



Strong, Solid and Secure

Annual Report 2014

Our Vision

To support and protect our members and promote good medical practice

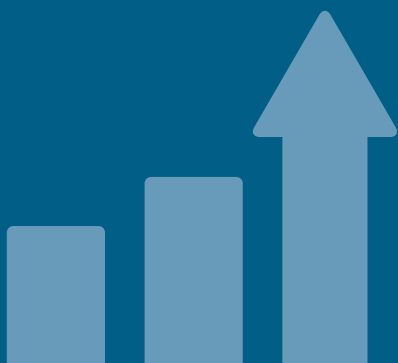
Our Mission

Member engagement

Our Values

Integrity
Openness
Team work
Member service
Continuous improvement

Strong



Solid



Secure



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 or the Group. These expressions are used for convenience as both are separate legal entities.

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1 The Year in Review

Highlights

CEO/MD Address



Highlights



Grew our net assets to

\$156m

as at 30 June 2014

from \$145 million
at 30 June 2013, providing
sound financial security
for our Members



Retained

98%

*of our practising
doctor Members
from 2013*

showing that Members
value our products
and services



Achieved an

\$11m

*surplus for the year
ending 30 June 2014*

which exceeded budget
expectations



*Grew our Membership
and Insureds by*

13%

demonstrating that
our products and
service offerings
meet the needs of
medical students and
practitioners

CEO/MD Address



MDA National remains a strong organisation, operating across Australia, with a secure financial position. We have a continuing commitment to our time-honoured Member focus by delivering stable premiums, quality support services and strong net asset growth.

Our principles

MDA National exists solely for our Members, with a longstanding tradition of supporting, protecting and promoting Members' best interests since 1925. This strong ethos and culture is firmly embedded in the business as the "MDA National Way", and will continue to provide the guiding light as we carry on from strength to strength.

The proposed merger

With a view to maximise long-term Member benefits and build upon our financial strength, MDA National proposed a merger with the Medical Insurance Group Australia (MIGA) in March 2014 to create a new entity. The proposal did not proceed as the Member vote did not support the merger. We believe this outcome demonstrates Members' preference to retain our current structure. We respect this result and look forward to continuing to deliver the quality services Members have come to expect from us.

Our leadership team

We have appointed longstanding Director, Dr Rod Moore as Acting Chair of our Mutual Board and Mr Stephen Scudamore as Chair of our Insurance Board, to lead the organisation forward. This follows the resignation of A/Prof Julian Rait, Chair of the MDA National Mutual Board and Mr John Trowbridge, Chair of the MDA National Insurance Board, on 11 October.

On behalf of MDA National, I sincerely thank Julian and John for their expertise and dedication. Julian has been a committed MDA National Director for a decade and, as President of our Mutual Board for the past six years, has been integral in building Member engagement. John has led our Insurance Board since 2012 - his insight and approach helped MDA National to remain commercially competitive.

On a personal note, this is my final leadership report in view of my retirement as CEO/MD on 31 December 2014 after 40 years of service. The Board is now recruiting for our new CEO/MD - a search which focuses on identifying the right person to lead a true Member services organisation with a distributed national footprint and extraordinary Member support. It has been rewarding to grow the organisation from our MDAWA heritage into the truly national organisation we are today. I attribute our success to the strength of collaborative relationships with our people, our Members and our industry stakeholders.

Our future

MDA National continues to evolve to best meet our Members' needs. We are invigorated by the unprecedented Member support of who we are and what we do, and will be refreshed by the resultant changes of our Chairmen and incoming CEO/MD.

We will continue to honour our Member-focused heritage, providing quality professional indemnity coverage and support to Members. We are committed to continuous improvement and will remain open to new opportunities to strengthen our organisation.

Thank you

On behalf of MDA National's leadership team, thank you to our Members for your loyalty. Thank you also to our Boards and employees for their dedication, diligence and professionalism in continuing to support, protect and promote our Members throughout the year.

A handwritten signature in dark ink, appearing to read 'Peter Forbes'.

Mr Peter Forbes
Chief Executive Officer/Managing Director

Strength

Strong financial performance

We continued to soundly manage all the elements of a strong insurance business, while still investing in Member risk management and education to benefit individual Members and our Membership as a whole.

Net assets

Net assets increased to \$156 million as at 30 June 2014 from \$145 million at 30 June 2013. Net assets per Member (excluding students) has remained fairly constant at around \$7,500 for the last three years which demonstrates MDA National's high level of financial stability.

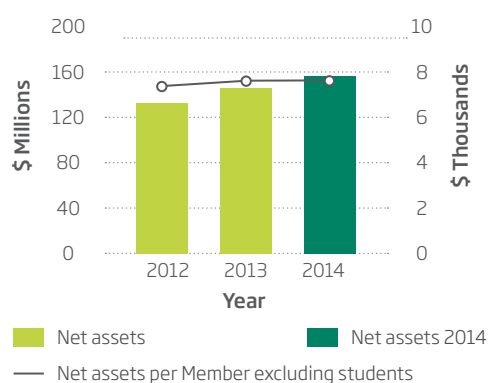
Outstanding claims and total assets

MDA National's total assets of \$367 million exceeded the outstanding claims liability by \$195 million as at 30 June 2014. This means that MDA National is financially strong and able to meet Members' needs in the future by having assets of more than double the amount of outstanding claims.

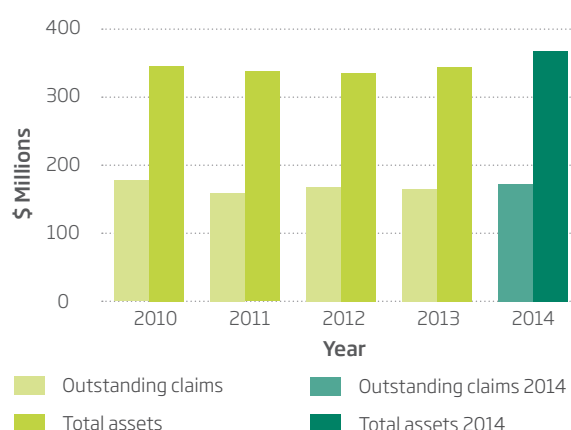
Net claims expense

The net claims incurred expense for the year ending 30 June 2014 was \$29 million. Net claims expense consisted of \$37 million in claims expenses relating to the 2014 year and a write-back of claims of \$8 million relating to claims development from pre-2014 years being less than expected. The claims expense loss ratio for 2014 was 50% which compares favourably to MDA National's long-term target ratio of 65%.

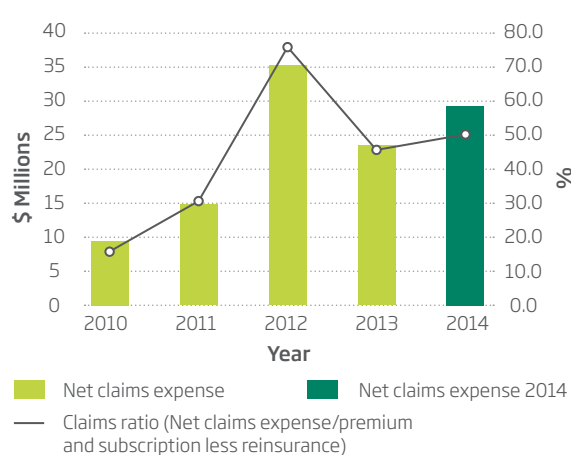
Net assets and net assets per Member (excluding students)
As at 30 June



Outstanding claims and total assets
As at 30 June



Claims expense
For the year ending 30 June



Strong growth

In 2013/14, we experienced significant growth across all our Member segments. This reflects successful market penetration and indicates that MDA National continues to provide the right level of support.

In 2013/14, we had a substantial annual growth of 28% in our practice policies.

Our dental business has continued to grow significantly through our provision of dental indemnity via two very successful schemes:

- Australian Dental Association Western Australia (ADA WA)
- DPL Australia Pty Ltd (Dental Protection Limited)

Our dental indemnity product offering continues to resonate with the dental profession. It is pleasing that the qualities and vision of ADA WA and DPL strongly align with those of MDA National, and that these are supported by open communication, good business relationships and solid growth.

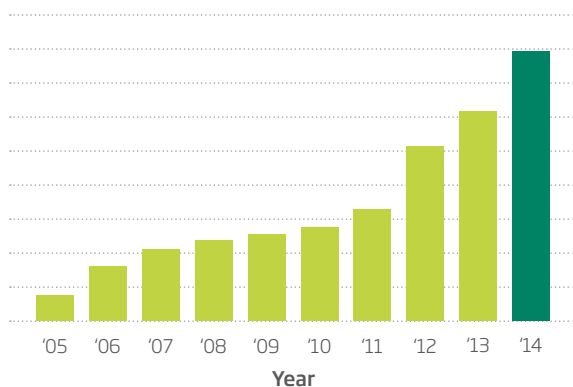
In 2013/14, we had an annual growth of 22% in dental policies.

Strong Member engagement

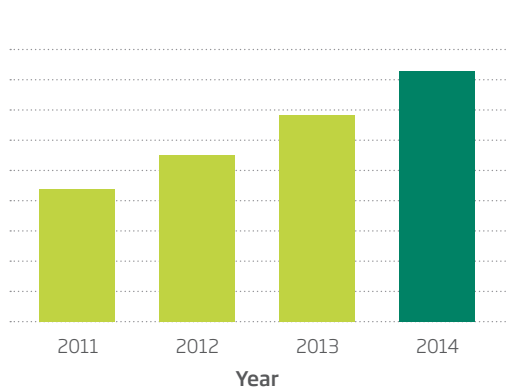
MDA National conducted a Reputation Audit in 2013/14 to test our brand promise and engagement levels against the actual perceptions of our Members and stakeholders. The research confirmed the strength of our engagement with Members and stakeholders, concluding that “MDA National stands out for its grass-roots initiatives and Member engagement” (see page 20 for more details).

The Member vote across the country at MDA National's Merger Scheme Meeting demonstrated Members' preference to retain our current structure. This highlights the strength of our Member engagement and reaffirms Member satisfaction with who we are, what we do and how we do it.

