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## **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 2023*

Dr Andrew Pesce

*Chair*

Ms Amanda Anderson

*CEO and Managing Director*

*(resigned 31 March 2023)*

Ms Juliet Brown OAM

*(resigned 31 October 2022)*

Associate Professor Susan Neuhaus

Dr Stephen Parnis

Mr Ian Stone

Professor Owen Ung

Professor Paul Worley

Ms Jennifer Lang

*(appointed 3 April 2023)*

Ms Elizabeth Perry

*(appointed 1 November 2022)*

## **Medical Insurance Australia Pty Limited**

*Board as at September 2023*

Dr Andrew Pesce

*Chair*

Ms Amanda Anderson

*CEO and Managing Director*

*(resigned 31 March 2023)*

Ms Juliet Brown

*(resigned 31 October 2022)*

Associate Professor Susan Neuhaus

Dr Stephen Parnis

Mr Ian Stone

Professor Owen Ung

Professor Paul Worley

Ms Jennifer Lang

*(appointed 1 October 2022)*

Ms Elizabeth Perry

*(appointed 1 October 2022)*

Dr Costa Boyages

*(appointed 1 August 2023)*

## **Chief Executive Officer**

Mr Tom Griffiths

## **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*

EY, Adelaide

### *Corporate Legal Advisors*

Iles Selley Lawyers, Adelaide and

Lander and Rogers, Sydney

### *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*

KPMG, Adelaide

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During the 2022/2023 year we achieved a high level of Member growth, retention and revenue. This is a credit to the hard work and dedication of our staff, and we believe, a reflection of the value our Members and clients place on the service and support we offer.

## Report of the Chair of the Boards and CEO

### **We are pleased to provide MIGA's 2023 Annual Report outlining our results for the year, and an overview of our operations.**

This year we report an operating profit (after tax). This result is attributable to a turnaround in investment income driven by rising interest rates over the period. Unfortunately, the trend of increasing claim costs that we reported in 2022 continued through 2023. Given this continuing trend we needed to respond with premium increases for the 2023/2024 year. We sought however to balance our prudential capital requirements against our desire to minimise premium increases, which allowed us to absorb some of the claims increase rather than fully pass it on to Members, as we did last year.

MIGA remains in a strong financial position, we have maintained our capital ratio at the same level as 2022 above our capital target (the regulator prescribed amount of capital we have to cover our Members' and clients' liabilities including a reasonable buffer).

Claims handling, legal inquiries and calls for advice, the payment of claims and the provision of high quality and comprehensive cover is what we promise in our insurance policies. Whilst we must make sure that the increasing costs are appropriately funded, our focus is also very much on making sure our Members and clients are well supported, that they receive quality advice and that their professional livelihood and reputations are well protected.

During the 2022/2023 year we achieved a high level of Member growth, retention and revenue. This is a credit to the hard work and dedication of our staff, and we believe, a reflection of the value our Members and clients place on the service and support we offer. Referrals from our existing members are a key source of new members to MIGA. We recognise this as a strong endorsement of our service and value your confidence in us.

Also this year, following the resignation of Mandy Anderson, we welcomed our new CEO, Tom Griffiths. Tom has an extensive background in insurance and in membership organisations and the Boards look forward to working with Tom as we chart a course for MIGA's future.

We take this opportunity to thank our members for their ongoing loyalty and support of MIGA, and our staff, Boards and key advisors for their commitment to the Group and contribution to our achievements across the last year.

MIGA has supported the healthcare profession for more than 123 years and we remain steadfastly committed to that purpose. We are with you....Always.

Take care and best wishes.



**Dr Andrew Pesce**  
Chair

MDASA and  
Medical Insurance Australia



**Tom Griffiths**  
Chief Executive Officer

MDASA and  
Medical Insurance Australia

# 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 (MIGA), for the financial year ended 30 June 2023 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 \$7.258m (2022: net profit of \$957k) for the financial year ended 30 June 2023, after providing for income tax.

The Group's net profit before tax for the 2022/2023 year was \$5.677m (2022: net loss before tax of \$3.294m)

The Consolidated Entity has a surplus in net assets of \$166.533m as at 30 June 2023 (\$159.275m as at 30 June 2022).

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 reduced employee and occupancy expenses.

