDA representative.

Several weeks later, Ahpra notified me of its decision "to take no action in relation to the matter".

I appreciate that Ahpra has a role in protecting patients and upholding the ethics of the profession. But it felt as if my guilt was assumed, and the complainant's allegations were all deemed true – however implausible or unlikely.





Being sued – a harrowing experience

Imagine a day like any other day in a medical practice. You get called to reception and a man thrusts an envelope into your hands, telling you that you have been served. Just like that, the nightmare has begun.

The solicitor's papers inform you of an intent to sue – that a patient has found your treatment unacceptable; that you have been negligent and not shown reasonable skill and duty of care. And they are claiming a huge amount of money as compensation.

Your day has irrevocably changed.

As medical practitioners, we really want to do our best for our patients. And despite the massive weight of expectations we work with and under, we do care. I could not conceive of willingly doing any harm to anyone.

I checked the relevant patient records and my notes had sufficient information to confirm that what was alleged did not happen. I contacted MDA National.

As the gravity of the situation sank in, the fear started. Fear of being destroyed. Fear of being humiliated. Fear of the unknown.

After correspondence and meetings with MDA and their external specialist team, the upshot was that the case would be defended.

Information gathering began. What was alleged? What actually happened? What evidence supported their claim or my counterclaim?

The team fully explored the topic, investigating all aspects of the area of medicine in question. The value of this became apparent later.

Time dragged on as we drew closer to an appointed court date. After two years of endless waiting, things gained momentum.

I was impressed with the amount of trouble the legal team went to with finding expert witnesses, presenting the case, and assessing their reports.

My barrister introduced me to the world of legal manoeuvring. Finally, the court proceedings began.

Most of day one was spent in the logistics of the case. The plaintiff gave their story, and then witnesses on their behalf. Questions and crossexamination.

The days went by in a blur, and finally my turn on the stand. The opposing barrister's questions twisted and turned, trying to find a weakness to explore.

Following my team's instructions, I kept calm and answered questions without adding anything. Expert witnesses presented, both general practitioners and other specialists.

When the plaintiff's lawyers saw that their claim did not have legs, they looked for other ways to pursue me.

This was when my legal team's wisdom of covering a wide view of the subject from the outset served us well.

The initial claim causing physical harm morphed into a charge of assault – apparently I had not written "consent obtained" in the notes. It was dealt with by referring to my "normal practice" and many years of experience. Other parts of the notes indicated a clear timeline, and that was crucial.

The judgment came through in less than a month. The judge found in my favour, with costs.

My time in court was very unpleasant. But I did learn something of my own resilience – of staying connected to the passion I feel for the profession, and staying connected to the healer I am.

So, if you find yourself in a similar situation, take heart. Things can work out. You will feel fear, panic, indignation, frustration and rage – but speak to people, and get support or counselling. Trust your team implicitly and stay out of their way so they can do their job.

What did MDA National's support mean to me? They saved my sanity.

Knowing someone was being strong for me. Having someone remain objective, keeping everything in a healthier perspective when my world was spinning.

I felt I was being taken care of competently. They were supportive, respectful, understanding and thorough.

The team always lightened my mood. They were positive and encouraging, while also being realistic.

They were people I could trust and lean on.



PROMOTING your ongoing education

Our Education team has a clear purpose – to create and deliver learning activities aimed at helping Members provide safer medical care. Offered as a complimentary benefit, these activities have effectively upskilled many Members in a range of practical and non-clinical areas related to medico-legal claims, complaints and queries.

Highlights 2020/2021

Evolving focus to meet doctors' changing needs



(up >14 times from previous year)

Top 3 podcast topics:



- **Switched emphasis to create more podcasts** for easy access and quick application.
- **Diplomacy in a hierarchy webinar and radio play** responding to junior doctors' requests for advice on whether they should simply do as directed in a health crisis.
- ▶ Coping with training and career disruptions video and podcast with advice from an occupational psychologist to help junior doctors who were facing many unknowns with the impact of COVID-19.
- ▶ Systematic efforts to reduce harms due to prescribed opioids webinar and resource page, in collaboration with the federal Department of Health, to clarify national opioid regulatory reforms.
- ▶ 10 continuously available e-learning activities, majority CPD-recognised.