Growth in our practice policies - continuing trend As at 30 June

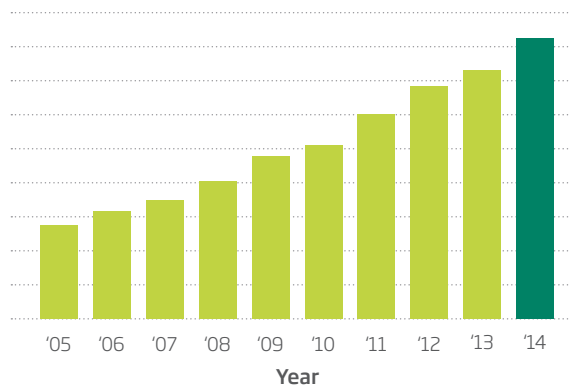


Growth in our dental policies As at 30 June

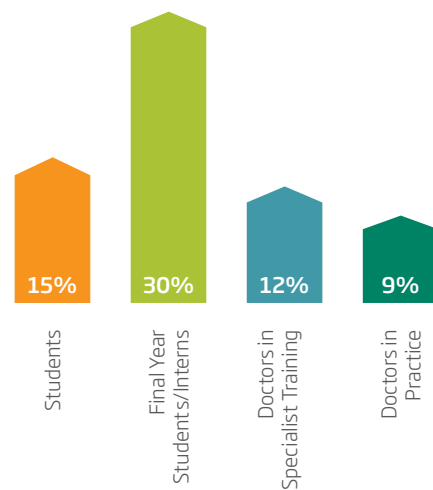


In 2013/14, we experienced significant growth across all our Member segments.

Growth in Members and Insureds - continuing trend
As at 30 June



Member segment annual growth
As at 30 June 2014



Solidity

Solid investment returns

We achieved better than expected investment returns across all investment classes. Our investment return for the year was 6.2% compared to the official cash rate which began the year at 2.75% reducing to 2.5% on 7 August 2013.

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 some claims, in particular large claims.

Stable premiums

Premium rates across most doctor categories remained stable, with increases in Membership and growth in dental practitioner insureds (see 'Strong growth' on page 6). As a result, Subscription and Premium income was higher than in 2013 by 11% at \$62 million.

We aim to maintain premium stability for Members through:

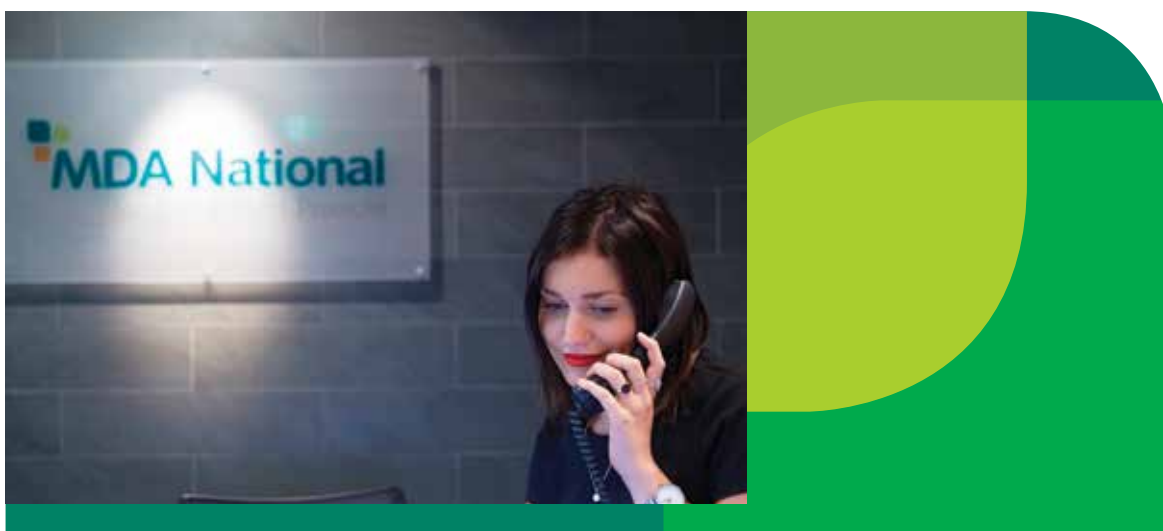
- careful underwriting based on sound risk assessment in order to protect our continuing ability to meet the costs of claims
- active risk management and educative support to Members who might otherwise face increased premiums or reduced cover.

Investment mix

As at 30 June 2014



64%	Cash and term deposits
21%	Australian bonds
15%	Equities



Jaala Baldwin (Support Services Officer) - Perth office.

Security

Unwavering support

In 2013/14, we continued to provide security and peace of mind to Members with personalised and responsive service through our 24-hour medico-legal advisory line (see 'Member Support' on page 12). Whatever the issue or hour, we ensured our Members were supported by a medico-legal expert and protected with extensive professional indemnity cover (see 'Professional Indemnity' on page 19).

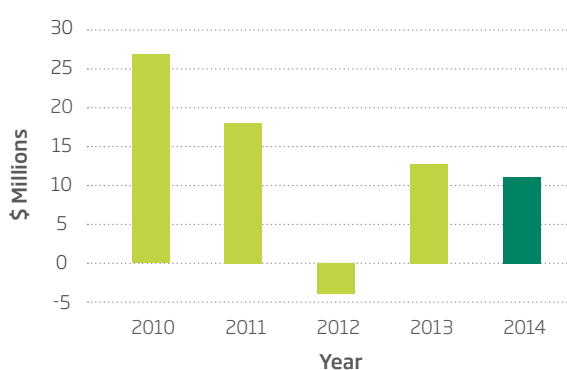
MDA National continued to collaborate with industry stakeholders - including colleges, and the federal and state medical associations and governments - to speak for the best interests of MDA National Members and the broader medical profession. This included advocating policy change and providing critical industry feedback, e.g. MDA National continued to argue that treating doctors across Australia should be exempt from the mandatory reporting obligations under the National Law. MDA National also helped refine AHPRA's revised *Guidelines for Advertising Regulated Health Services* introduced in March 2014 (see 'Member Advocacy' on page 16).

We built on our broad suite of Member education and risk management resources (see 'Member Education' on page 11), and proactively supported doctors' health and wellbeing through our Corporate Social Responsibility Committee and our continued Charity of Choice arrangement with *beyondblue*.

Security in finances

MDA National achieved an \$11 million surplus for the 2014 financial year. We exceeded a modest budget which was set on the basis of our commitment to continue to invest in quality Member services and not needing to build capital. The surplus for 2014 is attributed to above budget Membership growth, claims write-back for prior years and strong investment performance (see 'Solid investment returns' on page 8) offset by merger related costs.

Surplus
As at 30 June



2 **Delivering Member Value**

Member Education

Member Support

Member Advocacy

Professional Indemnity

Member Engagement



Member Education

In 2013/14, MDA National continued to support and promote Members' professionalism and wellbeing with numerous workshops, educational sessions, print publications and online resources to suit their different informational needs, learning styles and preferred modes of delivery. The Education Services team, together with assistance from our other departments, ran 84 face to face educational sessions during the year, with more than 2,500 participants.

We believe our education is unrivalled in Australian medical indemnity today. It is built on what Members tell us they need, and what our claims and risk management data tells us.

All events and activities developed by our Education Services team are:

- complimentary for Members
- created in consultation with medico-legal experts and practising doctors
- predominantly accredited for continuing professional development (CPD) recognition with medical colleges when appropriate
- delivered by MDA National Member facilitators and staff
- designed to support Members in providing safety and excellence in health care.

A highlight in 2014 was our 'Challenging Emotions of Difficult News' series of education events aimed at helping doctors make a positive difference at a difficult time. The events provided practical advice and the opportunity to exchange ideas on how to communicate difficult news in ways that benefit patient outcomes as well as doctors' own wellbeing. **80% of participants stated that they were considering changing how they practise medicine as a result of our education.**

Our tailored educational events and resources are designed to support the delivery of optimal health care at every stage of a doctor's career.

Member Testimonial

The best cure is prevention, and MDA National is dedicated to education and training. They put a lot of effort and money towards delivering high quality education including medico-legal forums and online modules. They have an entire department dedicated to education and it really resonates with Members.

Dr Paul Eleftheriou
Melbourne, VIC

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

– Reputation Audit Research 2014

Member Support

Throughout 2013/14 we engaged with, supported and added value to Members via our 24-hour medico-legal advice, tailored Member risk management services, professional claims management and personalised support in practice services.

Claims and Advisory Services

Our Claims and Advisory Services – comprised of Medico-legal Advisers, Claims Managers and support staff – provide Members with one consistent point of contact throughout a medico-legal process.

Delivering prompt and personalised medico-legal advice is a core component of our Member support service, which we provide via our 24-hour telephone advisory line as well as our dedicated email portal: advice@mdanational.com.au.

Many of our Medico-legal Advisers are trained in both law and health care, and therefore have particular insight into medical indemnity and today's practice environment. They are able to provide practical advice, personalised information and expert guidance to address each situation, which can often prevent claims from actually occurring.

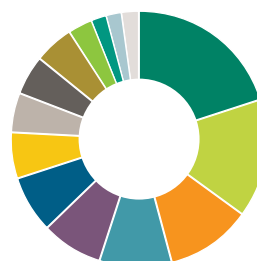
Our Claims Managers work diligently to secure the best possible outcome for Members, while ensuring the most responsible application of Membership funds. They provide personal consultation throughout the claims process to ensure that Members are fully informed and supported. Combining expertise, open communication and solid preparation enables us to confidently assist our Members in resolving difficult issues.

General medico-legal advice by specialty
2013/14



48%	General Practitioners
14%	Surgeons
11%	Juniors & Doctors in Training
8%	Physicians
6%	Psychiatrists
5%	Anaesthetists
4%	GP registrars
4%	Other

General medico-legal advice by subject
2013/14



20%	Advice/ethical dilemma
15%	Other
11%	Medical records
9%	Medico-legal report
8%	Subpoena/appearance in court
7%	Confidentiality/privacy
6%	Ending doctor-patient relationship
5%	Legislation/legal issues
5%	Clinical incident (no file)
5%	Practice management
3%	Employment issues
2%	Mandatory reporting
2%	Consent
2%	Professional interaction issues

Health and wellbeing support

We understand that a medico-legal complaint can have an emotional impact on Members. Apart from offering advice and support by telephone, email and in person, we also offer assistance over and above medical indemnity to support Members' emotional and physical wellbeing during the medico-legal process. Providing this additional support is a beneficial use of Member funds as it facilitates better professional and personal outcomes for the Member.

- **Doctors for Doctors Program:** a confidential peer support service where the Member is supported by doctors employed or engaged by MDA National. As fellow medical practitioners, they understand the pressures of medical practice and the stress of being involved in a complaint, claim or investigation. As these doctors are exempt from mandatory reporting obligations, this program allows Members to freely share their concerns with a peer who understands the impact of the medico-legal experience.

- **Professional Support Service:** a confidential clinical support service that provides emotional assistance for Members during the medico-legal process. Members can access up to 10 consultations per Membership year with an independent psychiatrist, and details are kept confidential between them.