The operating profit before tax was predominantly impacted by significant unrealised gains on fixed interest bonds and the equity portfolio, due to bond yields decreasing and higher interest rates.

Whilst net claim costs were \$2.798m below budget (as a result of favourable discount rate movements), the actual experience was higher than budget. For the historical years prior to 2023, 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, continues to be in a strong financial position as at 30 June 2023, 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".



## Report by Directors

### Review of Operations

The Review of Operations is outlined throughout this Report.

#### 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 2022/2023 year, premiums were increased for the 2023/2024 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 cost of all areas of practice with an intent to ensure fairness and equity across the membership in how these increases were applied. We also implemented stricter underwriting criteria in assessing and writing new business.

### 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, and provides for automatic renewal and can relieve the pressure of an annual payment by smoothing their cash flow. A significant proportion of policyholders utilise the direct debit payment option with MIGA.

In June 2023, the Group offered a Loyalty Benefit to eligible Members on timely renewal of their insurance for the 2023/2024 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 2022 provided valuable feedback about the services MIGA provides and its performance.

The positive and constructive comments received about the services the Group provides validates MIGA's commitment to quality, service and professionalism and provides valuable insight and opportunity for further improvement.

#### Risk management education

MIGA offers risk management education and services tailored to suit the needs and preferences of our members and clients. Our focus is on helping them understand and manage the potential risks of day-to-day practice so they can avoid the stress of claims and reduce potential harm to patients.

The 2023 year saw the return of a full year of our face-to-face conferences since the impact of COVID-19. Many attendees were happy to be back in person and engaging in discussions and workshops with their multi-disciplinary peers. It was pleasing to see we had members who were new to the conferences coming for the first time and commenting on the excellent quality of the content.

We also continued to build on the innovations during 'COVID years' by running two webinars: 'Current issues in medical regulation' and 'Medicine online' which were well attended with over 700 participants in each. Our online evening workshops continued this year with new topics on social media and doctor wellbeing. Our repository of online modules grew this year with the addition of Clinical Risk Management – a general introduction of risk management for the health profession and Boundary Violations – an important topic for all doctors to understand.

The take up of one-on-one practice assessments increased this year with many practices focusing on how they can improve their systems and processes to provide better patient care.

MIGA's investment in practical risk management education reinforces our commitment to helping members and clients manage risk and add tangible value to their day-to-day practice. This commitment continues under new leadership as the baton was passed in the last year to two new leaders in our Risk Services department with Heather Hibberd, National Manager – Risk Services and Paula Meegan, Risk Education Manager joining the team.

# Report by Directors

## 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 our policyholders is important to MIGA. We understand the connection between healthy practitioners and patient outcomes, and the potential for legal processes to negatively impact doctors' health. The Group offers a wide range of resources to assist Members in actively monitoring and improving their health, including a widely accessed MIGA eBook on Doctors' Health and access to professional clinical support during a claim or investigation if needed.

## Growth across the year

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

Total membership of MIGA is now close to 37,700, 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 strengthening the Group's operations.

## Branch offices

MIGA's branch offices in Adelaide and Sydney offer legal services, client services and risk management services. Our presence in QLD, 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 our commitment to offer high quality and dedicated service to our Members and policyholders.

## Medical students and young doctors

The Group aims to grow the number of medical students and young doctors we insure nationally. These two groups are the future of medicine and are very important to our continued growth. We continue to engage with these groups digitally, at face-to-face events and through our Grants Programs.

Transacting insurance electronically with students and young doctors makes it easier for them to do business with MIGA and supports the Group's commitment to the environment by reducing postage and printing costs. It also makes renewal easier and more convenient for these member groups and the savings made on the costs of printing and distribution of documents can be channelled into improving Member and policyholder services.

## Policy cover and insurance arrangements

We are proud of the breadth of our insurance policies and the protection they provide. Coupled with our staff, who are licenced to provide personal financial advice, our aim is to ensure that our policyholders have cover that is appropriate to their medical practice and that represents 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.



## Report by Directors

### 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 written submissions to various 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.

For the financial year ended 30 June 2023, Medical Insurance Australia had a net loss for the period of \$3.120m after income tax (2022: net loss of \$9.053m). Medical Insurance Australia's total equity increased from \$153.866m in 2022 to \$160.746m in 2023.

