

2017 Annual Report and
Summary Financial Report



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MIGA

Medical Defence Association of South Australia Limited
ABN 41 007 547 588

Medical Insurance Australia Pty Ltd
ABN 99 092 709 629

MDASA Limited

Board as at September 2017

Dr Martin Altmann – Chairman
Dr Andrew Pesce – Deputy Chairman
Ms Amanda Anderson – CEO and Managing Director
Mr Henry Botha
Ms Juliet Brown OAM
Associate Professor Peter Cundy
Dr Roger Sexton
Professor Owen Ung

Medical Insurance Australia Pty Ltd

Board as at September 2017

Dr Martin Altmann – Chairman
Dr Andrew Pesce – Deputy Chairman
Ms Amanda Anderson – Managing Director
Mr Henry Botha
Ms Juliet Brown OAM
Associate Professor Peter Cundy
Dr Roger Sexton
Professor Owen Ung
Ms Robyn Bateup

Chief Executive Officer and Managing Director

Ms Amanda Anderson

MIGA – Head Office

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Adelaide SA 5001
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E-mail: miga@miga.com.au
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Key professional advisors

Actuaries

Finity Consulting Pty Ltd, Sydney and Melbourne

Auditors and Tax Advisors

KPMG, Adelaide

Corporate Legal Advisors

Lander and Rogers, Sydney and Iles Selley Lawyers, Adelaide

Principal Medico-legal Advisors

Meridian, Sydney and Wallmans Lawyers, Adelaide

Reinsurance Brokers

Guy Carpenter Pty Ltd, Sydney and London

Graphic Designer and Advisor

de.co Pty Ltd, Adelaide

Investment Advisors

Morgan Stanley Wealth Management, Adelaide

Internal Auditor

PwC, Adelaide

Reducing our Environmental Impact

To help reduce MIGA's operating costs and environmental impact, for the year ended 30 June 2017 the Group has produced the following:

- An Annual Review which:
 - Has been provided to all members, policyholders and key stakeholders
 - Incorporates an overview of the Group's financial results and key developments in the last year
 - Is much shorter than the full Annual Report and Consolidated Summary Financial Statements
 - We believe is a more valuable method of communicating key information about MIGA.
- An Annual Report and Summary Financial Report which:
 - Is available only on our website, unless members specifically ask for a printed copy
 - Includes a summary of the Directors' Reports, the Consolidated Summary Financial Statements and the external auditor's report.

The information in this Report is to be read in conjunction with the MIGA 2017 Annual Review which is also available on our website.

Making the Annual Report (including Consolidated Summary Financial Statements) only available via the website and printing a shorter Annual Review supports the Group's Environmental Policy. It helps reduce our environmental impact and the costs of running our business whilst still providing easy access to important information via the MIGA website.

Report by Directors

The Directors present their report together with the consolidated financial report of the Consolidated Entity, being Medical Defence Association of South Australia Limited (MDASA) and its controlled entities Medical Insurance Australia Pty Limited (Medical Insurance Australia), Invivo Medical Pty Ltd (Invivo) and Medical Insurance Group Australia Pty Ltd, for the financial year ended 30 June 2017 and the independent audit report thereon.

The Group comprises two operating companies, MDASA and Medical Insurance Australia, which are collectively referred to as MIGA.

References to the Group and MIGA throughout this Report mean the Consolidated Entity MDASA and its subsidiaries.

Principal activities

The principal activities of MDASA during the financial year were to provide:

- A range of membership benefits and services to members
- Discretionary indemnity assistance to members in relation to discretionary indemnity granted on or before 30 June 2003.

The principal activities of MDASA's insurance subsidiary, Medical Insurance Australia, were to provide:

- Medical indemnity insurance to doctors and medical students
- Medical indemnity insurance to corporate entities involved in the provision of healthcare services
- Professional indemnity insurance to eligible midwives, under the Federal Government's Midwives Insurance Scheme
- Reinsurance to a professional indemnity insurer; and
- Medical indemnity insurance to MDASA, to cover its liabilities where it is required to indemnify its members for prior claims incurred indemnity as per its Constitution. The indemnity provided to MDASA is via an insurance contract which is underwritten on a claims made basis with full retroactive indemnity.

Membership of MDASA is governed by the terms and conditions of the Constitution of MDASA and doctors and medical students must maintain membership of MDASA in order to access the insurance cover provided by Medical Insurance Australia. No membership requirements apply to corporate entities or eligible midwives.

There were no significant changes in the nature of the activities of the Group during the year, as described more fully herein.

Operating Result

The Consolidated Entity reported a net profit of \$10.718m (2016: \$13.209m) for the financial year ended 30 June 2017, after providing for income tax.

The Consolidated Entity has a surplus in net assets of \$136.570m as at 30 June 2017 (\$125.852m as at 30 June 2016).

(Amounts shown as \$m)	2017 Actual	2016 Actual
Premium Revenue	51.224	50.783
Net Incurred Claims	(27.653)	(30.332)
Underwriting Expenses	(7.460)	(7.383)
Operating Expenses	(19.642)	(18.021)
Underwriting Result	(3.531)	(4.953)
Subscription Revenue	8.683	8.669
Other Income	0.914	1.097
Net Finance Income	5.817	10.444
Profit before tax	11.883	15.257
Tax	(1.165)	(2.048)
Net profit	10.718	13.209

As a not for profit mutual, financial performance of the Group is measured each year against the budget which is developed having regard to the capital position of the Group. Once the target capital level is reached, the Group only needs to generate a level of profit which sustains the capital level each year. It does not need to generate a consistent year on year profit to pay dividends to shareholders. Financial performance each year is therefore measured by the Board against budget (which is driven by capital adequacy) as opposed to prior year results. This is a more appropriate assessment of how well the Group has performed for the year.