Cases Committees

Adapting to Members' evolving needs is one of our strengths. Our personalised and responsive claims management process is facilitated by direct Member input via our Cases Committees which comprise leading practitioners from a number of different specialties. These committee members dedicate their time and expertise to ensure that contemporary practice is referenced throughout our claims handling process (see page 35 for more information on our Cases Committees).

Case scenario*

A GP Member was asked to provide documents to a solicitor in a family law matter which involved the records of a number of family members. The Member contacted MDA National to determine which documents could be released. The situation became more complicated when it was realised that a receptionist had already forwarded all the notes to the solicitor without discussing it with the doctor.

After seeking further advice from MDA National, advice was obtained from a barrister. As some of the notes should not have been supplied to the requesting party, the Member faced a possible complaint despite not being at fault. MDA National continued to work on supporting and protecting the Member's interests and reputation.

Case scenario*

A doctor Member was under pressure at work and also going through a stressful divorce. The Member developed serious depression and sought help. After much deliberation, the Member accepted the treating practitioner's advice and took a three-month break from medical practice. The Member was later shocked to find that a colleague had reported the matter to AHPRA. The Member became the subject of an investigation into fitness to practice because of mental health issues.

The Member was extremely stressed at being punished for seeking help. MDA National was able to provide advice and additional support to the Member via our Doctors for Doctors Program. The Member received confidential support from a peer to help get through this difficult time.

* These case scenarios 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.

Support in Practice (SiP)

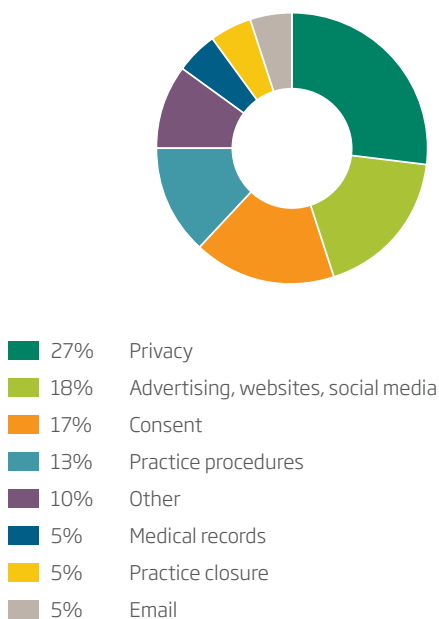
MDA National aims to make risk management simple, practical and personal. Our 2013/14 risk management activities encouraged safety and confidence in medical practice.

An area of increasing value to Members is the work done by our SiP team. They work with Members to help identify and overcome day to day practice risks and develop practical strategies to reduce future risk exposure.

Our SiP program is two-tiered to support the unique risk management needs of individual Members and protect the best interests of our Membership.

- **Level 1 - Early Intervention:** where a Member directly approaches us for help; or our in-house Claims and Advisory experts have identified issues in which early assistance may help prevent future claims or complaints. Involvement in this risk category is optional.
- **Level 2 - Member Risk Management:** where a Member's claims history reveals multiple risk factors which place them at greater risk than their peers. The program is tailored to specifically address the key issues identified. Involvement is mandatory.

Requests for advice to the SiP team 2013/14



Case scenario*

A doctor Member had a series of formal patient complaints about patient follow-up and waiting times. MDA National's SiP team contacted the Member to offer risk management support, following which a Risk Adviser visited the Member's practice. The Risk Adviser, the Member and staff reviewed the practice systems to identify the factors contributing to the complaints, the changes required to reduce the likelihood of ongoing complaints, and any other aspects which could contribute to the Member's level of risk.

The Risk Adviser also provided the Member with additional resources and assistance for the practice staff. The staff were pleased at having been given the opportunity to discuss queries directly with the Risk Adviser. The Member was very appreciative of the Risk Adviser's straightforward changes that made quite a difference. The Member was also relieved to discover that actively engaging in risk management with MDA National's SiP team was a very positive experience.

* This case scenario is 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 industry strongly associates MDA National with its value-added services over and above the core insurance products.

- Reputation Audit Research 2014



Lisa Watkins (Claims Handler) - Perth office.

Member Testimonial

I had every doctor's nightmare happen to me... Late at night, nervous, anxious and feeling just plain rotten, I called MDA National - that's when I realised the benefit of having my own cover. Here was someone on my team - not anyone else's, mine. I got simple, straightforward advice on what to do and what the process was. In the end, it was all okay. I'll always be thankful for that person at the other end of the line.

Dr Eric Richman
Brisbane, QLD

Member Advocacy

Collaboration

Advocating on behalf of our Members on issues affecting the profession is an essential part of MDA National's role. Our collective expertise enables us to identify emerging issues quickly. We engage in meaningful dialogue with industry stakeholders at a local, state and national level, and proactively inform important debates with a clear message and a strong voice.

MDA National provides input on key issues – particularly legislative, regulatory and financial – that may have an impact on our Members, our organisation, the medical profession and the medical indemnity industry.

In 2013/14, we provided several submissions and participated in consultations with various stakeholders on pertinent issues – these activities are summarised below.

Issue	Actions	Status
Personally Controlled Electronic Health Register (PCEHR)	Provided a submission to the Honourable Peter Dutton, Federal Health Minister. Held a PCEHR meeting with the Office of the Department of Health and Ageing and other stakeholders.	<i>Ongoing dialogue regarding further aspects of the PCEHR which includes recommendations following the reviews.</i>
QLD Health contracts	Conducted an ongoing dialogue with AMA Queensland in relation to this issue, which involved meetings and engagement with the Workplace Relations Manager, Legal and CEO.	<i>Issues resolved. Members supported throughout the dispute by MDA National in consultation with AMA Queensland.</i>
QLD Health Ombudsman Legislation	Provided two submissions regarding the Ombudsman Bill to the QLD Government and held ongoing advocacy meetings with the AMA Queensland, QLD Premiers Department and the QLD Health Minister.	<i>Legislation enacted which enabled the Office of the Health Ombudsman to be opened on 1 July 2014. Meeting to be convened with relevant stakeholders.</i>
Guidelines on Clinical Photography for doctors in training	Assisted the Federal AMA via the Medical Indemnity Industry Association of Australia (MIIAA) on this issue.	<i>The Guidelines have been drafted and completed through MIIAA. MDA National is continuing to assist with other aspects of the Guidelines.</i>
Medical Board of Australia – Registration Standards	Provided three submissions on the registration standards for Professional Indemnity Insurance, Recency of Practice and Continuing Professional Development.	<i>Anticipating review of further registration standards throughout the year.</i>

Issue	Actions	Status
Medical Board of Australia - Good Medical Practice	Provided a submission to the Medical Board of Australia for revisions on <i>Good Medical Practice - A Code of Conduct for Doctors in Australia</i> .	<i>A revised version was released by the Medical Board of Australia in March 2014.</i>
Consultation paper on International Criminal History Checking	Provided a submission on this consultation paper to the Medical Board of Australia.	<i>Awaiting outcome from the Medical Board.</i>
Mandatory reporting	Continued to argue that treating doctors should be exempt from the mandatory reporting obligations under the National Law, and that the WA mandatory reporting legislative amendments exempting treating doctors should be introduced across Australia.	<i>Ongoing dialogue with a commitment to having treating doctors across Australia exempted from mandatory reporting.</i>
Guidelines for Advertising Regulated Health Services	Provided input into the revised <i>Guidelines for Advertising Regulated Health Services</i> introduced by AHPRA on 17 March 2014. We argued that the requirement for practitioners to take steps to remove testimonials from websites that were not associated with and/or under the control of the practitioner was unreasonable.	<i>The Medical Board of Australia changed the advertising guidelines to clarify that the use of testimonials is prohibited in advertising only, and unsolicited public discussion about practitioners outside the context of advertising a health service is not prohibited.</i>

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

- Reputation Audit Research 2014

Partnerships and strategic associations

Our ongoing success has been fostered by genuine dialogue with Members, and mutually rewarding partnerships and close associations with like-minded organisations. MDA National maintains long-standing alliances or memberships with key national and international industry bodies such as:

- Insurance Council of Australia (ICA) – represents the interests of Australian general insurers
- International Co-operative and Mutual Insurance Federation (ICMIF) – represents the interests of mutual and cooperative insurers
- Medical Indemnity Industry Association of Australia (MIIAA) – peak medical indemnity body in Australia
- Physician Insurers Association of America (PIAA) – peak medical indemnity industry body
- Medical Protection Society (MPS) – leading international provider of professional indemnity and support to doctors, dentists and health professionals.

In 2013/14, we also established new strategic partnerships and continued long-standing associations:

- Australian Society of Ophthalmologists (ASO) – *new*
- Australian Medical Association WA (AMA WA) – *new*
- Australian Society of Anaesthetists (ASA) – *ongoing*
- Australian Medical Association Queensland (AMAQ) – *ongoing*
- Royal Australian College of General Practitioners (RACGP) – *ongoing*
- Royal Australian College of Surgeons (RACS) Queensland – *ongoing*
- General Practice Registrars Australia (GPRA) – *ongoing*
- The Electives Network (TEN) – *ongoing*
- *beyondblue* – *ongoing*

Member Testimonial

I am part of MDA National because they offer grassroots support through training and advocacy... They supported many societies and organisations that I was involved in during medical school, and these play a valuable role in the development of junior doctors. As my career grows, MDA National's training and advocacy programs provide ongoing educational opportunities.

Dr Jasmine Banner
Darwin, NT



Celebrating the partnership with ASO – (left to right) Michelle White (Executive Manager, Head of Marketing), Joanne Webb (National Brand & Communications Manager), David Russell (General Manager, Advocacy & Engagement, ASO), Sandra Reed (Relationship Manager, QLD) and Julie Sawyer (Manager, Communication & Policy, ASO).

Professional Indemnity

In 2013/14, we continued to offer extensive medical indemnity that covers doctors throughout every stage of their medical career from student, through the active years of medical practice, to retirement.

Improved insurance products

- We enhanced our Professional Indemnity Insurance Policy to reflect contemporary Australian medical practice. Some of the major changes included:
 - integration of the Student Indemnity Policy for medical students into the Professional Indemnity insurance Policy
 - introduction of Loss of Documents cover
 - clarification of cover for unintentional breaches of privacy
 - specification of Clinical Trials cover.
- We enhanced our online application facilities for greater convenience and accessibility for new Members.
- We introduced the 24-month policy for Final Year Students/Interns to facilitate a seamless transition from student to intern.
- We launched a competitive new pricing structure tailored to doctors in training.

