



BIG ENOUGH
TO BE SECURE

SMALL ENOUGH
TO CARE



2022 ANNUAL REPORT AND
SUMMARY FINANCIAL REPORT

MIGA

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

Medical Insurance Australia Pty Limited
ABN 99 092 709 629

MDASA Limited

Board as at September 2022

Dr Andrew Pesce
Chairman

Ms Amanda Anderson
CEO and Managing Director

Ms Juliet Brown OAM

Associate Professor Susan Neuhaus AM CSC

Dr Stephen Parnis

Mr Ian Stone

Professor Owen Ung

Professor Paul Worley

(appointed 1 April 2022)

Medical Insurance Australia Pty Limited

Board as at September 2022

Dr Andrew Pesce
Chairman

Ms Amanda Anderson
CEO and Managing Director

Ms Juliet Brown OAM

Associate Professor Susan Neuhaus AM CSC

Dr Stephen Parnis

Mr Ian Stone

Professor Owen Ung

Professor Paul Worley

(appointed 1 February 2022)

Chief Executive Officer and Managing Director

Ms Amanda Anderson

MIGA – Head Office

Level 14, 70 Franklin Street

Adelaide SA 5000

GPO Box 2048 Adelaide SA 5001

National Free Call 1800 777 156

Facsimile 1800 839 284

E-mail miga@miga.com.au

Website www.miga.com.au

Key professional advisors

Actuaries

Finity Consulting Pty Ltd, Sydney and Melbourne

Auditors and Tax Advisors

KPMG, Adelaide

Corporate Legal Advisors

Iles Selley Lawyers, Adelaide and Lander and Rogers, Sydney

Principal Medico-legal Advisors

Wallmans Lawyers, Adelaide and Meridian, Sydney

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

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Reducing our Environmental Impact

To help reduce MIGA's operating costs and environmental impact, for the year ended 30 June 2022 the Group has produced the following:

- **An Annual Review which:**
 - Is provided to all Members, policyholders and key stakeholders, predominantly electronically
 - 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 (this Report) which:**
 - Is only available electronically on our website
 - 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 2022 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 2022 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, during the financial year 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
- 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 \$957k (2021: net loss of \$5.407m) for the financial year ended 30 June 2022, after providing for income tax.

The Group's net loss before tax for the 2021/2022 year was \$3.294m (2021: net loss before tax of \$11.728m).

The Consolidated Entity has a surplus in net assets of \$159.275m as at 30 June 2022 (\$158.318m as at 30 June 2021).

Key positives for the year are that Group Revenue was above budget (due to strong renewal retention and national growth) and Operating Expenses were below budget, largely driven by the ongoing impact of COVID-19 on travel, accommodation and other costs.

The operating loss before tax was predominantly impacted by significant unrealised losses on fixed interest bonds and the equity portfolio, due to bond yields increasing and uncertainty and volatility in equity markets.

The 2021/2022 year saw a deterioration in claim frequency, not dissimilar to the broader experience of the Australian professional indemnity insurance market.

Whilst net claim costs were \$3.577m below budget (as a result of favourable discount rate movements), the actual experience was higher than budget. For the historical years prior to 2021, MIGA experienced favourable claims development but the results of more recent years indicate a potential trend of higher claims experience in the future for the industry and MIGA.

Medical Insurance Australia, the Group's wholly owned insurer, is in a strong financial position as at 30 June 2022, with a capital ratio above its Capital Target and above the top of its preferred operating range.

Given the strength of the current capital position, Directors note that the Group can take a measured approach to improving overall profitability whilst continuing to monitor trends in claims frequency and size.

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".

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 2022 Annual Review.

MIGA's claims experience

The last few years have seen many changes in the way healthcare professionals practise medicine and the demands placed on them in looking after the health of their patients.

Factors which have added to the complexities of medical and healthcare practice have included increasing professional regulation, the impacts of COVID-19, the significant expansion in the use of telehealth across Australia, and the growing demands of day-to-day practice.

The risks of practice have been increasing as healthcare professionals have dealt with these changes while also having to contend with growing patient demands and expectations. The chances of our Members and clients being the subject of a complaint, inquiry or a claim have increased.

Across the last few years, in line with the growing complexities of medical practice, MIGA has experienced an increase in the number of claims, complaints and inquiries, and the costs of them and defending our Members and clients are also increasing. Calls to the Group's advisory service for assistance have almost doubled as Members and clients have sought our support in helping them with the myriad of matters they are facing in their day-to-day practice.

The increased activity observed is not unique to MIGA. It is occurring across the medical indemnity industry and appears to be part of a 'new normal'. Over the last two years the Group's strong financial position has enabled it to offset some of these increased costs from its capital reserves.

As a result of the increase in the Group's claims liabilities for the 2021/2022 year, premiums were increased for the 2022/2023 year. This increase was necessary to maintain a prudent level of capital to underpin and maintain MIGA's sound financial position, to enable it to support and protect Members and clients in the longer term.

In assessing the level of increases applied, careful consideration was given to the claims outcomes and costs of all areas of practice with an intent to ensure fairness and equity across the membership in how these increases were applied.

MDASA new Constitution

MDASA was formed in 1899 and has been supporting the medical and healthcare professions for more than 120 years.

Since 1899, the Group's Constitution remained substantially unchanged other than a review in 1953.