The Group's net profit before tax for the 2016/2017 year was \$11.883m, which was significantly ahead of budget. The key drivers to the above budget result were:

- Net claims costs were significantly below budget, as a result of the following key factors:
 - Changes to some key valuation assumptions resulting in an overall reduction in claims costs, mainly driven by incurred cost development being considerably less than expected and the average claim size assumption being reduced in response to this and savings in recent notification years
 - This was partially offset by an increase in assumed costs for the 2016/17 notification year, an increased allowance for development of "tail" matters and a higher number of inquiry matters in recent years
- Investment income was above budget predominately due to a higher average return achieved across all asset classes
- Operating expenses were below budget notwithstanding the Group's growth in recent years and investment in additional services for clients.

Directors

The names of Directors in office at any time during or since the end of the financial year are outlined in the Section entitled "Directors' Information".

Report by Directors

Board Committees

The Committees established to assist the Boards of MDASA and Medical Insurance Australia with discharging their responsibilities are outlined in the section entitled "The Boards and Board Committees".

Review of Operations

The Review of Operations is outlined throughout this Report and in the MIGA 2017 Annual Review.

Branch offices and growth across Australia

MIGA's branch office in Sydney offers claims, client services, risk management services and underwriting services and support. MIGA's presence in Victoria, Queensland and Perth also supports the provision of services across the eastern seaboard and on the west coast. Nationally, the Group's network is enhanced by very important agency and broking relationships.

Having staff and a diverse network of service providers across Australia is a key element of MIGA's strategy to expand nationally and supports its commitment to offer high quality and dedicated service to its members and policyholders.

Doctor and medical student membership outside of South Australia (the location of the Group's Head Office) now represents 81% of its business.

Growth

Total membership of MDASA grew by 3.89% in the year with membership now at its highest level ever at 31,832 (2016: 30,641).

A key goal of the Group is to increase its market share nationally and extend the services and products offered to meet the needs of members and policyholders. Growth brings economies of scale, benefiting all members and clients and also strengthens the Group's operations.

Medical students and young doctors

A key strategy for the Group is to grow nationally the number of medical students and young doctors it insures. These two groups are very important for future growth.

MIGA's communications with these two groups continue to be predominantly IT based with on-line application and renewal capabilities.

The ability to transact electronically with students and young doctors makes it easier for them to do business with MIGA and also supports the Group's commitment to the environment by reducing postage and printing costs.

This capability makes renewal easier and more convenient for these member groups and the savings made on the costs of printing and production of documents will be channelled into improving member and policyholder services.

Diversification

Diversification of the Group's business is a key component of its Strategic Plan, and offering professional indemnity cover to other healthcare professionals is an important element of MIGA's growth strategy.

The Group anticipates tangible benefits and economies by being a provider of professional indemnity insurance to a growing range of healthcare professionals.

The Group's diversification strategy continues to deliver good outcomes, with growth across the year in both Healthcare Company insurance and income from insurance for privately practising eligible midwives. Income from these sources now represents 4.8% of the Group's total income.

Policy cover and insurance arrangements

MIGA is proud of the breadth of its insurance policies and the protection they provide and its aim is to provide policyholders with superior cover that offers real value for money.

Federal Government contract for midwives insurance

Since 2010, MIGA has been the sole provider of professional indemnity insurance for eligible privately practising midwives across Australia under a contract with the Federal Government. The legislation underpinning the contract is a key component of the Federal Government's commitment to maternity services reform. The Midwives Insurance Scheme supports privately practising eligible midwives in providing high quality midwifery services to Australian women as part of a collaborative team with doctors and other health professionals.

After an Expression of Interest process in late 2016, the contract with MIGA was extended for a further 12 months from 1 July 2017 with a commitment to 2020.

For MIGA this is an important initiative which supports the Group's strategy to diversify its client base.

The Group's services

Members and policyholders of MIGA have access to a range of benefits, including 24 hour emergency medico-legal advice, support services if they are involved in a claim, access to an industry-leading Risk Management Program and a wide range of risk management tools and resources, as well as regular updates via the Bulletin and a range of online services provided via the MIGA website.

MIGA offers payment options by direct debit and credit card, monthly or annually, with no additional costs or charges. Direct debit is a convenient and secure way for the Group's clients to pay their insurance and membership with MIGA, offering automatic renewal and relieving the pressure of an annual payment and smoothing their cash flow. To date 28% of policyholders have opted into direct debit with MIGA.

In May 2017, MIGA launched a new website and social media accounts on Facebook and LinkedIn. The new website provides access to MIGA Plus offers with key partners, doctors' health information, Risk Resources and information about the membership and insurance offered by MIGA.

MIGA Plus

In 2016, the Group launched MIGA Plus through which members and policyholders have access to a range of insurance products and services provided via partnerships entered into by MIGA.

MIGA Plus complements the medical indemnity and professional indemnity insurance members and clients have with MIGA, as the products and services offered through it support their medical and healthcare practice. A key requirement in offering products and services via MIGA Plus is that they are high quality, competitive and genuinely respond to the needs of MIGA's clients.

In April, 2017 MIGA launched its partnership with Qantas as part of MIGA Plus. Clients can now earn Qantas Points on payment of their medical/professional indemnity insurance with MIGA. MIGA is proud to have entered into this arrangement with one of Australia's most respected and recognised national brands. Many of the Group's clients are frequent travellers for business and pleasure, and offering

Report by Directors

Qantas Points is a valuable way of recognising their loyalty and giving them something in return. To date, 37% of policyholders have opted in to receive Qantas Points on payment to MIGA.

Other products available via MIGA Plus include:

- Business Insurance – Covering the day to day insurance risks of running a business via one insurance policy
- Business Education – Access to Business Education courses designed for the healthcare profession and aimed at assisting doctors and practice managers develop their business management skills to help them get the most out of their medical practices.

Medical Insurance Australia Pty Ltd

Medical Insurance Australia is a wholly owned subsidiary licensed and regulated by the Australian Prudential Regulatory Authority (APRA). Medical Insurance Australia acquired 100% of the share capital of Invivo on 24 April 2013. Together they are referred to as the Consolidated Medical Insurance Australia.

Medical Insurance Australia has a comprehensive reinsurance program to protect it against large and catastrophic losses and to assist with managing its year on year claims exposures.

For the financial year ended 30 June 2017, Consolidated Medical Insurance Australia had a net profit for the period of \$2.692m (after income tax) (2016: net profit of \$4.626m). Consolidated Medical Insurance Australia's total equity increased from \$122.512m in 2016 to \$133.304m in 2017.