Member Testimonial

MDA National has a genuine commitment to my profession. They offer medical indemnity cover and expertise that I trust will support me through any conceivable scenario. The statement "doctor-owned, doctor-run" rings true... It's a doctors' organisation and I know they have my best interests at heart. They take seriously their commitment to protect their Members, and they do everything they can to help us become better at what we do.

Dr Andrew Perry
Adelaide, SA

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

– Reputation Audit Research 2014

Member Engagement

Being responsive to Members' needs and the evolving industry is inherent in our commitment to service excellence.

In 2013/14, we sought feedback from Members and industry stakeholders on our brand reputation. The results of the survey confirmed that MDA National remains a well-respected and admired organisation with a reputation strongly aligned to the mutual values fundamental to our commitment to Members.

Reputation Audit Research 2014

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

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

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

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

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



Left to right: Luke Wakefield (Claims Handler), Diana Levin (Marketing Analyst) and Danny Nelson (Marketing Operations Manager) – Sydney office.

We continued to engage directly with our Members, industry partners and stakeholders via multiple touch points:

We support

- 24 hour Medico-legal Advisory Service
- Claims and Advisory Services
- Member Services
- Support in Practice
- Doctors for Doctors Program
- Professional Support Service

We protect

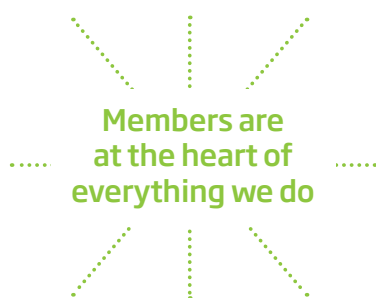
- Professional Indemnity Insurance Policy
- Practice Indemnity Policy
- Dental Indemnity Policy

We promote

- Anatomy of Complications Workshop
- Australian Society of Ophthalmologists
- Australian Medical Association of Queensland
- *beyondblue*
- General Practice Registrars Australia
- General Practice Students Network
- The Electives Network
- Royal Australian College of General Practitioners
- Royal Australasian College of Surgeons Queensland

We connect

- Member Online Services
- Online applications
- Online education
- Online publications
- Electronic direct mail
- Facebook page – medical students
- Facebook page – mature doctors
- Website: mdanational.com.au
- MDA National TV
- Twitter



We inform

- *Annual Report*
- *Defence Update*
- *Specialty Updates*
- *First Defence*
- *Student eNews*
- Policy documentation
- *Self-Assessment Handbooks*
- *Self-Assessment Checklists*
- Resources
- *Things to Think About Before You...* (series)

We educate

- Hospital education sessions
- National education forums
- Online learning
- Practice education
- Regional education days
- State education sessions

We listen

- Ambassadors
- Education facilitators
- Education Services Advisory Group (ESAG)
- Market research
- President's Medical Liaison Councils (PMLC)
- Cases Committees

We engage

- Corporate Social Responsibility events
- Live Well Work Well activities in hospitals
- Live Well Study Well activities at universities
- Local events
- State-based events
- National events
- Specialty-specific events
- Stakeholder events

3 Delivering Expertise

Our People

Our Executive Team

Our Boards

Our Committees



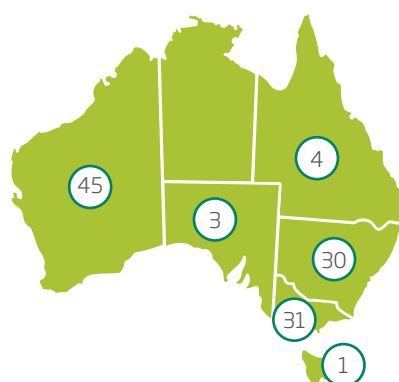
Our People

As an organisation that acts nationally and thinks locally, our people are dispersed across dedicated offices in New South Wales, Queensland, Victoria, Tasmania, South Australia and Western Australia to provide responsive service and Member support across the nation.

We are focused on employing and retaining the best talent within the industry to collectively support, protect and promote our Members. We are committed to the professional development of our staff through ongoing learning and development opportunities.

Staff distribution by state

As at 30 June 2014

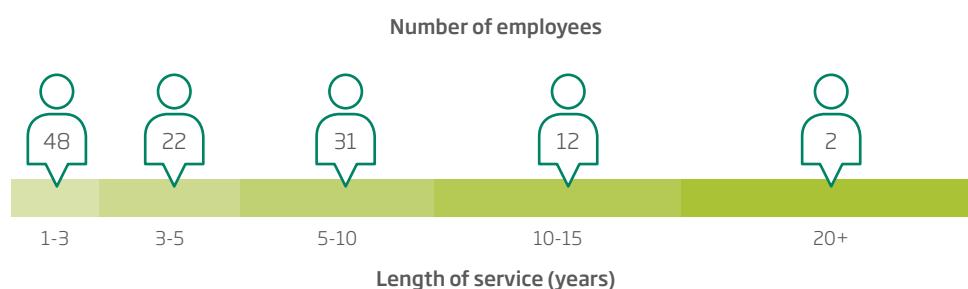


45	Western Australia
31	Victoria
30	New South Wales
4	Queensland
3	South Australia
1	Tasmania

114 Total

Staff tenure by years of service

As at 30 June 2014



Member Testimonial

The people at MDA National really put effort into getting to know you, and they treat you like a person not a transaction. They focus on being human and real. They really do just want to sit and chat and have a coffee, and get to know you and your unique situation. In my eyes this makes MDA National stand out from the crowd.

Dr Paul Eleftheriou

Melbourne, VIC

Our Executive Team

Our Executive Team continued its strong leadership to drive our overall growth, innovation and service excellence to Members.

Considerable time was expended on MDA National's proposed merger with MIGA. Throughout this process, the Executive Team were instrumental in ensuring that Members were kept fully informed and staff remained focused. They are also facilitating the transition of the business in our new phase of operations following the outcome of the Member vote.

The Executive Team is charged with ensuring that:

- Members are at the heart of everything we do
- we remain true to our purpose and realise our vision
- we remain focused on our strategic priorities
- we achieve strategic objectives set for the financial year
- business units meet, if not exceed, their key performance indicators as set out in our annual business plans.

MDA National's Executive Team for 2013/14:

Chief Executive Officer/Managing Director

Mr Peter Forbes

Chief Financial Officer

Mr Andrew Fraser-Gillard

Company Secretary and General Counsel

Ms Dianne Browning

Executive Manager, Head of Marketing

Ms Michelle White

Executive Manager, Professional Services

Ms Audrey Lee (until December 2013)

Mr Ian Yard-Smith (from December 2013)

Executive Manager, People and Support

Ms Jennifer Park

Executive Manager, Insurance

Mr Luke Thomson

Executive Manager, Business Solutions

Ms Nicola Washington



Back (left to right): Mr Luke Thomson, Mr Ian Yard-Smith and Mr Andrew Fraser-Gillard.

Front (left to right): Ms Nicola Washington, Mr Peter Forbes, Ms Jennifer Park, Ms Dianne Browning and Ms Michelle White.

Our Boards

The MDA National Group, made up of MDA National Limited and MDA National Insurance Pty Ltd, is led by our two Boards – the Mutual Board and the Insurance Board. Both work in close association to ensure that the needs of the MDA National Membership are met and our commercial and regulatory requirements are upheld.

Mutual Board

Elected by MDA National Members, the Mutual Board is comprised of up to 12 Directors with the majority being practising doctors. The Mutual Board is charged with:

- monitoring the financial performance of MDA National Insurance and its investment in that entity
- approving the overall strategic objectives for the MDA National Group
- appointing the Directors and monitoring the performance of MDA National's Insurance Board
- setting the group philosophy
- providing input on medical issues.

Insurance Board

The majority of Board members, including the Chairman, are independent. They comply with the “fit and proper” requirements of the Australian Prudential Regulation Authority (APRA) for being a Director of a licensed general insurer. MDA National is able to benefit from their collective wealth of experience and solid industry expertise in financial, actuarial and accounting.

The Insurance Board is responsible for:

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



Directors of the MDA National Mutual and Insurance Boards (taken at our combined Board Meeting in September 2014).
 Back (left to right): Dr Reg Bullen, A/Prof Max Baumwol, Dr Rod Moore, Mr Peter Forbes, Mr James Freemantle and Dr David Gilpin.
 Front (left to right): Dr Andrew Miller, Mr Stephen Scudamore, A/Prof Rosanna Capolingua, Dr Robyn Napier, A/Prof Julian Rait, Dr Beres Wenck, Mr John Trowbridge, Dr Dennis Hayward and A/Prof Michael Hollands.

Directors of our Mutual Board

Dr Rod Moore (Acting Chair from October 2014)

MBBS (WA), GRAD DIP SP MED (UNSW), GAICD

A/Prof Julian Rait (President)

(until October 2014)

MBBS (MELB), FRACS, FRANZCO, FAICD

Dr Beres Wenck (Vice President)

MBBS (QLD), FAMA, FRACGP

A/Prof Max Baumwol (Chair of Finance)

MBBS (WA), FRCS (ENG), FRCS (EDIN), FRACS

Dr Reg Bullen

MBBS (WA), FRACGP, FRNZCGP

A/Prof Rosanna Capolingua

MBBS, FAICD

Dr David Gilpin

MBBS (HONS), FRACS

A/Prof Michael Hollands

(from November 2013)

MB, BS, FRACS, FRSC, FACS, DHMSA

Dr Andrew J Miller

MBBS, LLB (HONS), FANZCA, FACLM, MAICD

Dr Robyn Napier

MBBS (SYDNEY), FAMA

Mr Stephen Scudamore

(from November 2013)

MA (OXON), FCA, FAICD, SF FIN

Mr John Trowbridge

(from November 2013 to October 2014)

BSc, BE, BA, FIA, FIAA, FAICD

Dr Fiona A Bettenay

(until November 2013)

MBBS (HONS) (WA), FRANZCR, GAICD

Clinical Prof Guy van Hazel

(until November 2013)

MBBS (WA), FRCP, FRACP

A/Prof David O Watson

(until November 2013)

MBBS (SYDNEY), FRACP

The individual profiles of our Mutual Board Directors are provided in the Directors' Report on pages 39–42.