In late 2021, the Board of MDASA initiated a review of the Constitution. The review identified the need for a range of updates to reflect significant developments in the corporate governance and regulatory environments over the past 70 years.

A new Constitution was developed in consultation with, and input from, the Group's Medical Advisory Panel Members, incorporating independent legal advice on corporations law, regulatory requirements and recognised governance principles.

In August 2022 MDASA held an Extraordinary General Meeting (EGM) to seek Members' support to repeal the old Memorandum of Association and Articles of Association and introduce the new modernised Constitution.

The new Constitution was adopted by Members at the EGM and is in place with effect from 23 August 2022.

COVID-19

The COVID-19 pandemic brought many challenges and a huge amount of change for the Group's Members and clients across the 2 years from mid-March 2020.

Enquiries to MIGA for advice and guidance on COVID-19 matters, including via its 24-hour emergency support service, increased significantly from March 2020 and at critical times across the 2020/2021 and 2021/2022 years.

As a member owned mutual, helping our Members and clients through these difficult times and supporting them is a high priority and is always front of mind. Along with the rest of the world we have been navigating uncharted territory in terms of the delivery of our support and services across Australia to our Members and clients.

It is pleasing to see the end of the 2021/2022 year has brought a more settled environment to Australia, as it, along with the rest of the world, has emerged slowly from the difficulties of the last two years.

Given the limited claims experience to date no adjustment has been made to the Outstanding Claims Liability as at 30 June 2022 for any future impact of COVID-19, noting that any impact will emerge over a number of years in the future, due to the nature of claims being reported many years post-incident.

COVID-19 Vaccine Indemnity Scheme

MIGA worked extensively across 2020 and 2021 in collaboration with other medical indemnity providers and key stakeholders, such as the Federal AMA, to encourage the Federal Government to deliver a no-fault indemnity scheme to protect those who receive and administer COVID-19 vaccines.

Report by Directors

In August 2021, the Federal Government announced a new COVID-19 Vaccine Claim Scheme (the Scheme). The Federal Government advised that the Scheme would provide Australians with quick access to compensation for COVID-19 claims related to the administration of a Therapeutic Goods Administration approved COVID-19 vaccine delivered through a Commonwealth Government approved program. The cost of compensation payments under this Scheme will be fully funded by the Commonwealth.

Insurers and other key stakeholders have worked extensively on this very significant scheme, which is intended to provide considerable protection for doctors and healthcare professionals.

MIGA continues to work with the medical indemnity industry on potential improvements to the scope and application of the Scheme.

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 e-Bulletins 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 Members and clients to pay their insurance and membership with MIGA, provides for automatic renewal and can relieve the pressure of an annual payment by smoothing their cash flow. A significant proportion of policyholders have opted into direct debit with MIGA.

In June 2022 the Group offered a Loyalty Benefit to eligible Members on renewal of their insurance for the 2022/2023 year. The Loyalty Benefit recognised long-standing Members and was provided to thank them for their ongoing trust and support of MIGA.

MIGA's commitment to quality and service

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.

The Group's annual survey process with Members and clients in September 2021 provided valuable feedback about the services MIGA provides and its performance.

The positive and constructive comments received about the services the Group provides reinforces MIGA's commitment to quality, service and professionalism to its Members and clients.

Risk management education

MIGA offers a significant range of risk management services tailored to the unique needs of the medical and healthcare professions.

Risk management is an important tool, which assists our Members and clients manage the potential risks of day-to-day practice and helps them avoid the stress of claims and reduce potential harm to patients.

In 2022 MIGA celebrated 20 years of risk education being delivered to Members. The Program has come a long way since those early days and continues to evolve and engage our Members and clients.

As a result of COVID-19, the Group was not able to offer face-to-face risk management education events for most of the 2020 and 2021 years. When COVID-19 first impacted in March 2020, MIGA moved rapidly to offer more online activities to facilitate its risk education program and 'social distancing'. Significant work was put into the development of new modules, webinars and on-line activities, available via the Group's on-line learning platform REO (Risk Education Online).

It is pleasing to report that MIGA's face-to-face workshops and conferences have resumed. Members and clients are providing very positive feedback about this, with many commenting they had missed the opportunity to catch up with colleagues across the "COVID years". The Group has resumed both in person and on-line risk management education to Members and clients, as part of its formal Risk Education Program.

The Group's investment in its Risk Management Program reinforces its commitment to risk education as a way of helping Members and clients manage risk and it adds tangible value to their day-to-day practice.

MIGA Plus

MIGA Plus provides the Group's Members and clients with 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 Members and clients.

Health and well-being of Members and 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 Members and clients in looking after themselves and their health including a widely accessed MIGA eBook on Doctors' Health.

Growth across the year

Doctor and medical student membership nationally has grown significantly in recent years.

Total membership of MIGA is now close to 36,200, which is its highest level ever.

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 strengthening the Group's operations. Doctor and medical student membership outside of South Australia (the location of MIGA's Head Office) now represents a significant proportion of the Group's business.

Branch offices

MIGA's branch offices in NSW and QLD offer claims, client services, risk management services and underwriting services and support. Its presence in VIC, and WA 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.

Medical students and young doctors

A key aim of the Group is to grow nationally the number of medical students and young doctors it insures. These two groups are very important for the future growth of MIGA nationally. COVID-19 presented challenges across the last two years in terms of meeting with them face-to-face at university and hospital events. Across early 2021, the Group introduced new on-line marketing to facilitate medical students and hospital doctors joining MIGA.