The prudential supervision of general insurers is the responsibility of APRA.

APRA requires that general insurers have sufficient capital to enable their insurance obligations to be met under a wide range of circumstances. The Prescribed Capital Amount (PCA) is calculated by a complex formula that takes into account a range of risk factors that may threaten an insurer's capital base. The Prescribed Capital Required (PCR) is the PCA plus any supervisory adjustment determined by APRA.

Beyond the requirements of APRA, it is the responsibility of an insurance company's Board and management to ensure that the Company has an appropriate level of capital having regard to the size and complexity of the business.

Capital is the cornerstone of the Group's strength and is fundamental to delivering security to its members and policyholders.

The Capital Ratio is the ratio of the total capital base of the insurer over the PCA. The Board of Medical Insurance Australia has determined that its Capital Ratio should be higher than the PCR, taking into account the complexity and long tail nature of medical indemnity insurance.

Medical Insurance Australia's Capital Ratio as at 30 June 2017 was 3.15 an increase from 2.87 as at June 2016.

In June 2017, the Board of MDASA approved a capital transfer of \$8.100m to Medical Insurance Australia. The Board of the Medical Defence Association of South Australia Limited resolved to acquire an additional 8,100,000 Ordinary A Class shares in Medical Insurance Australia effective 27 June 2017 at a total cost of \$8.100m. This increased its investment in Medical Insurance Australia to \$65.901m.

Standard & Poor's Rating

Medical Insurance Australia has a rating of A- (Stable) with Standard & Poor's (S&P). Companies rated in the A category are assessed by S & P as having "Strong financial security characteristics". S & P reconfirmed this rating on 26 June 2017.

Risk management

MIGA has significant experience in the development and implementation of tailored risk management (RM) solutions for the healthcare profession. The Group offers an extensive package of RM education activities and resources to its clients and partners including a formal RM Program (which includes access to a premium discount) and on line Risk Resources offered via the website.

70% of doctor and midwife policyholders enrolled in the RM Program for the 2016/2017 year and 88% used it to claim CPD Points.

Advocacy

MIGA has a significant role in advocating on behalf of its members and clients and the healthcare profession generally, with a key aim to ensure clarity, practicality and sustainability of healthcare practise in Australia. It regularly engages with governments, regulators and other stakeholders in legislative and policy inquiries, reviews and industry dialogue, and presents on key issues to the healthcare profession.

In the last year, MIGA has provided submissions on a wide range of matters including regulation of the profession, treatment decision-making, protecting patients / identifying and reporting abuse, digital health and privacy, advertising, chaperones, coronial matters, practitioner health, training and accreditation.

Health and well-being of clients

The health and well-being of its policyholders is important to MIGA. MIGA understands the connection between healthy practitioners and patient outcomes, dealing with the effects of legal processes on health and how to deal with these at a personal and systemic level. The Group offers a wide range of resources to assist clients in looking after themselves and their health including a widely accessed MIGA eBook on Doctors' Health.

Overview

As at the date of this Report, there are no proceedings which have been brought, or which are pending, against the Consolidated Entity or its Directors.

During the financial year, the Directors have sought assistance from actuaries, lawyers, accountants, auditors, reinsurance brokers and other key advisors. The degree of consultation was an essential component of the ongoing implementation of the Group's Strategic Plan.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year, as disclosed under Review of Operations.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years, other than as disclosed under Review of Operations above.

Report by Directors

Future developments

The Directors are not aware of any other matters or circumstances which may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years, other than as disclosed under Review of Operations above.

Company secretary

Mrs Natalie Simmons (National Manager - Corporate Services) is the Company Secretary for MDASA and Medical Insurance Australia.

Her qualifications are that she has a Professional Certificate in Management from Adelaide University Graduate School of Management (2002), has been a Certified Practising Accountant (CPA) since 1996 and holds a Bachelor of Economics (Accounting) from Flinders University.

Audit independence

Copies of the auditor's independence declaration as required under Section 307C of the Corporations Act are included on page 27 of this Annual Report.

IFRS compliance

The Directors draw attention to Note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Indemnifying Officers

During or since the end of the financial year the Consolidated Entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums to insure its Directors against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors of the companies comprising the Consolidated Entity other than conduct involving a wilful breach of duty to the Consolidated Entity. The premium covers all Directors and Officers of the Consolidated Entity. The premium paid for this cover for the Group in the year was \$41,855.

Environmental issues

The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, a State or a Territory.

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



Dr M Altmann

Director



Mr H Botha

Director

Adelaide

Dated this 26th day of September 2017

Corporate governance

Role of the Boards

The Boards are responsible for the overall corporate governance of MIGA including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management of information systems.

They are also responsible for approving and monitoring financial and other reporting.

The Boards have delegated responsibility for the operation and administration of the Group to the CEO and management. Responsibilities are delineated by formal delegations of authority.

Director education

The Group has a process to educate new Directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of Directors. Directors also have the opportunity to meet with management to gain a better understanding of business operations. Directors can access continuing education opportunities to update and enhance their skills and knowledge.

The Boards have agreed that it is important that Directors have completed or are committed to completing the Company Directors Course through the Australian Institute of Company Directors.

Independent professional advice and access to company information

Each Director has the right of access to all relevant Group information and to the Group's key staff and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. If this occurs, a copy of the advice received by the Director is to be made available to all other members of the Boards.

Risk management

Oversight of the risk management system

The Boards oversee the establishment, implementation, and annual review of the Group's Risk Management Strategy. Management has established and implemented the Risk Management Strategy for assessing, monitoring and managing operational reporting, financial reporting, and compliance risks for the Group. The CEO and the National Manager - Corporate Services have declared in writing to the Boards that the financial reporting, risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the Annual Financial Report for all material operations in the Group.

Risk profile

Each business unit is responsible and accountable for implementing, monitoring and ensuring compliance with the Group's Risk Management Strategy and Business Continuity Framework.

Major risks arise from matters such as actions by competitors, government policy changes, environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

Risk management, compliance and control

The Boards are responsible for the overall internal control framework, but recognise that no cost effective internal control system will preclude all errors and irregularities. The Group's policies on internal control are comprehensive.