Directors of our Insurance Board

Mr Stephen Scudamore (Chairman)

MA (OXON), FCA, FAICD, SF FIN

Positions Held	Director Chairman (from October 2014)
Specialty/Professional Background	Financial and Corporate Advisory
Joined Board	2012
MDA National Committees 2013/14	Chair: ARC Committee (from December 2013) Committee member: ARC (until December 2013), Nominations (from September 2013 to December 2013) & Remuneration Committees Mutual Board member: MDA National Limited
Other Boards, Committees, Associations & Memberships	• Chair, Amana Living • Director, Aquila Resources • Director, Altona Mining Ltd • Member, Curtin University of Technology Council • WA Councillor, Australian Institute of Company Directors • Trustee, Western Australian Museum • Fellow, Institute of Chartered Accountants and Australian Institute of Company Directors • Senior Fellow, Financial Services Institute of Australia • Various other director roles in the not-for-profit and commercial sectors

Mr John Trowbridge

BSC, BE, BA, FIA, FIAA, FAICD

Positions Held	Chairman (until October 2014)
Specialty/Professional Background	Actuary & Management Consultant
Joined Board	2012
MDA National Committees 2013/14	Committee member: Nominations Committee (from December 2013 to October 2014) Mutual Board member: MDA National Limited (from December 2013 to October 2014)
Other Boards, Committees, Associations & Memberships	• Member, External Advisory Panel of the Australian Securities and Investments Commission (ASIC) • Member, Medical Indemnity Industry Association of Australia • Former Chair, Australian Government's Natural Disaster Insurance Review Panel • Former Interim Director, Australia's Centre for International Finance & Regulation • Prior Executive member, APRA • Former actuarial consultant • Former senior executive positions with major Australian based insurers

Dr Dennis Hayward

MB BS W AUST, FANZCA, M INS DEAKIN

Positions Held	Deputy Chairman
Specialty/Professional Background	Anaesthesia
Joined Board	2001
MDA National Committees 2013/14	Chair: Clinical Underwriting and Remuneration Committees Committee member: Capital (from January 2014) and Nominations Committees
Other Boards, Committees, Associations & Memberships	• Fellow, Australia & New Zealand College of Anaesthetists • Member: Australian Institute of Company Directors and Australian & New Zealand Institute of Insurance & Finance

Mr Peter Forbes

FCA, FAICD

Positions Held	Managing Director of MDA National Insurance Chief Executive Officer of MDA National
Specialty/Professional Background	Accountancy
Joined Board	1992
MDA National Committees 2013/14	Member or Attendee at all Group and Management Committees
Other Boards, Committees, Associations & Memberships	• Director, Lions Eye Institute • Fellow, Institute of Chartered Accountants Australia and Australian Institute of Company Directors • Former Non-Executive Director, Law Cover Insurance (2004-2010)

Mr James Freemantle OAM

M.ADMIN, B.ECON, FAICD, SF FIN

Positions Held	Director
Specialty/Professional Background	Banking & Corporate Consultancy
Joined Board	2003
MDA National Committees 2013/14	Chair: Capital Committee Committee member: Nominations (until December 2013), ARC (from December 2013) and CSR Steering Committees
Other Boards, Committees, Associations & Memberships	• Fellow, Australian Institute of Company Directors • Senior Fellow, Financial Services Institute of Australia • Director, WA Local Government Insurance Services • Chair, Liquor Commission of Western Australia • Chairman, TGP Ltd • Director and consultant to a number of non-related insurance and finance companies, and serves on several community service organisations

Dr Rod Moore

MBBS (WA), GRAD DIP SP MED (UNSW), GAICD

Positions Held	Director
Specialty/Professional Background	Sports Medicine
Joined Board	2007
MDA National Committees 2013/14	Chair: Cases (Western/Central) Committee Committee member: Capital, Clinical Underwriting, Nominations (until December 2013) and Remuneration Committees Mutual Board member: MDA National Limited
Other Boards, Committees, Associations & Memberships	• Graduate, Australian Institute of Company Directors • Member, Board of HBF Health Ltd

A/Prof Julian Rait

MBBS (MELB), FRACS, FRANZCO, FAICD

Positions Held	Director (from December 2013 to October 2014)
Specialty/Professional Background	Ophthalmology
Joined Board	December 2013
MDA National Committees 2013/14	Mutual Board President: MDA National Limited (until October 2014) Chair: Nominations Committee (from December 2013 to October 2014)
Other Boards, Committees, Associations & Memberships	• Associate Professor of Ophthalmology at the University of Melbourne • Fellow, RACS, RANZCO & the Australian Institute of Company Directors • Chair, Anglican Overseas Aid • Member, Anglican Diocese of Melbourne Council

Dr Fiona Bettenay (until November 2013)

MBBS (HONS) (WA), FRANZCR, GAICD

Positions Held	Director
Specialty/Professional Background	Radiology
Joined Board	2010
MDA National Committees 2013/14	Chair: Nominations Committee (until November 2013) Committee member: Clinical Underwriting and Cases (Western/Central) Committees Mutual Board member: MDA National Limited (until November 2013)
Other Boards, Committees, Associations & Memberships	• Head of Department, Diagnostic Imaging Services at Princess Margaret Hospital for Children • Graduate, Australian Institute of Company Directors

Ms Eva Skira (until December 2013)

BA (HONS), MBA (GENEVE), FAICD, SF FIN, FAIM

Positions Held	Director
Specialty/Professional Background	Banking, Stockbroking & Corporate Consultancy
Joined Board	2002
MDA National Committees 2013/14	Chair: ARC Committee (until December 2013) Committee member: Capital Committee (until December 2013)
Other Boards, Committees, Associations & Memberships	• Senior Fellow & Life Member, Financial Services Institute of Australasia • Fellow, Australian Institute of Company Directors and Australian Institute of Management • Director to a number of non-insurance companies and serves on several community service organisations

A/Prof Rosanna Capolingua (until November 2013)

MBBS, FAICD

Positions Held	Alternate Director to Dr Fiona Bettenay
Specialty/Professional Background	General Practice
Joined Board	N/A
MDA National Committees 2013/14	Mutual Board member: MDA National Limited Committee member: Cases (Western/Central) Committee
Other Boards, Committees, Associations & Memberships	• AMA Federal President (2007-2009) • AMA Federal Treasurer (2005-2007) • Past President AMA (WA) (1998-2000) • Chair, Federal AMA Ethics & Medico Legal Committee (2002-2009) • Chair, Taskforce on Indigenous Health (2007-2009) • Chair, Australian Medical Publishing Company (2005-2007) (Board member 2009) • Member, NHMRC Human Genetics Advisory Committee • Australian Health Ethics Committee (2006-2009) • Board of Governors, University of Notre Dame, Australia • Board member, Mercy Care (2003-2009) • Member, UWA Raine Foundation Board (2003-2013) • Board Member, SJOG Healthcare • Chair, SJOG Clinical Performance Committee • Current Chair, Healthway Board & member from 2000 • Chair, AWA (WA) Services Pty Ltd • Medical Director, AMA (WA) Foundation • Councillor, AMA (WA) • Chair, MDA WA State Advisory Committee (2008-2009) • Chair, Governing Council for Child & Adolescent Health Services WA • Chair, WA Immunisation Strategy Committee

Dr Andrew Miller (until November 2013)
MBBS, LLB (HONS), FANZCA, FACLM, MAICD

Positions Held	Alternate Director to Dr Rod Moore
Specialty/Professional Background	Anaesthesia
Joined Board	N/A
MDA National Committees 2013/14	Committee member: Cases (Western/Central) and Nominations (from December 2013) Committees Mutual Board member: MDA National Limited
Other Boards, Committees, Associations & Memberships	• Deputy Chairman & the MDA National representative on the Board of the MIIAA • Councillor, Australian Society Anaesthesia WA • Treasurer, Federal Australian Society Anaesthesia • Vice President & Anaesthesia Craft Group Representative, AMA (WA) • Board member, The Marian Centre Pty Ltd



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

– Reputation Audit Research 2014

Our Committees

Working Groups

President's Medical Liaison Councils (PMLC)

The PMLCs have been in effect since 1 January 2010. The state-based PMLCs are a primary source of Member feedback. Reporting to the Mutual Board, each state PMLC comprises local and highly experienced medical practitioners of varying specialties and career stages who are recruited for a two-year term. They meet quarterly and provide integral feedback on local issues and emerging risks from across various specialties.

The PMLC's role is to:

- advise of early warning changes in medical practice and/or surgical procedures which would assist in providing service to MDA National Members
- provide operational departments with clinical knowledge to create resources for MDA National Members
- contribute to the development and delivery of MDA National workshops, presentations and publications
- participate in national and state medical conferences and activities
- engage and network informally with colleagues.

PMLC members:

- Dr Beres Wenck (National Chair)

NSW

- A/Prof Andrew Keegan (State Chair)
- Dr Maria Li
- Dr Clark Maul
- Dr Brian Morton
- Dr Saxon Smith

QLD

- Dr David Gilpin (State Chair)
- Dr Penny Brassey
- Dr Anita Sharma
- A/Prof Michael Steyn

SA

- Dr Jill Maxwell (State Chair)
- Dr Michelle Emmerson
- Dr Chloe Furst
- Dr Michael Hayes
- Dr Scott Ma
- Dr Andrew Perry

VIC

- Dr Travis Brown (State Chair)
- Dr Marianna Dare
- Dr Xavier Fagan
- Dr Michael Galvin
- Dr Paul Nisselle

WA

- Dr Dror Maor (State Chair)
- Dr James Anderson
- Dr Robert Henderson
- Dr Richard Riley
- Dr Natalie Sumich

Education Services Advisory Group (ESAG)

The ESAG provides advice on the delivery of educational activities in specialist medical practice in accordance with MDA National's strategic plan. The ESAG exists to:

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

Non-staff members of the ESAG:

- Dr Kaye Atkinson
- Dr Paul Eleftheriou
- Dr Samari Jayarajah
- Prof Stephen Trumble
- Dr Genevieve Yates

Group Committees

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

Audit, Risk and Compliance (ARC) Committee

The ARC Committee assists the Boards to fulfil their fiduciary, corporate governance and regulatory responsibilities. This includes oversight of matters relating to:

- financial statements
- external and internal audits
- management of identified risks
- assurance that risks have been addressed by management
- compliance with relevant legislation and regulations, as required by authorities and our policies.

ARC Committee members:

- Ms Eva Skira (Chair until December 2013)
- Mr Stephen Scudamore (Chair from December 2013)
- Dr Reg Bullen
- Mr James Freemantle (from January 2014)

Capital Committee

This is a joint committee accountable to both our Mutual and Insurance Boards. Its primary purpose is to assist both Boards to:

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

Capital Committee members:

- Mr James Freemantle (Chair)
- A/Prof Max Baumwol
- Mr Peter Forbes (from January 2014)
- Dr Dennis Hayward (from January 2014)
- Dr Rod Moore
- Ms Eva Skira (until December 2013)

Nominations Committee

This Committee recommends appointments to the Boards and to our committees. It also:

- reviews the performance management policies and processes for Directors and Group Committee members
- addresses education, development and succession for the Boards and Group Committees
- assists in ensuring compliance with related policies.