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 is being channelled into improving Member and policyholder services.

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.

Diversification

Diversification of the Group's business is a key component of its Strategic Plan and offering professional indemnity insurance to cover 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 policies written for both Healthcare Company insurance and insurance for Privately Practising Eligible Midwives.

Advocacy

MIGA has an important role in advocating for its Members, clients and the healthcare profession more broadly.

The Group's advocacy focuses on issues which affect doctors, other health practitioners and healthcare organisations in daily practice, particularly regulation, professional expectations and other medico-legal issues.

MIGA's advocacy aims to ensure that the expectations and frameworks for providing healthcare are sensible, practical and realistic.

Over the last year, MIGA made many written submissions to regulators, governments, parliaments, law reform bodies and professional groups and met face-to-face or virtually with these entities on numerous occasions, covering a broad range of issues.

Medical Insurance Australia Pty Ltd

Medical Insurance Australia is a wholly owned subsidiary licensed and regulated by the Australian Prudential Regulation 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.

Report by Directors

For the financial year ended 30 June 2022, Medical Insurance Australia had a net loss for the period of \$9.053m (after income tax) (2021: net loss of \$14.374m). Medical Insurance Australia's total equity increased from \$152.919m in 2021 to \$153.866m in 2022.

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 2022 was 2.70, an increase from 2.64 as at June 2021.

In June 2022, the Board of MDASA approved a capital transfer of \$10m to Medical Insurance Australia by acquiring an additional 10,000,000 Ordinary A Class shares in the entity effective 20 June 2022. This increased MDASA's investment in Medical Insurance Australia to \$108.801m.

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 30 March 2022.

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 doctor membership and to facilitate engagement with a larger group of doctors nationally, keeping MIGA better informed of the views of our Members and clients. The Panels meet twice a year and due to COVID-19 lockdowns many of the meetings were virtual across the last two years. MIGA values highly the contribution of the members of these Panels to the Group's operations.

MIGA recently formed a new Doctors in Training Medical Advisory Panel (DIT MAP), which first met in August 2022.

The DIT MAP comprises members currently on MIGA's State MAPS, who are invited to attend two national on-line meetings per year. The aim of the DIT MAP is to better inform MIGA about matters that are important to Doctors in Training, who are so important for the profession and MIGA's future.

Supporting the community

MIGA acknowledges the value of training and experience in developing well-rounded medical practitioners. Each year, MIGA supports medical students and doctors in training through our Student Elective Grants Program and Doctors in Training Grants Program.

Since 2004 both of these programs have provided extensive assistance to medical students, doctors in training and developing communities.

Unfortunately, both programs were suspended for the last two years due to the COVID-19 pandemic and consequent State and international border closures. The Programs are still extremely important to the Group as a way of:

- Helping young doctors and students grow and develop their skill sets and views of the world; and
- Supporting the broader community through skills transfer and the provision of aid to targeted health programs in developing communities.

In 2022, MIGA was pleased to announce:

- The resumption of the Doctors In Training Elective Grants program
- The launch of a new Student Essay Competition.

MIGA is also proud to support *Australian Red Cross Lifeblood*, an initiative of the Australian Red Cross Blood Service encouraging staff, clients and their families to donate blood to help save the lives of fellow Australians. Since 2018, MIGA's Lifeblood Team has made 257 donations equating to 771 lives saved.

Investment Philosophy

In December 2021 MIGA introduced a new Investment Philosophy covering high-level beliefs that guide the Group's investment decision-making. The Philosophy underpins the Group's decisions on its investment strategy, principles and benchmarking. In its Investment Philosophy, MIGA supports the following key principles of responsible investment:

"Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions".

MIGA seeks to prioritise investments with robust frameworks regarding sustainability, social responsibility and governance, provided they do not adversely impact the Group's investment earning potential. The Group believes environmental, social and

governance (ESG) matters impact the value of investments over both the short and long term and it would expect ESG investments to generally have higher long-term returns.

Environmental Policy

MIGA has an Environmental Policy which supports a key goal of ensuring that the Group contributes, to the extent it can, to initiatives which reduce its environmental impact. MIGA acknowledges the impact of the printing process on the environment and only uses printing firms that are committed to protecting the environment both locally and globally.

MIGA's business is still reasonably reliant on printed materials (although this is reducing) and it is committed to ensuring that it reduces its impact on the environment and contributes to creating a sustainable environment for future generations. When the Group prints documents it tries to do so in an environmentally sound way.

Along with the green credentials of our primary printer, Finsbury Green, MIGA also uses Australian produced Greenhouse Friendly Fresh Zero Carbon Neutral and FSC Mixed Source Paper for the production of our product brochures. Through its printing with Finsbury Green and use of the Zero Fresh paper range, during the 2021 to 2022 year the Group has been able to save 7.35 tonnes in CO₂ emissions.

These initiatives help the Group minimize its environmental impact, reduce the costs of running its business and assist with achieving economies and savings in its expenses.

Advice

During the financial year, the Directors have sought assistance from actuaries, lawyers, accountants, internal 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.

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.

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 herein.

Events subsequent to balance date

No material events have occurred after Balance Date that the Consolidated Entity and/or Medical Insurance Australia are aware of as at the date of this Report.