The Group has a Risk Management Strategy (RMS) which documents the strategies adopted by the Boards for managing risk. The RMS defines and outlines the processes implemented by the Group to identify and manage risks that may affect the operations of the organisation. It recognises the importance of corporate governance and provides the basis by which the Group proactively manages both strategic and operational risks.

The Corporate Risk Manager is responsible for developing, maintaining, monitoring and reporting on the Group's Risk Management Framework.

The Corporate Risk Manager is appointed under the terms of APRA's Prudential Standard CPS 220 Risk Management, to fulfil the role of a Chief Risk Officer as referred to in the standard.

As per CPS 220, the Corporate Risk Manager:

- Reports direct to the CEO and has regular and unfettered access to the Boards and the Risk Committee
- Is required to notify the Boards of any significant breach of, or material deviation from, the Group's Risk Management Framework.

Comprehensive policies have been established to ensure:

- That capital is appropriately managed and monitored under the Internal Capital Adequacy Assessment Process (ICAAP) approved by the Boards
- Investments, capital expenditure and other commitments above a certain size require prior Boards approval
- Investments are controlled and monitored by means of a comprehensive Investment Strategy
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations
- Business transactions are properly authorised and executed
- The quality and integrity of personnel
- Financial reporting accuracy and compliance with the financial reporting regulatory framework
- Environmental regulation compliance.

Quality and integrity of personnel

Formal appraisals are conducted annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and management. A Succession Policy is in place for the Boards and the CEO, and all Directors and managers are required to comply with the Group's Fit and Proper Policy. In addition, the Group has a Board Performance Review Policy which requires regular reviews of Board and Director performance. The Group's recruitment strategies ensure that competent and knowledgeable employees fill senior positions when retirements or resignations occur.

Corporate governance

Financial reporting

The CEO and the National Manager - Corporate Services have declared in writing to the Boards that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Boards.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

Internal audit

The Internal Auditors assist the Boards in ensuring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the Group's compliance and control systems.

The Audit Committee is responsible for approving the program of internal audits to be conducted each financial year and for the scope of the work to be performed. An independent review to assess and evaluate the quality of the internal audit function is undertaken once every year. The Audit Committee has the authority delegated to it to appoint and dismiss the Internal Auditors.

MIGA's commitment to quality

MIGA has a Service Commitment which underpins the service standards provided to its members and policyholders and includes measurable service standards in support of the Group's goal to provide outstanding service.

Adoption of the Service Commitment reflects the Group's genuine desire to be open, caring and honest in its relationships and communications with members and policyholders and a commitment to be transparent and accountable.

Ethical standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Conflict of interest

Directors must keep the Boards advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Boards have developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Boards believe that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board Papers and is not present at the meeting whilst the item is considered.

The Boards and Board Committees

Meetings of Directors

During the financial year, 9 meetings of Directors of MDASA were held. In addition, 20 Committee meetings and 2 strategy meetings were held.

The number of meetings held during the time in which the Directors held office during the year and their attendance were as follows:

	Directors' Meetings		Committee Meetings	
	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended
Dr Martin Altmann – Chairman	9	9	17	15
Dr Andrew Pesce – Deputy Chairman	9	8	8	8
Ms Amanda Anderson	9	9	20	20
Mr Henry Botha	9	8	9	9
Ms Juliet Brown OAM	9	9	14	14
Ms Robyn Bateup	9	9	12	12
Associate Professor Peter Cundy	9	9	6	5
Ms Joan Fitzpatrick	7	7	4	2
Mr David Henderson	4	4	8	8
Dr Roger Sexton	9	8	6	6
Professor Owen Ung	9	9	3	3

Note:

- Mr David Henderson retired and therefore resigned from the Board of MDASA on 22 November 2016
- Ms Juliet Brown OAM was appointed to the Board of MDASA on 23 November 2016.

The Boards and Board Committees

Board Committees

To assist in the execution of their responsibilities, the Boards of Medical Insurance Australia and MDASA have established the following Committees:

Claims Committee

Chairman, Associate Professor P Cundy

Clinical Risk Management Committee

Chairman, Dr R Sexton

Audit Committee

Chairman, Mr H Botha

Risk Committee

Chairman, Mr H Botha

Governance and Remuneration Committee

Chairman, Ms J Brown

The Committees are governed by individual Terms of Reference which clarify their membership, responsibilities and authorities. The Terms of Reference are reviewed on a regular basis.

The purpose of each Committee

The purpose of each Committee is as follows:

Claims Committee

To monitor and review claim trends and developments across the MIGA portfolio, and to report to the Boards outcomes which may impact on liability valuation and matters relevant to underwriting and risk management

Meetings: At least three times per year

Clinical Risk Management Committee

To review and assess the progress and effectiveness of the Group's Risk Management Program and consider and agree risk management strategies for issues of significant concern for the Group in relation to individual members and trends identified within the portfolio.

Issues of significant concern are those that have the potential to have a significant financial, legal or reputational impact on the Group and which are identified through the Group's High Risk Members Protocol.

Meetings: At least four times a year

Audit Committee

To monitor, review and make recommendations to the Boards of MDASA and Medical Insurance Australia on the Group's financial affairs, balance sheet risk and legal/regulatory compliance.

Meetings: At least five times a year

Risk Committee

To monitor, review and make recommendations to the Boards of MDASA and Medical insurance Australia on the Group's strategic and operational risk and legal/regulatory compliance.

Meetings: At least five times a year

Governance and Remuneration Committee

To consider and agree remuneration for Directors and the CEO, to monitor the Group's compliance with the Board Performance and Review Policy and to consider the Group's succession plan and compliance with APRA's Fit and Proper requirements.

Meetings: At least six times a year

Medical Advisory Panels

MIGA has Medical Advisory Panels in South Australia, New South Wales, Victoria and Queensland.

The aim of these Panels is to better canvass the views of the Group's national doctor membership and to facilitate engagement with a larger group of doctors nationally, which keeps MIGA better informed of the views of our members and clients.