Nominations Committee members:

- A/Prof Julian Rait (Chair from December 2013 to October 2014)
- Dr Fiona Bettenay (Chair until November 2013)
- Mr James Freemantle (until December 2013)
- Dr Dennis Hayward
- Dr Andrew Miller (from December 2013)
- Dr Rod Moore (until December 2013)
- Mr Stephen Scudamore (until December 2013)
- Mr John Trowbridge (from December 2013 to October 2014)
- Dr Beres Wenck (until December 2013)

Remuneration Committee

The Remuneration Committee oversees the policies and processes determining the remuneration for all Directors (including Chairs), Group Committee members, the Managing Director and some senior staff.

Remuneration Committee members:

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

Management Committees

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

Cases Committees

We have two Cases Committees providing medical input and advice to assist with the claims management process:

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

Western/Central (Perth) non-staff members:

- Dr Rodney Moore (Chair)
- A/Prof Max Baumwol
- Dr Fiona Bettenay
- Dr Reg Bullen
- A/Prof Rosanna Capolingua
- Dr Michael Gannon
- Clinical Prof Guy van Hazel
- Dr Tim Jeffrey
- Dr Andrew Miller
- Clinical Prof Allan Skirving
- A/Prof David Watson

Eastern (Sydney) non-staff members:

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

Clinical Underwriting Committee

Our Clinical Underwriting Committee provides advice to management on:

- risk assessment criteria
- emerging trends in medicine
- policy development
- risk categorisation
- pricing approach
- high risk Member management.

Clinical Underwriting Committee members:

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

Corporate Social Responsibility (CSR) Steering Committee

MDA National believes in generously meeting our responsibilities as a corporate citizen. We supported multiple charities in 2013/14 via our CSR Program either in-kind, through fundraising, or by raising awareness throughout our Membership or employee group.

The launch of our Charity of Choice association with *beyondblue* is an extension of our genuine care and concern for doctors' health and wellbeing. Through this association, we aim to:

- support medical practitioners' and students' mental health
- ensure doctors are supported in caring for patients with mental health issues
- promote understanding and compassion within the medical community, starting with our own organisation.

CSR Steering Committee members:

- Dr Robyn Napier (Chair)
- Mr James Freemantle

In 2013/14 we supported multiple charities via our CSR Program either in-kind, through fundraising, or by raising awareness across our Membership and employee group.



AMA (SA) Charity Dinner to support kids with heart disease – (left to right) Dr Mark Hassall (Ambassador), Dr Jill Maxwell (Chair PMLC SA), Megan Sheldon (Relationship Manager), Helena Manis (Relationship Manager), Bernadette Liddy (Relationship Manager), Dr Andrew Perry (PMLC), Dr Michelle Emmerson (PMLC), Dr Scott Ma (PMLC) and Dr Georgie Hanus (Ambassador).



AMAA Thank You Doctor Campaign Launch – (left to right) Michelle White (Executive Manager, Head of Marketing), Ian Yard-Smith (Executive Manager, Professional Services), Joanne Webb (National Brand & Communications Manager), Sandra Reed (Relationship Manager, QLD), Dr Steve Hambleton (Federal AMA President), Jane Schmidt (AMAA CEO), Dr Beres Wenck (MDA National Vice-President) and Dr David Gilpin (MDA National Director).



Perth City to Surf 2014 - MDA National Member Dr Anita Tandon and her family enjoy a day of fitness and fun.



Kiss Goodbye to MS - Our Sydney staff go 'red' with a special morning tea to raise funds for MS Research Australia.

Delivering Results

Concise Financial Report for the year ended 30 June 2014

Directors' Report

Auditor's Independence
Declaration

Statement of
Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Concise
Financial Statements

The information in this concise financial report is correct as of 25 September 2014 when it was approved by the Board of MDA National Limited. It does not reflect the resignations of two of the Board Directors, A/Prof Julian Rait and Mr John Trowbridge, which occurred in October 2014.

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 2014. 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' Report

The Directors of MDA National Limited and its controlled entities ("MDA National" or "the MDAN Group") present the financial report of the MDAN Group for the year ended 30 June 2014 and their report as follows:

Corporate information

MDA National Limited is medical practitioner owned and operated, and offers professional medical indemnity throughout Australia through its wholly owned insurance company, MDA National Insurance Pty Ltd (MDA National Insurance). Founded in Western Australia (1925), MDA National protects the interests of doctor Members in Australia.

On the 2 April 2012, the Medical Defence Association of Western Australia (Incorporated) was registered as a company limited by guarantee under the *Corporations Act 2001* (Cth) and changed its name to MDA National Limited. Pursuant to the Transfer of Incorporation provisions and in particular section 10H(1) of the *Associations Incorporation Act 1987* (WA), the entity ceased to be registered under the *Associations Incorporations Act 1987* (WA) on the same date. This change has no impact on the financial statements of the MDAN group.

Registered office

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

Directors

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

Associate Professor Julian Rait MBBS (Melb), FRACS, FRANZCO, FAICD President

An Associate Professor of Ophthalmology at the University of Melbourne, A/Prof Rait is a fellow of RACS, RANZCO and the Australian Institute of Company Directors. He joined the Mutual Board in 2004 and has held positions as Vice President (2007-2008) and President (2008 to current).

He is Chair of Anglican Overseas Aid, which is a development agency of the Anglican Church of Australia, and a member of the Anglican Diocese of Melbourne Council.

A/Prof Rait has served on the Australian and New Zealand College of Ophthalmologists as a Federal Councillor and has also served as a representative of the Medical Indemnity Industry Association of Australia on the competence and performance working party of the Royal Australasian College of Surgeons.

A/Prof Rait was appointed to the Board of MDA National Insurance in December 2013 and is the Chair of the Nominations Committee (from December 2013).

Dr Beres C A Wenck MBBS (Qld), FAMA, FRACGP Vice President

Dr Wenck is a General Practitioner in Brisbane who also was a visiting medical officer at the Royal Children's Hospital until 2010. She was elected to the Mutual Board in September 2004.

Dr Wenck is Principal Medical Director of Family Care Medical Services, the largest Medical Deputising Service in Australia and Chair of the Family Care Friendly Society. Dr Wenck was President of AMA Queensland 1999-2000 and was awarded fellowship of the Australian Medical Association (AMA) in 2000 and the AWAQ President's Award in 2007. She is the Medical Consultant for Adoptions, Queensland.

Dr Wenck is also the Chair of the National Standing Committee of the Royal Australian College of General Practitioners (RACGP) for GP Advocacy and Support, and is a Ministerial Appointee to the Q Comp Board. In 2009 she was commissioned to author a paper for the Health and Hospital Reform Commission titled *General Practice* in 2020. She was awarded Honorary Fellowship of the RACGP in 2009.

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

**Associate Professor Max Baumwol MBBS (WA), FRCS (Eng), FRCS (Edin), FRACS
Chair of Finance**

A/Prof Baumwol, a General Surgeon, has been a Mutual Board member since 1993 and has held the positions of Secretary (1997) and Treasurer (1998-2001) and has been the Chair of Finance since 2002. A/Prof Baumwol was a director of MDA National Insurance from 1996 to 1998.

He is also attached to the University of WA Surgical Teaching Unit and is an examiner for the University of Western Australia MBBS and for the Royal Australasian College of Surgeons.

A/Prof Baumwol is a member of MDA National Insurance's Cases Committee (Western/Central) and the MDAN Group's Capital Committee.

Dr Reg Bullen MBBS (WA), FRACGP, FRNZCGP

Dr Bullen graduated in 1976 from University of Western Australia and became a vocationally registered GP, holding both FRACGP and FRNZCGP. He has worked in the RAAF, NT Aerial Medical Service and general practice in WA, VIC, NT and New Zealand. He has had exposure to corporate medicine in New Zealand and was Chairman of the "GP Down South" Division of General Practice (1999-2003). Dr Bullen is an AMA Nominee to the Impaired Practitioners Committee of the Medical Board of Australia.

Dr Bullen was elected to Mutual Board Council in 2001 and served on a number of committees until 2004 when he commenced work as a Medico-legal Manager in MDA National Insurance's Perth office. He ceased that role in 2006 and was re-elected to the Mutual Board in 2007.

Dr Bullen is a member of MDA National Insurance's Cases (Western/Central) and Clinical Underwriting Committees and MDAN Group's Audit Risk and Compliance Committee.

Associate Professor Rosanna Capolingua MBBS, FAICD

A/Prof Capolingua is a General Practitioner and was elected to the Mutual Board in 2005. During her career, she has been actively involved with the medical profession through a number of organisations including the Australian Medical Association (AMA), both at state and federal level. A/Prof Capolingua served as Federal President of the AMA from 2007-2009, State AMA (WA) President from 1998-2000, AMA Federal Treasurer (2005-2007) and served on the Executive of the Federal AMA for six years, having chaired the Federal AMA's Ethics and Medico-legal Committee and the Taskforce on Indigenous Health. A/Prof Capolingua was also Chair of the Australian Medical Publishing Company and has been a member of two standing committees of the National Health & Medical Research Council - the Human Genetics Advisory Committee and the Australian Health Ethics Committee.

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

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

A/Prof Capolingua is a member of MDA National Insurance's Cases (Western/Central) Committee. In November 2013, A/Prof Capolingua resigned as an alternate director to Dr Fiona Bettenay for the Board of MDA National Insurance Pty Ltd.

Dr David Gilpin MBBS (Hons), FRACS

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

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

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

Dr Gilpin's appointments with MDA National include Queensland Chair of the President's Medical Liaison Council and Committee member of MDA National Insurance's Clinical Underwriting Committee. He was also a member of the Queensland Advisory Committee (2003-2009).

Associate Professor Michael Hollands MB, BS, FRACS, FRSC, FACS, DHMSA

A/Prof Hollands joined the Board in November 2013. He is a General Surgeon at Westmead Hospital and is Clinical Associate Professor of Surgery on the Western Clinical School of Sydney University. He has post-graduate training in gastro-oesophageal and hepatopancreatobiliary surgery.

A/Prof Hollands trained at St Vincent's Hospital in Sydney and later at The Royal Postgraduate Medical School and Guys Hospital in London. He then worked in Beth Israel Hospital and Harvard Medical School, Boston and Queen Mary's Hospital, Hong Kong before joining the staff at Westmead in 1986. He has Fellowships in surgery from The Royal Australasian College of Surgeons, the Royal College of Surgeons of England and the American College of Surgeons. He was formerly Chair of the Early Management of Severe Trauma Committee and the NSW Regional Committee of RACS. He was elected to the Council of RACS in 2006, served as Treasurer 2010-2011 and was elected President in 2012.