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.

Company secretary

Mrs Meredyth Stewart (Risk & Corporate Governance Manager) is the Company Secretary for MIGA. Her qualifications are that she has been a Chartered Secretary since 2011, holds a Graduate Diploma of Applied Corporate Governance from the Institute of Chartered Secretaries & Administrators (2011), is a Fellow of the Governance Institute of Australia, has been a Certified Practising Accountant (CPA) since 1997 and holds a Bachelor of Business (Accountancy) from the University of South Australia.

Audit independence

Copies of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, are included on page 26 of this Annual Report.

Indemnifying Officers

During and 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.

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 A Pesce
Director

Adelaide

Dated this 27th day of September 2022



Ms AJ Anderson
CEO and Managing Director

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 reporting, both financial and non-financial.

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 (RMS). Management has established and implemented the RMS for assessing, monitoring and managing operational reporting, financial reporting, and compliance risks for the Group. The CEO and the Risk & Corporate Governance Manager have declared in writing to the Boards that the 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 RMS and Business Continuity Management Framework.

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

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

The Risk & Corporate Governance 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 Risk & Corporate Governance 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 Board 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.

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 responsible persons (which includes the Executives and Company Secretary) 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.

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, 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. MIGA outsources the internal role to PricewaterhouseCoopers (PwC).

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.

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. MIGA has a Fraud & Whistle-blower Policy which sets out processes by which staff and/or other persons can make a report on misconduct or breach of law.

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, 6 meetings of Directors of MDASA and Medical Insurance Australia were held. In addition, 22 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:

	MDASA Directors' Meetings		Medical Insurance Australia		Committee Meetings	
	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended
Dr Andrew Pesce – Chairman	6	6	6	6	22	22
Dr Roger Sexton* – Deputy Chairman	5	5	5	5	11	11
Ms Amanda Anderson	6	6	6	6	22	22
Ms Robyn Bateup*	N/A	N/A	4	4	11	9
Ms Juliet Brown OAM	6	6	6	6	16	14
Associate Professor Susan Neuhaus AM CSC	6	6	6	6	4	3
Dr Stephen Parnis	6	6	6	6	5	5
Mr Ian Stone	6	6	6	6	16	16
Professor Owen Ung	6	6	6	6	6	6
Professor Paul Worley*	1	1	3	3	1	1

*Note

Professor Paul Worley was appointed to the Board of Medical Insurance Australia with effect 1 February 2022 and the Board of MDASA with effect 1 April 2022
 Dr Roger Sexton – former Deputy Chairman retired from the Boards of MDASA and Medical Insurance Australia with effect 31 March 2022
 Ms Robyn Bateup resigned from the Board of Medical Insurance Australia on 8 March 2022.

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**
- **Clinical Risk Committee**
- **Audit Committee**
- **Risk Committee**
- **Governance Committee**

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

Chairman – Professor Owen Ung

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.

Meets at least three times per year

Clinical Risk Committee

Chairman – Dr Stephen Parnis

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.

Meets at least four times a year

Audit Committee

Chairman – Mr Ian Stone

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.

Meets at least five times a year

Risk Committee

Chairman – Mr Ian Stone

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.

Meets at least five times a year

Governance Committee

Chairman – Ms J Brown

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.

Meets at least five times a year

Directors' information

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

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

The non-medical representation on the MDASA Board ensures that the Group maintains 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 eight Directors, with diverse skills and knowledge offering an important mix of medical and non-medical expertise together with broad representation of the Group's national and diverse client base.

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

2021 AGM

The Annual General Meeting of MDASA was held on Saturday, 20 November 2021 and included the election of Directors to the Board of MDASA.

With COVID restrictions and limitations still in place in some States, the 2021 AGM was held as a hybrid meeting providing Members with the option to either attend in person or via video conference.

As per Article 46 of the Constitution, Assoc. Prof. Susan Neuhaus and Dr Stephen Parnis offered themselves for re-election and were duly re-elected at the Annual General Meeting (as per Article 48A(b) of the Constitution). The Article numbers noted here reference the old Constitution of MDASA, which was repealed by Members at the EGM held on 23 August 2022.

Dr Roger Sexton

Dr Roger Sexton retired from the Boards of MDASA and Medical Insurance Australia on 31 March 2022 after many years of service to the Group. His retirement was in line with the Group's corporate governance policies, which require directors to step down after an agreed maximum tenure.

We thank Dr Sexton for his contribution to the Group in his years as a Director and wish him all the best for the future.

Board appointments

The Directors of Medical Insurance Australia appointed Professor Paul Worley to the Board on 1 February 2022.

The Directors of MDASA appointed Professor Paul Worley to the Board on 1 April 2022.

Information on Directors

Details of Directors in office as at 30 June 2022 or appointed since then provided over the following pages 15, 16 and 17.