92% of survey respondents planned to change how they worked after attending a CPD-recognised workshop in 2020/21.

Thank you to our Members who helped us facilitate education workshops.





A few of our facilitators describe their experience:

Dr Eric Khong | General Practitioner

MDA National's peer-to-peer education activities are very popular and often over-subscribed. Not just because many doctors worry about their exposure to medico-legal liability, but because the topics are interesting and practice-oriented. I've been involved with the Education team for about seven years, and really enjoyed being able to help my peers navigate challenging topics.

Dr Frances Poliniak | General Practitioner

MDA National provides high-quality education to the entire spectrum of the 'medical world' – students, hospital doctors, specialists and GPs, including nursing staff and practice managers. I enjoy the privilege of being able to facilitate well-composed modules of education, with the freedom to add relevant personal experiences from my broad array of work locations and work situations.

Prof Moira Sim | General Practitioner & Specialist Addiction Medicine Physician

The great value is in the facilitated interaction between participants ...

A sense of being relieved to share the 'hard stuff' they might not always get to talk openly about. Always new ways of looking at things, new things to reflect on. The constant learning is part of the fun and deep value of being part of the Education team.



Steve Scudamore

Chairman, MDA National Insurance

Concise Financial Report

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 2021 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

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 2021.

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.

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:

DIRECTOR

Dr M Gannon

MBBS, MRCPI, FRANZCOG, FAICD, FAMA

Period in office

Since 15 June 2018

Experience

Obstetrician & Gynaecologist

Special responsibilities

President (from November 2020), MDANI director, Chair of Finance (from January 2020 - November 2020), member of the Group's Nominations & Remuneration Committee (from January 2021), member of the Group's Capital Committee (from March 2020) and MDANI's Cases Committee (Western/Central)

DIRECTOR

Dr R Moore

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

Period in office

From 1998 until 20 November 2020

Experience

General Practitioner
- Sports Medicine

Special responsibilities

President (from 2015 to November 2020), MDANI director, member of the Group's Nominations & Remuneration Committee and Capital Committee (until November 2020), Chair of MDANI's Cases Committee (Western/Central), member of the MDANI's Clinical Underwriting Committee

DIRECTOR

Dr D Gilpin

MBBS (Hons), FRACS, GAICD

Period in office

Since 2010

Experience

Orthopaedic Surgeon

Special responsibilities

Vice President (2019-2020), MDANI Alternate Director (to Dr R Moore, from May 2019 - Nov 2020), Chair of MDANI's Clinical Underwriting Committee

DIRECTOR

Dr S Benson

MBChB, BSc (Hons), MRCGP, FRACGP

Period in office

Since 16 November 2018

Experience

Specialist GP

Special responsibilities

Chair of Finance (from 20 November 2020), member of the Group's Capital Committee (from March 2021)

DIRECTOR

Clinical A/Prof Anthony Bell

MBBS (UWA), FACEM, FRACMA, FCHSM, MBA, MPH

Period in office

Since 20 November 2020

Experience

Emergency physician & healthcare executive

Special responsibilities

Nil

DIRECTOR

A/Prof M Hollands

MBBS, FRACS, FRSC, FACS,

Period in office

2013-2016 and since 2017

Experience

General Surgeon

Special responsibilities

Chair of MDANI's Cases Committee (Eastern)

DIRECTOR

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 (until April 2020)

DIRECTOR

Dr M Naidoo

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

Period in office

Since 16 November 2018

Experience

Clinical and specialist medical administrator & leadership roles

Special responsibilities

Vice-President (from 20 November 2020), Member of the Group's Nominations & Remuneration Committee (from June 2020) and Chair of Queensland State Advisory Committee