A/Prof Hollands was also the Area Director of General Surgery, Eastern Cluster of Western Sydney Area Health Service. He is the Chairman for the Committee of Presidents of Medical Colleges.

Dr Andrew J Miller MBBS, LLB (Hons), FANZCA, FACLM, MAICD

Dr Miller is an Anaesthetist in active private practice in Perth. He was first elected to the Mutual Board in 1998.

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

Dr Miller is Deputy Chairman and Treasurer and the MDA National representative on the Board of the Medical Indemnity Industry Association of Australia (MIIAA). He is a Councillor of Australian Society of Anaesthetists (ASA) WA, Treasurer of Federal ASA and Vice President & Anaesthesia Craft Group Representative of AMA (WA). He is also a Board member of the Marian Centre Pty Ltd.

Dr Miller is a member of MDA National Insurance's Cases (Western/Central) Committee. He has also been on the Nominations Committee since December 2013.

Dr Rod Moore MBBS (WA) Grad Dip Sp Med (UNSW), GAICD

Dr Moore is a founding Principal of two multi-disciplinary Sports Medicine Clinics in Perth. He was elected to the Mutual Board in 1998 and was Vice President from 2004 to 2007.

Dr Moore has had a long involvement with Australian Rules Football. He has been team doctor for the West Coast Eagles since they entered the national competition in 1987 up until the end of the 2012 season.

He is a graduate of the Australian Institute of Company Directors and serves as a clinical tutor for the University of Notre Dame, Western Australia, and is a Board member of HBF Health Ltd.

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

Dr Robyn Napier MBBS (Sydney) FAMA

Dr Napier is a General Practitioner in Sydney. She joined the Mutual Board in 2005.

Dr Napier is also the AMA (NSW) Medical Secretary and Medical Director, a member of the NSW Medical Council Health & Performance and represents the profession on the NSW Registration Committee of the National Medical Board, BEACH Research Advisory Committee (University of Sydney), Medicines Australia Monitoring Committee, Area of Need Advisory Committee (NSW) and is a Deputy Director of Professional Services Review. She is a past AMA Federal Councillor and the inaugural Chair of the Federal AMA Therapeutics Committee.

Dr Napier is Chair of MDA National Insurance's Cases (Eastern) Committee and the Chair of the Group's Corporate Social Responsibility Steering Committee.

Mr Stephen Scudamore MA (Oxon), FCA, FAICD, SF Fin

Mr Scudamore joined the MDA National Insurance Board in July 2012 and the Mutual Board in November 2013.

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

Mr Scudamore is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors and is a Senior Fellow of the Financial Services Institute of Australia.

Mr Scudamore is the Chair of Amana Living, a Director of Aquila Resources and Altona Mining Ltd. He is also a member of the Curtin University of Technology Council, WA Councillor of the Australian Institute of Company Directors and Trustee of the Western Australia Museum. Mr Scudamore is a member of the Audit, Risk and Compliance Committee becoming Chair in December 2013 and is also a member of the Remuneration Committee.

Mr John Trowbridge BSc, BE, BA, FIA, FIAA, FAICD

Mr Trowbridge joined the MDA National Insurance Board in February 2012 and was elected as Chairman in December 2012. He joined the Mutual Board in November 2013.

Mr Trowbridge has been Chairman of the Australian Government's Natural Disaster Insurance Review Panel and Interim Director of Australia's Centre for International Finance and Regulation. Prior to that, he completed a four-year term as Executive Member of APRA (Australian Prudential Regulation Authority) in 2010. He spent the majority of his career as a consultant, having founded Trowbridge Consulting in 1981 which became a leading actuarial and management consulting firm in Australia and Asia during the 1980s-1990s.

Mr Trowbridge has also held senior executive positions with two major Australian based insurers, and served as a member of the Australian Treasurer's Financial Sector Advisory Council from 1998 to 2004. Mr Trowbridge is a member of ASIC's External Advisory Panel, and a Member of the Medical Indemnity Association of Australia.

Mr Trowbridge is also a member of the Nominations Committee (from December 2013).

Dr Fiona A Bettenay MBBS (Hons) (WA), FRANZCR, GAICD

Dr Bettenay is a Radiologist who was elected to the Mutual Board in 1996. She has held the position of Secretary (1998-1999) and Vice President (2000-2001). She resigned from the Mutual Board in November 2013.

Dr Bettenay was also a director of the Board of MDA National Insurance from 2010 until November 2013 and the Chair of the MDAN Group's Nominations Committee and is a Member of MDA National Insurance's Clinical Underwriting and Cases (Western/Central) Committees.

Dr Bettenay is the Head of Department of Diagnostic Imaging Services at Princess Margaret Hospital for Children.

Clinical Prof Guy van Hazel MBBS (WA), FRCP, FRACP

Clinical Prof van Hazel, an Oncologist, was elected to the Mutual Board in 1997. He has been actively involved with the MDA National Insurance's Cases (Western/Central) Committee for a number of years.

Clinical Prof van Hazel is a Clinical Professor for the School of Medicine & Pharmacology for the University of Western Australia. He is also a former AMA (WA) Councillor. Dr van Hazel resigned from the Mutual Board in November 2013.

Associate Professor David O Watson MBBS (Sydney), FRACP

A/Prof Watson is a Consultant Physician with an interest in Medical Oncology, Medical Education and in the problems of patients with spinal injuries.

He joined the Mutual Board in 1986 and has held positions of Treasurer (1990-1993), Vice President (1994-1997) and President (1998-2004 & 2005-2008). He currently serves as a member of MDA National Insurance's Cases (Western/Central Committee).

A/Prof Watson graduated from Sydney University in 1968 and has practised in Internal Medicine since 1972. A/Prof Watson holds a position on the Faculty of Medicine at the University of Notre Dame Australia in Fremantle. From 1972 to 1976 he was a member of staff at Sir Charles Gardiner Hospital, and from 1977 to 1988 a visiting physician at Royal Perth Hospital. He has worked at St John of God Hospital, Subiaco since entering private practice in 1977. He has also served as an AMA Federal Councillor, AMA (WA) State President and member of the Board of HBF, WA's largest Health insurer. He was also a past member of the National Council of the Australian Healthcare & Hospitals Association and was the Sidney Sax Medallist in 2000. A/Prof Watson resigned from the Mutual Board in November 2013.

Principal activity

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

Throughout the 2014 financial year MDA National has continued to provide Members and insureds with a competitive insurance policy that protects their interests in addition to high quality service through educational, medico-legal advice and advocacy.

Objective

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

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

MDA National has developed a robust Business Plan using a series of Key Performance Indicators designed to monitor Membership growth, Member satisfaction, claims management and financial strength of the MDAN Group.

Results and performance

The consolidated net profit after tax for the year was \$11,060,162 (2013: \$12,713,473).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

The Boards of MDA National and MIGA announced on 24 March 2014 that they had reached an agreement to merge, creating a stronger medical defence organisation that will build on the heritage of each and invigorate our service offering to the Members and Clients.

It is currently proposed that on 11 October 2014, Members of MDA National Limited will vote on undertaking a merger with the Medical Defence Association of South Australia Limited.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulation

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

Insurance of officers

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

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

Pursuant to section 300(9) of the *Corporations Act 2001* (Cth), as the contract of insurance prohibits the disclosure of the insurance premium paid and the nature of the liabilities covered, no details can be disclosed.

Indemnification of auditors

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

Directors' benefits

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

Directors' meetings

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

Director	Directors' meetings		Audit, Risk & Compliance Committee meetings		Remuneration Committee meetings		Nomination Committee meetings		Capital Committee meetings	
	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held
A/Prof Max Baumwol	13	14							4	5
Dr Fiona Bettenay ⁽¹⁾	4	4								
Dr Reg Bullen	13	14	6	6						
A/Prof Rosanna Capolingua	13	14								
Dr David Gilpin	13	14								
Clinical Prof Guy van Hazel ⁽¹⁾	3	3								
Dr Andrew Miller	13	14					1	1		
Dr Rod Moore	13	14			4	5			4	5
Dr Robyn Napier	12	14								
A/Prof Julian Rait	14	14					1	1		
A/Prof David Watson ⁽¹⁾	3	3								
Dr Beres Wenck	14	14								
A/Prof Michael Hollands ⁽²⁾	10	11								
Mr Stephen Scudamore ⁽²⁾	10	11	6	6	5	5				
Mr John Trowbridge ⁽²⁾	10	11					1	1		

⁽¹⁾ Resigned November 2013

⁽²⁾ Appointed November 2013

Class of Membership

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

Liability of Members and guarantee on winding up

The liability of the Members is limited. Every Member undertakes to contribute to the assets of the Company if it is wound up while he or she is a Member, or within one year afterwards, such amount as may be required not exceeding ten dollars (\$10) in aggregate. Based on 30 June 2014 Membership, the maximum amount that Members of the company are liable to contribute is \$330,950.

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 47.

Non-audit service

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

Ernst & Young received or are due to receive the following amounts for the provision of non-audit service:

Pricing review	\$13,200
Due Diligence and merger related matters	\$418,399
Total	\$431,599

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



Director
DR ROD MOORE



Director
A/PROF MAX BAUMWOL

Dated 25 September 2014



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MDA NATIONAL LIMITED

Report on the Concise Financial Report

We have audited the accompanying concise financial report of MDA National Limited which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of MDA National Limited for the year ended 30 June 2014. The concise financial report also includes discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the Concise Financial Report

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

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of MDA National Limited for the year ended 30 June 2014. We expressed an unmodified audit opinion on the financial report in our report dated 25 September 2014. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

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

Independence

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

Opinion

In our opinion, the concise financial report, including the discussion and analysis of MDA National Limited for the year ended 30 June 2014 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Ernst & Young

T G Dachs
Partner
Perth
25 September 2014



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MDA NATIONAL LIMITED

In relation to our audit of the financial report of MDA National Limited and its controlled entities for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* (Cth) or any applicable code of professional conduct.