Dr Andrew Pesce
Obstetrician and Gynaecologist
MIA Board – Chairman
MDASA Board – Chairman



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



Ms Juliet Brown OAM
Professional Non-Executive
Director



**Associate Professor
Susan Neuhaus AM CSC**
General Surgeon (Surgical Oncology)



Dr Stephen Parnis
Senior Specialist –
Emergency Medicine



Mr Ian Stone
Chartered Accountant



Professor Owen Ung
General Surgeon
(Breast and Endocrine)



Professor Paul Worley
Rural Generalist

Directors' information

Dr Andrew Pesce

Obstetrician and Gynaecologist

Qualifications

- Bachelor of Medicine, Bachelor of Surgery (University of NSW)
- 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

- Chairman, MDASA Ltd
- Chairman, Medical Insurance Australia Pty Limited
- Chairman, Medical Insurance Group Australia Pty Ltd
- Chairman, Invivo Medical Pty Ltd

MIGA Board Committees

- Member, Clinical Risk Committee
- Member, Governance Committee
- Member, Audit Committee
- Member, Risk Committee

Ms Amanda Anderson

CEO and Managing Director

Qualifications

- Bachelor of Arts, Social Sciences – majoring in psychology and biology (Flinders University)
- Fellow, Australian Institute of Company Directors (FAICD)
- Senior Associate – Australian and New Zealand Institute of Insurance and Finance (ANZIIF)
- Business Certificate in Insurance

Industry and sector experience

Ms Anderson has close to 30 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

- Director and CEO, MDASA Ltd
- Managing Director, Medical Insurance Australia Pty Limited
- Director, Medical Insurance Group Australia Pty Ltd
- Director, Invivo Medical Pty Ltd

MIGA Board Committees

- Member, Clinical Risk Committee
- Member, Claims Committee
- Member, Governance Committee (by invitation)
- Member, Audit Committee (by invitation)
- Member, Risk Committee (by invitation)

Ms Juliet Brown OAM

Professional Non-Executive Director

Qualifications

- 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

- Director, MDASA Ltd
- Director, Medical Insurance Australia Pty Limited

MIGA Board Committees

- Chair, Governance Committee
- Member, Audit Committee
- Member, Risk Committee

Associate Professor Susan Neuhaus AM CSC

General Surgeon (Surgical Oncology)

Qualifications

- MBBS (University of Adelaide)
- PhD, Doctor of Philosophy (University of Adelaide)
- FRACS (Fellow, Royal Australasian College of Surgeons)
- Graduate, Australian Defence Force Command and Staff College (Res)
- FAMA (Fellow, Australian Medical Association)
- FAICD (Fellow, Australian Institute of Company Directors)
- D Dip Project Management and Quality Audit

Industry and sector experience

Associate Professor Neuhaus is a Fellow of the Royal Australasian College of Surgeons and has over three decades of experience in public and private practice, defence and veteran healthcare and medical research. Her broad experience as a director and board chairman across defence, commercial and not-for-profit sectors has been recognised in her election as President of the South Australian and Northern Territory Division of the Australian Institute of Company Directors (AICD).

MIGA Board appointments

- Director, MDASA Ltd
- Director, Medical Insurance Australia Pty Limited

MIGA Board Committees

- Member, Clinical Risk Committee
- Member, Audit Committee
- Member, Risk Committee

Dr Stephen Parnis

Emergency Medicine

Qualifications

- Bachelor of Medicine, Bachelor of Surgery (University of Melbourne), MBBS
- Postgraduate Diploma of Surgical Anatomy (University of Melbourne), DipSurgAnat
- Fellow, Australasian College for Emergency Medicine, FACEM
- Fellow, Australian Institute of Company Directors, FAICD

Industry and sector experience

Dr Parnis is a Senior Specialist in Emergency Medicine in Melbourne and is active in providing advice on matters of medical practice and health policy. He is a Consultant Emergency Physician at The Royal Victorian Eye and Ear Hospital and St Vincent's Hospital. Dr Parnis has served on the Trainee Selection and Public Health Committees of the Australasian College for Emergency Medicine. Dr Parnis is well known for his previously held senior leadership roles within AMA, as president of AMA Victoria (2012-14) and as AMA Federal Vice President (2014-2016).

MIGA Board appointments

- Director, MDASA Ltd
- Director, Medical Insurance Australia Ltd

MIGA Board Committees

- Chair, Clinical Risk Committee
- Member, Governance Committee
- Member, Claims Committee

Mr Ian Stone

Professional Non-Executive Director

Qualifications

- Bachelor of Economics (University of Adelaide)
- Graduate, Australian Institute of Company Directors (GAICD)

Industry and sector experience

Mr Stone has extensive senior experience and expertise in the motor, home and health insurance industry in the private sector.

MIGA Board appointments

- Director, MDASA Ltd
- Director, Medical Insurance Australia Pty Limited

MIGA Board Committees

- Chair, Audit Committee
- Chair, Risk Committee
- Member, Governance Committee

Professor Owen Ung

General Surgeon (Breast and Endocrine)

Qualifications

- MBBS (University of Queensland)
- FRACS (Fellow of the Royal Australasian College of Surgeons)
- FAICD (Fellow of the Australian Institute of Company Directors)

Industry and sector experience

Professor Owen Ung is Director of the Comprehensive Breast Cancer Institute and a Brisbane surgeon with extensive experience in public, private and academic practice. He is a committed clinician and researcher and has dedicated significant non-clinical time to represent and support his profession at various local, state and national levels. He has obtained extensive administrative and management experience through various clinical leadership roles at department, hospital and area health service levels and holds a number of non-executive Director roles.