DIRECTOR

Dr C Pascott

MBBS, FRACGP, GAICD, CHIA

Period in office

Since 2016

Experience

General Practitioner

Special responsibilities

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

DIRECTOR

Mr S Scudamore

BA (Hons), MA (Oxon), FCA, FAICD, SF Fin, HonDUniv (Curtin)

Period in office

Since 2013

Experience

Accounting & 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

DIRECTOR

Dr A Wesseldine

MBChB (University of Auckland), FRACP, GAICD, MBA

Period in office

Since 20 November 2019

Experience

General Physician & Geriatrician

Special responsibilities

Member of the MDANI's Clinical Underwriting Committee (from August 2020 to August 2021) and WA State Advisory Committee

COMPANY SECRETARY

Ms J Wright

BEc, AGIA

Period in office

Since June 2019

Experience

Company Secretarial, Corporate Administration

Special responsibilities

Company Secretary to MDANI

Directors and company secretary were in office for the entire period unless otherwise stated.

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 is as follows:

Director	Directors' Meetings		Audit Committee		Capital Committee		Nominations & Remuneration Committee		Risk Committee	
	Number of meetings attended	Number of meetings held								
Dr R Moore ⁽¹⁾	3	3			3	3	1	2		
Dr M Gannon	8	8			5	5	1	1		
Dr M Naidoo	8	8					3	3		
Dr S Benson	8	8			2	2				
Clinical A/Prof A Bell (2)	5	5								
Dr D Gilpin	8	8								
A/Prof M Hollands	8	8								
Dr A Miller	8	8								
Dr C Pascott	8	8	5	5					4	4
Mr S Scudamore	8	8	5	5	5	5	3	3	4	4
Dr A Wesseldine	8	8								

⁽¹⁾ Retired 20 November 2020

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 2021 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 education, 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.

In striving to promote good medical practice, MDA National has developed a vision of being chosen as the most valued medical defence organisation and a 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.

⁽²⁾ Appointed 20 November 2020

Results and performance

The consolidated net profit after tax for the year was \$1.64 million representing an increase of \$32.1 million from 2020 loss after tax of \$30.45 million.

Key drivers for the financial performance were:

- a decrease in the net claims expense of \$4.76 million despite an increase in overall claims costs due to higher reinsurance recoveries and an increase in the discount rate used to value the outstanding claims provision
- an increase in investment revenue (including movements in fair value) of \$15.03 million predominantly due to the improvement in equity markets
- a decrease in operating costs of \$5.42 million.

Significant changes in the state of affairs

There were no significant changes for the year ended 30 June 2021.

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

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 Directors' 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 end of 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 and Non-Practising Retired 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 2021 membership, the maximum amount that Members of MDA National are liable to contribute is \$432,080.

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 29.

Non-audit services

Non-audit services, in the form of tax advisory work, was provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received \$5,500 for the provision of non-audit services for the 2021 financial year.

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

President

DR M GANNON

hair of Finance

DR S BENSON

Perth, 24 September 2021



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 2021, 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 2021. 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 (including Independence Standards)* (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 24 September 2021.

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 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 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

Tim Dachs Partner Perth 24 September 2021



Emst & 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 2021, 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

Tim Dachs
Partner
Perth

24 September 2021

Statement of Comprehensive Income

for the year ended 30 June 2021

		Consol	idated
	Notes	30 June 2021 \$000	30 June 2020 \$000
Revenue			
Premium and subscription revenue	4	75,763	72,604
Outward reinsurance expense		(4,276)	(3,504)
Net premium revenue		71,487	69,100
Claims expense		(104,958)	(94,082)
Reinsurance and other recoveries revenue		42,877	27,244
Net claims incurred		(62,081)	(66,838)
Other underwriting expenses		(3,943)	(3,403)
Underwriting result		5463	(1,141)
Investment income	4	5,926	7,885
Fair value gains/(loss)	•	11,856	(5,134)
Rental revenue		731	754
Other income		757	987
Salaries, fees and employee benefits expense		(10,957)	(11,147)
Promotion and travel expense		(976)	(2,352)
Consulting expense		(421)	(1,317)
Depreciation and amortisation expense		(3,197)	(3,343)
Financial costs and fees		(973)	(972)
General insurance expense		(631)	(1,032)
Legal expense		(153)	(227)
Impairment expenses		-	(1,423)
Interest expense		(55)	(70)
Direct investment expenses		(41)	(34)
Other expenses		(5,104)	(6,010)
Profit/(loss) before income tax credit		2,225	(24,576)
Income tax (expense)		(590)	(5,876)
Net profit/(loss) after income tax credit/(expense)		1,635	(30,452)
Net profit/(loss) attributable to members of parent		1,635	(30,452)
Other common benefit a factor			
Other comprehensive income Other comprehensive income for the year, net of tax			
TOTAL comprehensive profit/(loss)			
for the year		1,635	(30,452)