Details of representatives on each Panel are available via MIGA's website.

Directors' Information

The Boards of MDASA and Medical Insurance Australia comprise 9 directors with an excellent diversity of skill and knowledge and an important mix of medical and non-medical expertise together with broad representation of our national membership.



Dr Martin Altmann
Chairman
GP Rural Obstetrics



Dr Andrew Pesce
Deputy Chairman
Obstetrician and Gynaecologist



Ms Amanda Anderson
CEO – MDASA and Managing Director –
Medical Insurance Australia



Ms Robyn Bateup
Actuary



Mr Henry Botha
Chartered Accountant



Ms Juliet Brown OAM
Professional Non-Executive
Director



Assoc Professor Peter Cundy
Orthopaedic Surgeon



Dr Roger Sexton
GP – Urban and Rural



Professor Owen Ung
General Surgeon (Breast & Endocrine)

Directors' Information

Director	Background	Medical Insurance Australia Board	MDASA Board
Dr Martin Frank Altmann	GP Rural Obstetrics	Chairman	Chairman
Dr Andrew Francesco Pesce	Obstetrician and Gynaecologist	Deputy Chairman	Deputy Chairman
Ms Amanda Jayne Anderson	CEO – MDASA Managing Director – Medical Insurance Australia	✓	✓
Ms Robyn Bateup	Actuary	✓	
Mr Henry Albertyn Botha	Chartered Accountant	✓	✓
Ms Juliet Brown OAM	Professional Non Executive Director	✓	✓
Assoc Professor Peter John Cundy	Orthopaedic Surgeon	✓	✓
Dr Roger Allen Sexton	GP – Urban and Rural	✓	✓
Professor Owen Allan Ung	General Surgeon (Breast and Endocrine)	✓	✓

MDASA

The Constitution of MDASA requires that:

- The majority of the Directors must be medical members of MDASA
- Three of the Directors are non-medical Directors who are appointed by the Board and whose appointment is subject to review every three years (or such shorter period as the Directors may determine).

The medical Directors are elected by the membership and are subject to re-election by rotation in accordance with the Constitution.

The Board of MDASA comprises eight members, four of whom are medical Directors.

The non-medical representation on the MDASA Board ensures that we maintain an important broad blend of expertise, given the corporate and insurance related issues that the organisation must consider.

Medical Insurance Australia

The Board of Medical Insurance Australia comprises 9 Directors, the majority of whom are generally non-medical with expertise in the following areas:

- Professional indemnity, insurance and risk management
- Actuarial
- Legal and corporate governance
- Accounting.

All medical Directors on the Board of Medical Insurance Australia are also Directors of MDASA.

2016 AGM

The Annual General Meeting was held on 26 November 2016 and included the election of Directors to the Board of MDASA.

As per Article 46 of the Constitution, Dr Andrew Pesce and Associate Professor Peter Cundy retired and, in accordance with Article 48 of the Constitution, offered themselves for re-election.

As there were no other nominations for the two vacancies, no election was required and Dr Andrew Pesce and Associate Professor Peter Cundy were declared by the Chairman of the AGM to be elected (under Article 48A(b) of the Constitution).

Board appointments

The Directors of MDASA made the following appointments during the year:

- Mr David Henderson retired and therefore resigned from the Board of MDASA on 22 November 2016
- Ms Juliet Brown OAM was appointed to the Board of MDASA on 23 November 2016.

Directors' Information

Details of Directors in office as at 30 June 2017 or appointed since then.

Dr Martin Frank Altmann **GP Rural Obstetrics**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Medicine, Bachelor of Surgery (University of Adelaide) • DRANZCOG (Advanced) • MRCGP (UK) • FACRRM • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Dr Altmann has been a practising Rural Procedural General Practitioner in Murray Bridge for over 20 years with special interests in obstetrics, paediatrics and surgery. He maintains a strong commitment to medical training and education at both undergraduate and postgraduate levels.
MIGA Board appointments	<ul style="list-style-type: none"> • Chairman, MDASA Ltd • Chairman, Medical Insurance Australia Pty Ltd • Chairman, Medical Insurance Group Australia Pty Ltd • Chairman, Invivo Medical Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Member, Governance and Remuneration Committee (former Chairman) • Member, Clinical Risk Management Committee • Member, Audit Committee • Member, Risk Committee

Dr Andrew Francesco Pesce **Obstetrician and Gynaecologist**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Medicine, Bachelor of Surgery (University of New South Wales) • FRANZCOG • FAMA • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Dr Pesce is an Obstetrician and Gynaecologist in public and private practice in Sydney and is a former Federal President of the AMA. He has also worked on behalf of the profession over the last 15 years on issues concerning medical indemnity and national disability.
MIGA Board appointments	<ul style="list-style-type: none"> • Deputy Chairman, MDASA Ltd • Deputy Chairman, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Member, Clinical Risk Management Committee • Member, Governance and Remuneration Committee

Directors' Information

Details of Directors in office as at 30 June 2017 or appointed since then.

Ms Amanda Jayne Anderson **CEO and Managing Director**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Arts, Social Sciences – majoring in Psychology and Biology • Senior Associate – Australian and New Zealand Institute of Insurance and Finance (ANZIIF) • Business Certificate in Insurance • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Ms Anderson has in excess of 25 years' experience in insurance, reinsurance, risk management, general business management and strategic planning with a specific emphasis on professional indemnity, general liability and medical malpractice insurance.
MIGA Board appointments	<ul style="list-style-type: none"> • Director and CEO, MDASA Ltd • Managing Director, Medical Insurance Australia Pty Ltd • Director, Medical Insurance Group Australia Pty Ltd • Director, Invivo Medical Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Member, Clinical Risk Management Committee • Member, Claims Committee • Member, Governance and Remuneration Committee (by invitation) • Member, Audit Committee (by invitation) • Member, Risk Committee (by invitation)

Ms Robyn Jane Bateup **Actuary**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Australian National University) • Fellow, Institute of Actuaries of Australia (FIAA) • Graduate, Australian Institute of Company Directors (GAICD)
Industry and sector experience	Ms Bateup has over 25 years' experience in providing actuarial advice to the general insurance industry, first as an employed actuary with a general insurer and then as a consultant. She has extensive knowledge of medical indemnity insurance in Australia.
MIGA Board appointments	<ul style="list-style-type: none"> • Director – Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Member, Audit Committee • Member, Risk Committee • Member, Claims Committee

Mr Henry Albertyn Botha **Chartered Accountant**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Commerce, University of Natal, South Africa • MBA, University of Cape Town, South Africa • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Mr Botha is a Chartered Accountant specialising in accountancy, finance and management consulting. He also lectures extensively across Australia for the Australian Institute of Company Directors on the finance modules of their Company Directors Course.
MIGA Board appointments	<ul style="list-style-type: none"> • Director, MDASA Ltd • Director, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Chair, Audit Committee • Chair, Risk Committee

Directors' Information

Details of Directors in office as at 30 June 2017 or appointed since then.