MIGA Board appointments

- Director, MDASA Ltd
- Director, Medical Insurance Australia Pty Limited

MIGA Board Committees

- Member, Clinical Risk Committee
- Chair, Claims Committee

Professor Paul Worley

Rural Generalist

Qualifications

- MBBS (University of Adelaide)
- DRANZCOG (Diploma, Royal Australia and New Zealand College of Obstetrics and Gynaecology)
- FRACGP (Fellow, Royal Australian College of General Practitioners)
- FACRRM (Fellow, Australian College of Rural and Remote Medicine)
- PhD (Flinders)
- MBA (Adel)
- GAICD (Graduate, Australian Institute of Company Directors)
- FAAHMS (Fellow, Australian Academy of Health and Medical Sciences)

Industry and sector experience

Professor Paul Worley is a practicing rural generalist, was the inaugural National Rural Health Commissioner for the Commonwealth of Australia and is a past Dean of Medicine at Flinders University. Recognised internationally for his pioneering work in rural medical education across South Australia and the Northern Territory, he has been appointed to numerous Commonwealth and State Government committees, including as Chair, chaired not-for-profit medical training companies, and is a past-president of RDASA, past Council Member of the AMA, and a former National Vice-President of ACRRM.

MIGA Board appointments

- Director, MDASA Ltd
- Director, Medical Insurance Australia Pty Limited

MIGA Board Committees

- Member, Clinical Risk Committee

Summary Financial Report Year Ended 30 June 2022

20 Statement of Profit or Loss and Other Comprehensive Income

21 Statement of Financial Position

22 Statement of Cash Flows

23 Statement of Changes in Equity

24 Notes to and Forming part of the Summary Financial Report

25 Independent Auditor's Report

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 Limited, Invivo Medical Pty Ltd and Medical Insurance Group Australia Pty Ltd, for the financial year ended 30 June 2022 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 2022

	Consolidated Entity	
	2022 \$'000	2021 \$'000
Gross Written Premium	70,739	55,150
Movement in Unearned Premium	(9,883)	808
Premium Revenue	60,856	55,958
Reinsurance Premium Expense	(7,030)	(6,779)
Net Premium Revenue	53,826	49,179
Gross Claims Expense	(34,117)	(53,076)
Reinsurance and Other Recoveries	(1,187)	(2,569)
Net Claims Incurred	(35,304)	(55,645)
Professional Fees Expense	(1,966)	(1,698)
Employment Expense	(13,483)	(14,477)
General and Administrative Expense	(9,434)	(7,598)
Other Underwriting Expense	(493)	(862)
Operating Expenses	(25,376)	(24,635)
Underwriting Result	(6,854)	(31,101)
Subscription Revenue	11,392	10,706
Loss on Write Down of Property Plant and Equipment	(2)	(3)
Finance Costs	(127)	(144)
Other Income	684	939
Results from Operating Activities	5,093	(19,603)
Investment Income / (Expense)	(8,387)	7,875
Profit / (Loss) Before Tax	(3,294)	(11,728)
Income Tax Benefit	4,251	6,321
Profit / (Loss) for the Year	957	(5,407)
Total Comprehensive (Loss) / Income Attributable to Members	957	(5,407)

Discussion and Analysis of the Statement of Comprehensive Income

Consolidated Entity

Premium Revenue increased by \$4.898m as a result of an increase premium rates and growth across a number of portfolios.

Gross Claims Expense decreased by \$18.959m as a result of a decrease in the Outstanding Claims Provision in relation to current and prior years, predominantly as a result of the impact of a change in the discount rate.

General and Administration Expenses were \$1.836m higher than in 2020/2021 as a result of expensing one years worth of prepaid costs relating to the Oasis Insurance System.

Investment income decreased by \$16.262m predominantly driven by unrealised loss on the equity and bond portfolios.

Total Comprehensive Income Attributable to Members increased by \$6.364m 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 as at 30 June 2022

	Consolidated Entity	
	2022 \$'000	2021 \$'000
Current Assets		
Cash and Cash Equivalents	7,040	17,653
Trade and Other Receivables	44,994	31,553
Reinsurance and Other Recoveries Receivable	13,986	13,699
Investments	173,219	170,159
Income Tax Receivable	63	89
Prepayments	1,670	1,541
Total Current Assets	240,972	234,694
Non-Current Assets		
Prepayments	8,072	8,430
Reinsurance and Other Recoveries Receivable	70,727	77,796
Investments	115,996	115,565
Deferred Tax Asset	12,948	8,696
Property, Plant and Equipment	4,094	4,073
Intangible Assets	10,977	11,310
Total Non-Current Assets	222,814	225,870
Total Assets	463,786	460,564
Current Liabilities		
Trade and Other Payables	9,072	7,819
Outstanding Claims Provision	54,155	52,218
Employee Benefits	3,045	3,420
Other Liabilities	64,422	54,074
Lease Liabilities	816	883
Total Current Liabilities	131,510	118,414
Non-Current Liabilities		
Outstanding Claims Provision	168,472	179,603
Employee Benefits	131	151
Other Liabilities	224	208
Lease Liabilities	4,174	3,870
Total Non-Current Liabilities	173,001	183,832
Total Liabilities	304,511	302,246
Net Assets	159,275	158,318
Equity		
Retained Profits	159,275	158,318
Total Equity	159,275	158,318

Discussion and Analysis of the Statement of Financial Position

Consolidated Entity

The Consolidated Entity's Total Assets increased by \$3.222m from 30 June 2021 to 30 June 2022. This movement was predominantly due to:

- A \$6.782m decrease in Reinsurance and Other Recoverable Receivable;
- A \$13.441m increase in Trade & Other Receivables;
- A \$7.122m decrease in Investments and Cash;
- A \$4.252m increase in Deferred Tax Asset; and

The Consolidated Entity's Total Liabilities increased by \$2.265m from 30 June 2021 to 30 June 2022. This movement was predominantly due to:

- A \$1.253m increase in Trade and Other Payables;
- A \$0.237m increase in Lease Liabilities;
- A \$9.194m decrease in the Outstanding Claims Provision;
- A \$0.395m decrease in Employee Benefit Provisions; and
- A \$10.364m increase in Other Liabilities.