DISCUSSION & ANALYSIS

Premium and subscription revenue

During the year ended 30 June 2021, a higher number of Members/insureds, higher billings and increases in premiums for higher risk policyholders drove the 3.4% increase in net premium and subscription revenue to \$75.76 million. This was achieved while holding premium rates constant for circa 99% of Members.

Net claims expense

The net claims expense reduced by \$4.76 million to \$62.08 million with increased recoveries from reinsurance and government schemes (mainly HCCS) more than offsetting the impact of growth in the frequency of high value claims.

Investment returns

Reduced interest rates applicable to deposits and bond holdings drove the reduction in investment income. This was more than offset by increases in the market value of other investments. The group's investment portfolio continues to be carried at fair market value and losses incurred when markets fell during the onset of COVID-19 in FY20 were recouped during FY21. In aggregate, investment returns increased from a profit of \$2.75 million in FY20 to a profit of \$17.78 million.

Operating expenses

The group has continued to focus on improving the efficiency of its operations leveraging its investment in digital solutions. This has enabled reducing employment costs while improving Member services.

Restrictions on travel during the COVID-19 pandemic led to reduced promotion and travel expenses (down \$1.37 million from FY20). FY20 expenses also included an impairment expense of \$1.42 million on the group's head office premises.

Income tax expense

The group's insurer subsidiary has accumulated tax losses. These tax losses are available to offset future tax liabilities of the insurer but are not recognised as an asset in the accounts of the insurer or the group under applicable accounting standards. The decision not to continue to recognise this asset was made in FY20 leading to a tax expense being reported for the year even though the insurer also reported a trading loss.