Ms Juliet Helena Brown OAM **Professional Non-Executive Director**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Laws (University of Adelaide) • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Ms Brown has significant experience in business and the law extending over various industries including insurance, health, transport and superannuation in both the public and private sectors.
MIGA Board appointments	<ul style="list-style-type: none"> • Director, MDASA Ltd • Director, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Chair, Governance and Remuneration Committee • Member, Audit Committee • Member, Risk Committee

Associate Professor Peter John Cundy **Orthopaedic Surgeon**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Medicine, Bachelor of Surgery (University of Adelaide), FRACS • Fellow, Australian Institute of Company Directors (FAICD)
Industry and sector experience	Associate Professor Cundy is a well known Orthopaedic Surgeon in Australia specialising in paediatric orthopaedic surgery and general adult orthopaedics. He is active in research (University of Adelaide) and on the Editorial Board of several peer-reviewed Journals. Associate Professor Cundy was the Senior Examiner in Orthopaedic Surgery 2010-12 for the Royal Australasian College of Surgeons.
MIGA Board appointments	<ul style="list-style-type: none"> • Director, MDASA Ltd • Director, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Chair, Claims Committee • Member, Clinical Risk Management Committee

Directors' Information

Details of Directors in office as at 30 June 2017 or appointed since then.

Dr Roger Allen Sexton **GP – Urban and Rural**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Medicine, Bachelor of Surgery (University of Adelaide) • DRCOG (UK) • MBA (Adelaide) • FRACGP • FACRRM • Graduate, Australian Institute of Company Directors (GAICD)
Industry and sector experience	<p>Dr Sexton has practised as a procedural rural general practitioner for over 30 years and is currently working as a rural GP locum, Medical Director of Doctors' Health SA, consultant in executive health and a medical school clinical skills tutor.</p> <p>He is a past Presiding Member of the Medical Board of SA and a member of the PBAC. He has a keen interest in undergraduate and post graduate medical education and has been a strong national advocate for improving the health of doctors and medical students.</p>
MIGA Board appointments	<ul style="list-style-type: none"> • Director, MDASA Ltd • Director, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Chair, Clinical Risk Management Committee • Member, Claims Committee

Professor Owen Allan Ung **General Surgeon (Breast & Endocrine)**

Qualifications	<ul style="list-style-type: none"> • Bachelor of Medicine, Bachelor of Surgery (University of Queensland), FRACS • FAICD (Fellow of the Australian Institute of Company Directors)
Industry and sector experience	<p>Professor Ung is a well known General Surgeon in Australia specialising in breast and endocrine surgery. He is a committed clinician, researcher and teacher who lectures and publishes widely. He is also a principal investigator for a number of major Australian and New Zealand clinical trials. He has obtained extensive administrative and management experience through his various clinical leadership roles and is active on numerous State and National Committees.</p> <p>Through the Royal Australasian College of Surgeons, he plays an active role in surgical training, assessment and examination.</p>
MIGA Board appointments	<ul style="list-style-type: none"> • Director, MDASA Ltd • Director, Medical Insurance Australia Pty Ltd
MIGA Board Committees	<ul style="list-style-type: none"> • Member, Clinical Risk Management Committee



Summary Financial Report – Year Ended 30 June 2017

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Medical Defence Association of South Australia Limited
ABN 41 007 547 588

The Directors present their Consolidated Summary Financial Report of the Medical Defence Association of South Australia Limited (MDASA) and the consolidated financial report of the entity (Consolidated Entity), being MDASA and its controlled entities Medical Insurance Australia Pty Ltd, Invivo Medical Pty Ltd and Medical Insurance Group Australia Pty Ltd for the financial year ended 30 June 2017 and the independent audit report thereon.

Statement of Profit or Loss and other Comprehensive Income

Medical Defence Association of South Australia Limited
Summary Financial Report for the Year Ended 30 June 2017

Consolidated Entity

	2017 \$'000	2016 \$'000
Gross Written Premium	52,918	60,494
Movement in Unearned Premium	(1,694)	(9,711)
Premium Revenue	51,224	50,783
Gross Claims Expense - Risks borne in the Current Year	(65,127)	(60,073)
Gross Claims Expense - Risks borne in Prior Years	17,904	29,680
Reinsurance and Other Recoveries Undiscounted	17,044	2,834
Discount to Present Value	2,526	(2,773)
Net Claims Incurred	(27,653)	(30,332)
Outward Reinsurance and Medical Indemnity Insurance Expense	(6,855)	(6,705)
Professional Fees Expense	(2,452)	(2,529)
Employment Expense	(11,017)	(10,074)
General and Administrative Expense	(6,173)	(5,418)
Other Underwriting Expense	(605)	(678)
Underwriting Result	(3,531)	(4,953)
Subscription Revenue	8,683	8,669
Other Income	914	1,097
Results from Operating Activities	6,066	4,813
Finance Income	7,781	10,532
Finance Costs	(1,964)	(88)
Net Finance Income	5,817	10,444
Profit Before Tax	11,883	15,257
Income Tax Expense	(1,165)	(2,048)
Total Comprehensive Income Attributable to Members	10,718	13,209

The accompanying discussion and analysis form part of the Summary Financial Report.

Discussion and Analysis of the Statement of Comprehensive Income

Consolidated Entity

Premium Revenue increased by \$0.441m as a result of growth.