The increase in Total Equity of the Consolidated Entity of \$957k, from 30 June 2021 to 30 June 2022, reflects the Net Profit After Tax for the year.

Statement of Cash Flows

Medical Defence Association of South Australia Limited
Summary Financial Report as at 30 June 2022

	Consolidated Entity	
	2022 \$'000 Inflows (Outflows)	2021 \$'000 Inflows (Outflows)
Cash Flows from Operating Activities:		
Subscriptions Received	12,212	7,873
Premium Received	65,281	63,327
Sundry Income Received	911	1,432
Reinsurance and Other Recoveries Received	2,125	28,271
Reinsurance Paid	(7,030)	(6,810)
Claims Paid	(42,003)	(58,289)
Payments to Suppliers and Employees	(29,244)	(31,391)
Payments of Short Term and Low Value Leases	(24)	(51)
Interest Paid	(127)	(144)
Cash Generated from Operations Before Tax	2,101	4,218
Income Tax Paid	27	627
Net Cash from Operating Activities	2,128	4,845
Cash Flows from Investing Activities:		
Proceeds from Sale of Shares in Listed Corporations	1,199	3,011
Payments for Shares in Listed Corporations	(3,291)	(3,000)
Acquisition of Property, Plant and Equipment	(76)	(46)
Interest Received	4,607	5,422
Dividends Received	1,423	691
Proceeds from Sale or Maturity of Investments	179,980	198,104
Payment for Investments	(195,629)	(206,321)
Net Cash (used in) / from Investing Activities	(11,787)	(2,139)
Cash Flows from Financing Activities:		
Principal Payment of Lease Liabilities	(954)	(956)
Net Cash (used in) Financing Activities	(954)	(956)
Net (decrease) / Increase in Cash and Cash Equivalents	(10,613)	1,750
Cash and Cash Equivalents at 1 July	17,653	15,903
Cash and Cash Equivalents at 30 June	7,040	17,653

Discussion and Analysis of the Statement of Cash Flows

Consolidated Entity

The net decrease in Cash and Cash Equivalents was \$10.613m in 2021/2022.

This movement was due to:

- \$4.339m increase in Subscriptions Received.
- \$26.146m decrease in Reinsurance and Other Recoveries Received.
- \$16.286m decrease in Claims Paid.
- \$2.147m decrease in Payment for Suppliers and Employees.
- \$10.692m decrease in Payment for Investments.
- \$18.124m decrease in Proceeds from Sale or Maturity of Investments.

Statement of Changes in Equity

Medical Defence Association of South Australia Limited
Summary Financial Report as at 30 June 2022

	Consolidated Entity	
	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2021	158,318	158,318
Profit for the Period	957	957
Total Profit or Loss and Other Comprehensive Income for the Period	957	957
Balance at 30 June 2022	159,275	159,275
Balance at 1 July 2020	163,725	163,725
Loss for the Period	(5,407)	(5,407)
Total Profit or Loss and Other Comprehensive Income for the Period	(5,407)	(5,407)
Balance at 30 June 2021	158,318	158,318

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

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 2022 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.

Medical Defence Association of South Australia Limited
Summary Financial Report for the year ended 30 June 2022

	<i>Consolidated Entity</i>	
	2022	2021
	\$'000	\$'000
Common Equity Tier 1 Capital		
Paid up Capital	108,801	98,801
Retained Profit (APRA basis)	52,883	67,378
Current year's earnings (APRA basis)	(9,159)	(14,495)
Net surplus / (deficit) relating to insurance liabilities	(2,318)	(3,261)
Tier 1 capital (before deductions)	150,207	148,423
Less deductions		
Deferred tax assets (net of deferred tax liability)	14,065	9,910
Other deductions	7,188	7,520
Total Tier 1 Capital	128,954	130,993
Prescribed Capital Amount (PCA)		
Insurance risk charge	32,641	31,004
Insurance concentration risk charge	1,268	2,893
Asset risk charge	19,787	22,778
Asset concentration risk charge	-	-
Operational risk charge	5,263	5,128
Aggregation benefit	(11,155)	(12,215)
Total PCA	47,804	49,588
Capital Ratio	2.70	2.64

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.

The other 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

The 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 below:

Independent Auditor's Report

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

Opinion

We report on the *Summary Financial Statements* of Medical Defence Association of South Australia Limited (the *Company*) and its controlled entities (the *Consolidated Entity*) as at and for the year ended 30 June 2022. The Summary Financial Statements are derived from the audited financial report of the Consolidated Entity as at and for the year ended 30 June 2022 (the *Audited Financial Report*).