Statement of Financial Position

as at 30 June 2021

ASSETS Current assets 46,767 34,227 Receivables 3,425 5,483 Reinsurance and other recoveries 18,783 12,672 Financial assets 140,371 162,325 Prepayments 480 254 Total current assets 209,826 214,961 Non-current assets 129 129 Receivables 129 129 Reinsurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES 2 17 Current liabilities 12,936 19,658 Income tax payable 612 197 Unearned premium revenue <t< th=""><th></th><th colspan="2">Consolidated</th></t<>		Consolidated	
Current assets 46,767 34,227 Receivables 3,425 5,483 Reinsurance and other recoveries 18,783 12,672 Financial assets 140,371 162,325 Prepayments 480 254 Total current assets 209,826 214,961 Non-current assets 209,826 214,961 Non-current assets 129 129 Receivables 129 129 Receivables 129 129 Reinsurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES 12,936 19,658 Current liabilities 12,936 19,658			30 June 2020 \$000
Cash and cash equivalents 46,767 34,227 Receivables 3,425 5,483 Reinsurance and other recoveries 18,783 12,672 Financial assets 140,371 162,325 Prepayments 480 254 Total current assets 209,826 214,961 Non-current assets 209,826 214,961 Receivables 129 129 Receivables 129 129 Recisurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES 12,936 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022	ASSETS		
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Financial assets 140,371 162,325 Prepayments 480 254 Total current assets 209,826 214,961 Non-current assets 209,826 214,961 Receivables 129 129 Receivables 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES Current liabilities 12,936 19,658 Payables 12,936 19,658 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,553 Outs tanding claims 68,484 55,368 Total current liabilities 1	Receivables	3,425	5,483
Prepayments 480 254 Total current assets 209,826 214,961 Non-current assets Receivables 129 129 Recinsurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 10,678 15,548 Total corrent liabilities 12,936 19,658 <td>Reinsurance and other recoveries</td> <td>18,783</td> <td>,</td>	Reinsurance and other recoveries	18,783	,
Non-current assets 209,826 214,961 Non-current assets Receivables 129 129 Reinsurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES Current liabilities Payables 12,936 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,568 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584		•	
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Reinsurance and other recoveries 101,206 71,113 Right to use asset 2,412 2,222 Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES Current liabilities 12,936 19,658 Payables 12,936 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 -	Non-current assets		
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Financial assets 172,445 146,471 Deferred tax asset 1,533 - Intangible assets 5,465 3,701 Property, plant and equipment 15,678 15,548 Total non-current assets 298,868 239,184 TOTAL ASSETS 508,694 454,145 LIABILITIES Current liabilities 12,936 19,658 Payables 12,936 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 357,199 304,285 NET ASSETS 151,495 149,860 <t< td=""><td>Reinsurance and other recoveries</td><td>101,206</td><td>71,113</td></t<>	Reinsurance and other recoveries	101,206	71,113
Deferred tax asset	Right to use asset	2,412	2,222
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Payables 12,936 19,658 Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 2 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860	LIABILITIES		
Income tax payable 612 197 Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 200,000 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
Unearned premium revenue 31,976 28,022 Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 200,000 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			•
Employee benefits 1,730 1,563 Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 200,000 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
Outstanding claims 68,484 55,368 Total current liabilities 115,738 104,808 Non-current liabilities 237,584 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860	,	*	·-
Non-current liabilities 115,738 104,808 Non-current liabilities 3 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860		-	·-
Non-current liabilities Payables 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860	-		
Payables 1,803 1,556 Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860	Total current liabilities	115,738	104,808
Employee benefits 441 398 Outstanding claims 237,584 197,523 Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
Outstanding claims Deferred tax liabilities Total non-current liabilities TOTAL LIABILITIES NET ASSETS MEMBERS' EQUITY Accumulated surplus Accumulated surplus 237,584 197,523 199,477 241,461 199,477 304,285 151,495 149,860			
Deferred tax liabilities 1,633 - Total non-current liabilities 241,461 199,477 TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
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TOTAL LIABILITIES 357,199 304,285 NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860		•	400.477
NET ASSETS 151,495 149,860 MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
MEMBERS' EQUITY Accumulated surplus 151,495 149,860			
Accumulated surplus 151,495 149,860	NET ASSETS	151,495	149,860
	MEMBERS' EQUITY		
TOTAL MEMBERS' EQUITY 151,495 149,860	Accumulated surplus	151,495	149,860
	TOTAL MEMBERS' EQUITY	151,495	149,860

DISCUSSION & ANALYSIS

The net assets as at 30 June 2021 have increased by \$1.64 million from \$149.86 million as at 30 June 2020 to \$151.50 million, due to the profit for the current year.

The major movements can be grouped into those relating to investments and those relating to claims.

The total investments (aggregate of cash, cash equivalents and financial assets) has increased by \$16.56 million or 5% to \$359.58 million. This reflects net operating cash inflows and increases in market values.

The gross outstanding claims provision (current and non-current) has increased by \$53.17 million to \$306.07 million while the aggregate provision for reinsurance and other recoveries relating to the claims provisions has risen by \$36.20 million to \$119.99 million.

This reflects a combination of growth in the business, timing of settlement of claims and changes in actuarial assumptions to reflect an expectation of claims/incidences notified to 30 June 2021 eventually settling at higher average amounts than experienced in prior periods. These assumptions on claims costs lead to higher anticipated reinsurance and other recoveries.