Ernst & Young

T G Dachs
Partner
Perth
25 September 2014

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Notes	30 June 2014 \$	30 June 2013 \$
Revenue			
Premium revenue (including subscription revenue)	3	61,954,093	56,048,477
Outward reinsurance expense		(3,699,638)	(4,593,911)
Net premium revenue		58,254,455	51,454,566
Claims expense		(39,227,033)	(22,712,922)
Reinsurance and other recoveries revenue		9,873,272	(797,918)
Net claims incurred		(29,353,761)	(23,510,840)
Other underwriting expenses		(2,787,357)	(2,739,865)
Underwriting result		26,113,337	25,203,861
Investment income	3	9,788,939	11,440,152
Fair value gains		7,061,437	5,778,945
Rental revenue		1,218,471	1,235,915
Other revenue	3	766,446	693,124
Depreciation and amortisation expense		(1,521,599)	(1,714,713)
Salaries, fees and employee benefits expense		(12,940,089)	(12,329,108)
Promotion and travel expense		(3,222,376)	(3,411,067)
Legal expense		(105,560)	(104,540)
Consulting expense		(3,160,815)	(1,528,040)
Financial costs and fees		(1,091,207)	(994,969)
General insurance expense		(528,019)	(636,778)
Other expenses		(5,347,611)	(5,086,735)
Profit before income tax expense		17,031,354	18,546,047
Income tax (expense)/benefit		(5,971,192)	(5,832,574)
Net profit after income tax expense from continuing operations		11,060,162	12,713,473
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit for the year		11,060,162	12,713,473

Discussion and analysis

The net profit after tax for the year ended 30 June 2014 was \$11.1 million compared to the profit after tax of \$12.7 million for the year ended 30 June 2013. Key factors contributing to the decrease in net profit after tax are highlighted in the following points.

Underwriting result

Premium revenue increased by \$5.9 million due to a modest increase in average premium rates and growth in the number of Members. For the 2014 renewal period the MDAN Group decided on a modest increase in premium rates for Members to reflect only cost increases. The MDAN Group is in a strong financial position and does not require further capital increase.

The net claim incurred expense for the year ended 30 June 2014 increased by \$5.8 million to \$29.4 million. Net claims expense relating to the 2014 underwriting year was \$37.1 million which was offset by a release of \$7.8 million with respect to lower than expected claims arising from 2013 underwriting years and prior.

The underwriting result increased from \$25.2 million for the year ended 30 June 2013 to \$26.1 million for the year ended 30 June 2014. The increase is mainly attributed to the movement in the net claims expense and premium revenue outlined above.

Investment performance

Net investment income for the year was \$16.9 million compared to \$17.2 million in 2013. This is mainly attributed to a reduction in the cash rate impacting returns on MDA National's cash and term deposit investment.

Consulting Expenses

Consulting expenses during the year increased by \$1.5 million to \$3.2 million in 2014 mainly due to additional expenses incurred with the proposed merger.

The accompanying notes form part of these concise financial statements.

Statement of Financial Position

AS AT 30 JUNE 2014

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
ASSETS		
Current assets		
Cash and cash equivalents	17,889,044	24,596,749
Receivables	18,895,264	12,268,328
Financial assets at fair value through profit and loss	155,287,426	150,261,021
Income tax receivables	-	53,645
Other assets	460,910	523,496
TOTAL CURRENT ASSETS	192,532,644	187,703,239
Non-current assets		
Receivables	42,957,976	40,960,577
Financial assets at fair value through profit and loss	107,466,011	91,355,452
Deferred tax asset	2,229,810	4,632,684
Intangible assets	2,938,193	239,794
Property, plant and equipment	18,521,824	19,607,839
TOTAL NON-CURRENT ASSETS	174,113,814	156,796,346
TOTAL ASSETS	366,646,458	344,499,585
LIABILITIES		
Current liabilities		
Payables	34,991,973	32,868,774
Provisions	42,268,889	38,541,060
Current tax liabilities	1,653,043	-
TOTAL CURRENT LIABILITIES	78,913,905	71,409,834
Non-current liabilities		
Provisions	131,704,899	128,122,259
TOTAL NON-CURRENT LIABILITIES	131,704,899	128,122,259
TOTAL LIABILITIES	210,618,804	199,532,093
NET ASSETS	156,027,654	144,967,492
MEMBERS' FUNDS		
Accumulated surplus	156,027,654	144,967,492
TOTAL MEMBERS' FUNDS	156,027,654	144,967,492

Discussion and analysis

The net assets as at 30 June 2014 have increased by \$11.1 million from \$145.0 million as at 30 June 2013 to \$156.0 million due to the profit for the current year.

Total assets have increased by \$22.1 million mainly due to an increase in financial assets at fair value through the profit and loss of \$21.1 million, offset by a reduction of \$6.7 million in Cash and cash equivalents. The net increase of \$14.4 million largely reflects lower than expected claim payments during the year.

The above is offset by a decrease in tax related assets of \$2.3 million as the MDAN Group moves to a profitable position.

Receivables have increased by \$8.6 million during the year. This is predominately due to recoveries from government schemes and reinsurance recoveries.

Intangible assets increased by \$2.7 million to \$2.9 million at 30 June 2014 due to the Group undertaking a project to upgrade software and system capabilities.

Total liabilities have increased by \$11.1 million as a result of an increase of \$7.0 million in the gross outstanding claims provision. The increase in the gross outstanding claims reflects additional exposure taken during the year offset by the claims payments and claims reserve releases.

The accompanying notes form part of these concise financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	Accumulated surplus \$	Total Members' funds \$
At 1 July 2012	132,254,019	132,254,019
Net profit after tax for the year	12,713,473	12,713,473
Total comprehensive profit	12,713,473	12,713,473
At 30 June 2013	144,967,492	144,967,492
Net profit after tax for the year	11,060,162	11,060,162
Total comprehensive profit	11,060,162	11,060,162
At 30 June 2014	156,027,654	156,027,654

Discussion and analysis

Accumulated surpluses increased to \$156.0 million as a result of the operating profit after tax of \$11.1 million for the year.

The accompanying notes form part of these concise financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	30 June 2014 \$	30 June 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members, insureds, reinsurance and other recoveries	72,287,727	66,130,983
Interest received	6,488,483	5,317,631
Payments to suppliers, employees and claims paid	(68,978,918)	(62,514,687)
Interest paid	-	-
Income tax received/(paid)	(1,861,630)	2,154,183
Net cash inflows from operating activities	7,935,662	11,088,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Funds deposited into managed portfolio and term deposits	(79,331,413)	(86,528,022)
Proceeds from the redemption of investments	67,822,030	60,911,523
Proceeds from the sale of property, plant and equipment	-	250
Acquisition of property, plant and equipment and intangibles	(3,133,984)	(1,012,143)
Net cash outflows from investing activities	(14,643,367)	(26,628,392)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease	-	-
Repayment of borrowings	-	-
Net outflows from financing activities	-	-
Net decrease in cash and cash equivalents	(6,707,705)	(15,540,282)
Cash and cash equivalents at beginning of year	24,596,749	40,137,031
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	17,889,044	24,596,749

Discussion and analysis

Cash flows from operations

Net cash inflow from operations was \$7.9 million compared with a \$11.1 million inflow for the previous year. The major contributing factors are highlighted below:

- An increase of \$6.2 million in receipts from Members, insureds, reinsurance and other recoveries.
- Income tax payments of \$1.9 million.
- An increase of \$6.5 million in payments to suppliers, employees and claims is attributable to faster recognition of claims costs and the claims settled during the period (\$6.3 million).

Cash flows from investments

Net cash outflows from investment activities were \$14.6 million compared with a \$26.6 million outflow for the previous year. The level of funds deposited into the managed portfolio and term deposits decreased during the year while the proceeds from redemptions of investments increased. Despite these movements, the Group continued to invest into the managed portfolio and term deposits with \$11.5 million in cash being invested.

Cash flows from financing

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

The accompanying notes form part of these concise financial statements.

Notes to the Concise Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Liabilities arising under insurance policies

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

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

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

(b) Assets arising from reinsurance contracts and government schemes

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

(c) Valuation of investments

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

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

The value of level 3 investments disclosed in the statement of financial performance is \$nil (2013: \$nil). All other investments are classified as level 1 or level 2 in accordance with AASB 7 *Disclosures of Financial Instruments*.

(d) Process to determine actuarial assumptions

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

Average weighted term to settlement

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

Claim numbers (claim frequency)

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

Average claim size

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

Inflation and superimposed inflation

Normal inflation is based on future forecasts for wage inflation. The superimposed inflation rate is based on our view of Australia-wide superimposed inflation. There is a tendency for claims costs, particularly for medical indemnity, to increase at levels in excess of standard inflationary pressures. This can be due to a number of factors including court awards and precedents and social and environmental pressures. This is often termed superimposed inflation and is analysed and forecast separately from wage inflation. The actuarial method used to project future claim payments in respect of medical indemnity claims typically has an explicit allowance for superimposed inflation.

Reinsurance and non-reinsurance recoveries

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

Claims handling expenses

The allowance for claims handling expenses is based on the historical relationship between claims handling expenses and gross claim costs. The ROCS legislation allows for claims handling expense recoveries of 5% on all ROCS recovery amounts.

Discount rate

The adopted discount rate is estimated using the expected claim payment profile and the Commonwealth Government bond yield curve at the balance date. The decrease in the discount rate from 3.1% at 30 June 2013 to 3.0% at 30 June 2014 resulted in a decrease of approximately \$0.2 million in the outstanding claims provision.

Risk margin

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate. Uncertainty was analysed taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, and the impact of legislative reform. The assumptions regarding uncertainty were applied to the net central estimates to arrive at an overall provision which is intended to have a 75% probability of sufficiency.

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

	2014	2013
Average weighted term to settlement from reporting date	3.2 years	3.5 years
Claims handling expense rate		
% claims capped at excess of loss retention	9.0%	10.5%
ROCS (% of ROCS claims recoveries)	5.0%	5.0%
Discount rate	3.0%	3.1%
Inflation	N/A*	N/A*
Risk margin	19.7%	19.6%

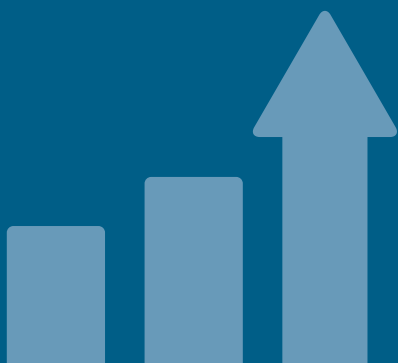
* The method used to measure the liability for reported outstanding claims did not involve explicit assumptions for inflation rates. However in valuing the IBNR, Extended Reporting Benefit (ERB) and Death, Disablement or Retirement (DDR) liabilities, 3.75% normal inflation and 3.00% superimposed inflation were used for all projection years.

3. REVENUE AND OTHER INCOME

	Consolidated	
	2014 \$	2013 \$
Underwriting activities		
Premium and subscription	61,954,093	56,048,477
Investment income		
Interest - other bodies corporate	7,222,795	5,846,977
Trust distributions	2,388,409	5,309,004
Fee rebate income	177,735	284,171
	9,788,939	11,440,152
Commission received	35,360	53,295
Government subsidy	731,086	639,829
	766,446	693,124

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HOBART TAS 7001

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SOUTHBANK VIC 3006

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