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

The *Summary Financial Statements* comprise:

- Statement of Financial Position as at 30 June 2022;
- Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year ended 30 June 2022; and
- Related notes.

The Summary Financial Statements are contained in the Annual Report on pages 20 to 24.

The *Consolidated Entity* consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Scope of the Summary Financial Statements

The Summary Financial Statements do not contain all the disclosures required by the Australian Accounting Standards applied in the preparation of the Audited Financial Report. Reading the Summary Financial Statements and this Auditor's Report thereon, therefore, is not a substitute for reading the Audited Financial Report and our Auditor's Report thereon.

The Summary Financial Statements and the Audited Financial Report do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the Audited Financial Report.

The Audited Financial Report and our Auditor's Report thereof

We expressed an unmodified audit opinion on the Audited Financial Report in our Auditor's Report dated 27 September 2022.

Emphasis of matter- basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Summary Financial Statements, which describes the basis of preparation.

The Summary Financial Statements have been prepared to assist the Directors of Medical Defence Association of South Australia Limited for the purpose of inclusion in the Annual Report provided to members. As a result, the Summary Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

This Auditor's Report is intended solely for the Directors of Medical Defence Association of South Australia Limited and the members and should not be used by or distributed to parties other than the Directors of Medical Defence Association of South Australia Limited and members. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Summary Financial Statements to which it relates, to any person other than the Directors of Medical Defence Association of South Australia Limited and members or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Medical Defence Association of South Australia Limited's Annual Report including discussion and analyses, which is provided in addition to the Summary Financial Statements and this 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 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 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.



Independent Auditor’s Report

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

Responsibility of the Directors for the Summary Financial Statements

The Directors are responsible for the preparation of the Summary Financial Statements in accordance with the basis of preparation described in Note 1 to the Summary Financial Statements, including their derivation from the Audited Financial Report of the Consolidated Entity as at and for the year ended 30 June 2022.

Auditor’s responsibility for the Summary Financial Statements

Our responsibility is to express an opinion on whether the 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*.

KPMG

Darren Ball
Partner

Adelaide, 27 September 2022

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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 of Medical Defence Association of South Australia Limited for the financial year ended 30 June 2022 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.

KPMG

Darren Ball
Partner

Adelaide, 27 September 2022

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Obituary

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

Dr Richard Champion

Dr Betsy Williams

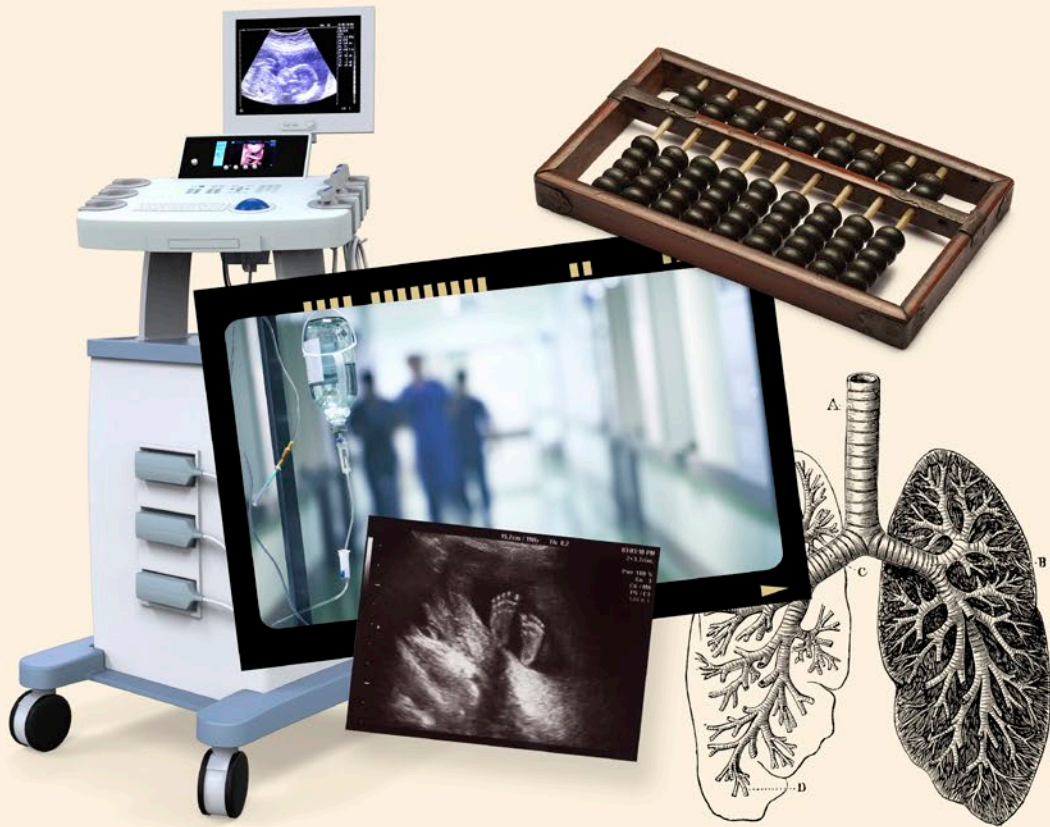
Dr William Ross

Dr Jan Alton

Dr John Buntine

Dr Mee Ling

Members who passed away
between 1 July 2021 and 30 June 2022



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