Gross Claims Expense increased by \$16.830m, but was offset by favourable increases in Reinsurance and Other Recoveries by \$14.210m and Discount to Present Value impact on Net Incurred Claims Costs by \$5.299m. Overall Net Claims Incurred decreased by \$2.679m.

Professional Fees, Employment and General and Administration Expenses for 2016/2017 were \$1.621m higher than in 2015/2016 to support growth in the business.

Net Finance Income decreased by \$4.627m predominantly driven by the impact of movements in market interest rates. In the year 2015/2016 year, fixed interest investments reported an unrealised gain of \$2.737m. In the 2016/2017 year higher market interest rates have resulted in fixed interest investments reporting an unrealised loss of \$1.832m. The cumulative impact on Net Finance Income across the two years is a decrease of \$4.569m.

Total Comprehensive Income Attributable to Members decreased by \$2.491m as a result of the cumulative impact of the items above.

Statement of Financial Position

Medical Defence Association of South Australia Limited
Summary Financial Report for the Year Ended 30 June 2017

Consolidated Entity

	2017 \$'000	2016 \$'000
Current Assets		
Cash and Cash Equivalents	115,472	68,029
Trade and Other Receivables	31,675	27,421
Reinsurance and Other Recoveries Receivable	11,736	7,461
Investments	23,427	46,251
Other Assets	197	412
Total Current Assets	182,507	149,574
Non-Current Assets		
Reinsurance and Other Recoveries Receivable	86,291	82,551
Investments	136,433	144,243
Deferred Tax Assets	241	-
Property, Plant and Equipment	2,850	2,677
Intangible Assets	13,164	14,091
Total Non-Current Assets	238,979	243,562
Total Assets	421,486	393,136
Current Liabilities		
Trade and Other Payables	9,445	4,961
Outstanding Claims Provision	36,918	29,157
Income Tax Payable	902	614
Employee Benefits	2,780	2,095
Other Liabilities	48,738	46,469
Total Current Liabilities	98,783	83,296
Non-Current Liabilities		
Outstanding Claims Provision	184,660	181,673
Deferred Tax Liabilities	-	742
Employee Benefits	47	41
Other Liabilities	1,426	1,532
Total Non-Current Liabilities	186,133	183,988
Total Liabilities	284,916	267,284
Net Assets	136,570	125,852
Equity		
Retained Profits	136,570	125,852
Total Equity	136,570	125,852

The accompanying discussion and analysis form part of the Summary Financial Report.

Discussion and Analysis of the Statement of Financial Position

Consolidated Entity

The Consolidated Entity's Total Assets increased by \$28.350m from 30 June 2016

to 30 June 2017. This movement was predominantly due to:

- A \$16.809m increase in the combined Cash and Cash Equivalents and Investments.
- A \$8.015m increase in Reinsurance and Other Recoverables Receivable.
- A \$4.254m increase in Trade and Other Receivables.

The Consolidated Entity's Total Liabilities increased by \$17.632m from 30 June 2016 to 30 June 2017. This movement was predominantly due to:

- A \$10.748m increase in the Outstanding Claims Provision
- A \$4.484m increase in the Trade and Other Payables
- A \$2.163m increase in other liabilities which includes Subscription Income Received in Advance, Premium Received in Advance and Other Income Received in Advance.

The movement in Total Equity of the Consolidated Entity of \$10.718m, from 30 June 2016 to 30 June 2017, reflects the Net Profit After Tax for the year.

Statement of Cash Flows

Medical Defence Association of South Australia Limited
Summary Financial Report for the Year Ended 30 June 2017

	Consolidated Entity	
	2017 \$'000 Inflows (Outflows)	2016 \$'000 Inflows (Outflows)
Cash Flows From Operating Activities:		
Subscriptions Received	8,869	7,885
Premium Received	44,814	45,085
Sundry Income Received	1,323	1,976
Reinsurance and Other Recoveries Received	15,143	8,918
Reinsurance Paid	(6,437)	(6,958)
Claims Paid	(30,967)	(40,570)
Payments to Suppliers and Employees	(19,271)	(15,728)
Cash Generated from Operations Before Tax	13,474	608
Income Tax Received/(Paid)	(1,861)	1,484
Net Cash from Operating Activities	11,613	2,092
Cash Flows from Investing Activities:		
Proceeds from Sale of Property, Plant and Equipment	20	90
Acquisition of Property, Plant and Equipment	(770)	(474)
Interest Received	8,575	9,295
Dividends Received	433	290
Proceeds from Sale or Maturity of Investments	144,627	51,720
Payment for Investments	(117,055)	(81,055)
Acquisition of subsidiary, net cash acquired	-	-
Net Cash (used in)/from Investing Activities	35,830	(20,134)
Net Increase (Decrease) in Cash and Cash Equivalents	47,443	(18,042)
Cash and Cash Equivalents at 1 July	68,029	86,071
Cash and Cash Equivalents at 30 June	115,472	68,029

The accompanying discussion and analysis form part of the Summary Financial Report.

Discussion and Analysis of the Statement of Cash Flows

Consolidated Entity

Claims Paid in 2016/2017 were \$9.603m lower than the 2015/2016 year. Reinsurance and Other Recoveries Received conversely increased by \$6.225m which reflects a change in the mix of large claim payments.

A change in the timing of Premium Support Scheme (PSS) payments between the two years and an increase in payments relating to operating expenses increased the cash flows to Payments to Suppliers and Employees by \$3.543m in 2016/2017 as compared to 2015/2016.

Statement of Changes in Equity

Medical Defence Association of South Australia Limited
Summary Financial Report for the Year Ended 30 June 2017

Consolidated Entity

	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2016	125,852	125,852
Total Comprehensive Income for the Period	10,718	10,718
Balance at 30 June 2017	136,570	136,570
Balance at 1 July 2015	112,643	112,643
Total Comprehensive Income for the Period	13,209	13,209
Balance at 30 June 2016	125,852	125,852

The accompanying discussion and analysis form part of the Summary Financial Report.