Statement of Changes in Equity

for the year ended 30 June 2021

	Consolidated		
	Accumulated Surplus \$000	Total Members' Funds \$000	
At 1 July 2019	180,312	180,312	
Net loss after tax for the year	(30,452)	(30,452)	
Total comprehensive loss	(30,452)	(30,452)	
At 30 June 2020	149,860	149,860	
Net loss after tax for the year	1,635	1,635	
Total comprehensive profit	1,635	1,635	
At 30 June 2021	151,495	151,495	

DISCUSSION & ANALYSIS

Accumulated surpluses increased to \$151.50 million as a result of the operating profit after tax of \$1.64 million for the year.

Statement of Cash Flows

for the year ended 30 June 2021

	Consolidated	
	30 June 2021 \$000	30 June 2020 \$000
Cash flows from operating activities		
Subscription receipts	4,175	4,437
Premium receipts	89,885	84,431
Receipts from reinsurance and other recoveries	9,456	20,918
Receipts from other recoveries	272	2,217
Rental income received	731	754
Interest received	3,639	5,206
Payments to suppliers, employees	(49,016)	(40,406)
Claims paid	(51,781)	(63,369)
Income tax paid	(75)	(252)
Net cash inflows from operating activities	7,286	11,719
Cash flows from investing activities Funds deposited into managed portfolio		
and term deposits	(50,606)	(65,276)
Proceeds from the redemption of investments	60,909	50,396
Acquisition of property, plant and equipment, and intangibles	(4,359)	(2,763)
Net cash inflows/(outflows) from investing activities	5,944	(17,643)
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(690)	(712)
Net outflows from financing activities	(690)	(712)
Net outnows from maneing activities	(070)	(112)
Net increase/(decrease) in cash and	40.5.5	(4.624)
cash equivalents	12,540	(6,636)
Cash and cash equivalents at beginning of year	34,227	40,863
Cash and cash equivalents at the end of year	46,767	34,227

DISCUSSION & ANALYSIS

Cash flows from operations

Net cash inflows from operations decreased \$4.43 million from \$11.72 million as at 30 June 2020 to \$7.29 million.

The major contributing factors are highlighted below:

- lower cash receipts from subscriptions and reinsurance and other recoveries of \$11.72 million offset by higher cash receipts from premium of \$5.45 million
- increase in payments made to suppliers and contract employees of \$8.61 million for contracts relating to services provided by third parties

offset by:

• decrease in claims paid by \$11.59 million.

Cash and cash equivalents

The overall increase in cash and cash equivalents of \$12.5 million to \$46.8 million is largely the result of a temporary reduction in the bond portfolio as MDA National Insurance re-weights the portfolio to reduce future volatility plus inflows from operational activities.

Notes to the Concise Financial Statements

for the year ended 30 June 2021

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 Level 3, 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 2021, 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	Based on historical recovery rates.
non-reinsurance recoveries	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 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 \$0.00m (2020: \$0.35m).
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The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2021	2020
Average weighted term to settlement from reporting date	3.4 years	3.3 years
Claims handling expense rate:		
% claims (capped at excess of loss retention)	4.5%	5.5%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	0.65%	0.4%
Inflation	N/A *	N/A *
Risk margin	8.4%	10.8%

^{*}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, 2.25% (2020: 1.5%) normal inflation and 2.5% (2020: 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'.

As most of the Group's exposure is for insurance offered on a claims made basis (that is, notified to the Group by the end of the insurance year), claims Incurred But Not Enough Reported (IBNER) represent the most significant uncertainty within the liability as the culpability of the insured and the level of claimant compensation may take a number of years to emerge and be determined.

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

	Consol	Consolidated	
	2021 \$000	2020 \$000	
Underwriting activities			
Premium revenue	71,980	68,875	
Subscription revenue	3,783	3,729	
	75,763	72,604	
Investment income			
Interest – other bodies corporate	3,459	4,319	
Trust distributions	2,304	3,387	
Fee rebate income	163	179	
	5,926	7,885	

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 Pty Ltd.

MDA National Limited and MDA National Insurance Pty Ltd 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.



Our Mission

To support and protect Members and promote good medical practice

Responsive. Reliable. Confidential.

Always by your side.

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