Discussion and Analysis of the Statement of Changes in Equity

The movement in Total Equity of the Consolidated Entity reflects the movement in Profit for the Period which is detailed in the discussion and analysis of the Statement of Profit or Loss and Other Comprehensive Income.

Notes

Medical Defence Association of South Australia Limited
Summary Financial Report for the Year Ended 30 June 2017

1. Basis of preparation of Summary Financial Report

The financial statements and specific disclosures have been derived from the Consolidated Entity's full Financial Report. The Summary Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities as the Consolidated Entity's full Financial Report. A copy of the Consolidated Entity's full Financial Report will be provided to members on request.

Medical Defence Association of South Australia Limited (the "Company") is a company limited by guarantee and is incorporated and domiciled in Australia. The Summary Financial Report of the Consolidated Entity for the year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

The Summary Financial Report is presented in Australian dollars, which is the Consolidated Entity's functional currency. The Consolidated Entity is of the kind referred to in ASIC Corporations (rounding in Financial / Directors Reports) Instruments 2016/191 dated 1 April 2016 and in accordance with that class order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

The Summary Financial Report is prepared on the historical cost basis except that financial instruments held for trading are stated at their fair value.

A full description of the accounting policies adopted by the Consolidated Entity is provided in the Consolidated Entity's full Financial Report. These accounting policies have been consistently applied by each entity in the Consolidated Entity and are consistent with those of the previous year.

2. Regulatory Capital Compliance

Australian Prudential Regulation Authority's (APRA) Prudential Standards set out the basis for calculating the Prudential Capital Requirement (PCR) of licensed insurers. The PCR uses a risk-based approach for measuring the capital adequacy of the Consolidated Medical Insurance Australia Pty Ltd. ("Controlled Entity Insurance Company"). The PCR is intended to take into account the full range of risks to which the Controlled Entity Insurance Company is exposed.

The PCR for a regulated institution equals the prescribed capital amount (PCA) plus any supervisory adjustment determined by APRA. The PCA of the Controlled Entity Insurance Company is shown opposite:

	2017 \$'000	2016 \$'000
Common Equity Tier 1 Capital		
Paid up Capital	65,901	57,801
Retained Profit (APRA basis)	64,240	59,851
Current year's earnings (APRA basis)	2,477	4,389
Net surplus / (deficit) relating to insurance liabilities	(1,949)	307
Tier 1 capital (before deductions)	130,669	122,348
Less deductions		
Deferred tax assets (net of deferred tax liability)	2,440	1,827
Other deductions	9,377	10,304
Total Tier 1 Capital	118,852	110,217
Prescribed Capital Amount (PCA)		
Insurance risk charge	25,897	24,595
Insurance concentration risk charge	2,105	4,994
Asset risk charge	13,504	12,381
Asset concentration risk charge	-	-
Operational risk charge	4,349	4,146
Aggregation benefit	(8,074)	(7,687)
Total PCA	37,781	38,429
Capital Ratio	3.15	2.87

Independent Auditor's Report

To the members of Medical Defence Association of South Australia Limited
Report on the audit of the Consolidated Summary Financial Statements

Opinion

We have audited the *Consolidated Summary Financial Statements* of Medical Defence Association of South Australia Limited (the *Consolidated Entity*) derived from the audited Financial Report of Medical Defence Association of South Australia Limited as at and for the year ended 30 June 2017 (the audited Financial Report).

The *Consolidated Entity* consists of Medical Defence Association of South Australia Limited (the Company) and the entities it controlled, being Medical Insurance Australia Pty Limited and Invivo Medical Pty Ltd, at the year-end or from time to time during the financial year

In our opinion, the accompanying Consolidated Summary Financial Statements are consistent, in all material respects, with the audited Financial Report of Medical Defence Association of South Australia Limited, in accordance with the basis of preparation described in Note 1 to the Consolidated Summary Financial Statements.

The *Consolidated Summary Financial Statements* comprise the:

- Statement of financial position as at 30 June 2017
- Statement of profit or loss and other comprehensive income, Statement of cash flows, and Statement of changes in equity for the year ended 30 June 2017
- Related notes.

The Summary Financial Statements are contained in the Annual Report & Summary Financial Report on pages 22 to 26.

Consolidated Summary Financial Statements

The Consolidated Summary Financial Statements do not contain all the disclosures required by *Australian Accounting Standards* applied in the preparation of the audited Financial Report. Reading the Consolidated Summary Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Financial Report and the auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 26 September 2017

Other Information

Other Information is financial and non-financial information in Medical Defence Association of South Australia Limited's annual reporting, including the discussion and analyses, which is provided in addition to the Consolidated Summary Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Summary Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Summary Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Consolidated Summary Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibility of the Directors for the Consolidated Summary Financial Statements

The Directors are responsible for the preparation of the Consolidated Summary Financial Statements in accordance with the basis of preparation described in Note 1 to the Consolidated Summary Financial Statements.

Auditor's responsibility for the audit of the Consolidated Summary Financial Statements

Our responsibility is to express an opinion on whether the Consolidated Summary Financial Statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with *Australian Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements*.



Darren Scammell

Partner

Melbourne
26 September 2017

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Medical Defence Association of South Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Darren Scammell

Partner

Melbourne
26 September 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Obituary

The deaths of the following Members in the past year are recorded with regret

Dr Ramon John Bullock
Dr Karen Marie Latimer
Dr Kimberley Jean McDonough
Mr Ian Arch Fletcher
Dr Thomas McIntyre Stevenson
Dr Chi Lam Fung
Dr Hugh Dinnick
Dr Dennis Gerard Chambers
Assoc Prof John Richard Mackay
Dr Bruce Spafford Owen Fox
Dr Chloe Eliza Abbott
Dr John Paul Moutzouris
Dr Astrid Irmingard Lettberg
Dr Ann Formaz-Preston

Members who passed away
between July 2016 – June 2017

MIGA has taken responsibility to ensure that this publication minimises its environmental impact. It has been printed by Finsbury Green on paper manufactured using FSC® (Forest Stewardship Council®) paper pulp, sourced from well managed forests. Inks used were vegetable based without the requirement for isopropyl alcohol, and printed using world's best practice ISO 14001 Environmental Management Systems.

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