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 2023 remains unchanged from 30 June 2022 at 2.70.

In June 2023, the Board of MDASA approved a capital transfer of \$10.000m to Medical Insurance Australia by acquiring an additional 10,000,000 Ordinary A Class shares in the entity effective 27 June 2023. This increased MDASA's investment in Medical Insurance Australia to \$118.801m.

### 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 23 April 2023.

### 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 MIGA highly values the contribution of the members of these Panels to the Group's operations.

MIGA formed a 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 2 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 two years due to the COVID-19 State and international border closures, along with extended University restrictions on overseas student elective placements. 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 2023, MIGA was pleased to:

- Continue the Doctors In Training Elective Grants program (which re-launched in 2022), and
- Re-launch the Student Elective Grants Program.

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 325 donations equating to 975 lives saved.

# Report by Directors

## 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.

To help reduce MIGA's operating costs and environmental impact, for the year ended 30 June 2023, the Group has produced 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.

Making the Annual Report (including Consolidated Summary Financial Statements) only available via the website 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.

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 2022 to 2023 year, the Group has been able to save 6.29 tonnes in CO2 emissions.

These initiatives help the Group minimize its environmental impact, where possible.

## 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.

## 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.

## Report by Directors

### 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, are included on page 28 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



**Mr I Stone**

Director

Adelaide

Dated this 26th day  
of September 2023

# 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 Chair, 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 Chair'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.

## Corporate governance

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 directly 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 Klynveld Peat Marwick Goerdeler (KPMG).

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 – Chair	6	6	6	6	22	22
Ms Elizabeth Perry*	4	4	4	4	11	11
Ms Amanda Anderson*	5	5	5	5	18	18
Ms Jennifer Lang*	4	4	4	4	9	9
Ms Juliet Brown*	2	2	2	2	5	5
Associate Professor Susan Neuhaus	6	6	6	6	18	16
Dr Stephen Parnis	6	6	6	6	14	14
Mr Ian Stone	6	5	6	5	17	16
Professor Owen Ung	6	6	6	6	6	6
Professor Paul Worley	6	6	6	6	3	3

#### \*Notes

- Ms Elizabeth Perry was appointed to the Board of Medical Insurance Australia with effect 1 October 2022 and to the Board of MDASA with effect 1 November 2022.
- Ms Jennifer Lang was appointed to the Board of Medical Insurance Australia with effect 1 October 2022 and to the Board of MDASA with effect 3 April 2023.
- Ms Juliet Brown retired from the Boards of MDASA and Medical Insurance Australia on 31 October 2022.
- Ms Amanda Anderson resigned as Managing Director and CEO of MDASA and Medical Insurance Australia on 31 March 2023.



## 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**
- **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.

### Claims Committee

*Chair* Professor O Ung

#### *Purpose*

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

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### Clinical Risk Committee

*Chair* Dr S Parnis

#### *Purpose*

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 per year

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### Audit Committee

*Chair* Mr I Stone

#### *Purpose*

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 per year

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### Risk Committee

*Chair* Mr I Stone

#### *Purpose*

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 per year

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### Governance Committee

*Chair* Dr S Parnis

#### *Purpose*

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 five times per 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 nine 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.

## 2022 AGM

The Annual General Meeting of MDASA was held as a hybrid meeting on Saturday, 19 November 2022 and included the election of Directors to the Board of MDASA.

As per clause 10.6(b) and 10.6(e) of the Constitution, Prof. Paul Worley offered himself for re-election and was duly re-elected.

## Board appointments

The Directors of Medical Insurance Australia appointed Dr Costa Boyages to the Board on 1 August 2023.

## Directors' Information



**Dr Andrew Pesce**  
*Obstetrician and Gynaecologist*  
Chair Medical Insurance  
Australia Board  
Chair MDASA Board



**Dr Costa Boyages**  
*General Practitioner*  
Medical Insurance Australia Board



**Ms Jennifer Lang**  
*Actuary*  
Medical Insurance Australia Board  
MDASA Board



**Assoc Professor  
Susan Neuhaus**  
*General Surgeon  
(Surgical Oncology)*  
Medical Insurance Australia Board  
MDASA Board



**Dr Stephen Parnis**  
*Emergency Physician*  
Medical Insurance Australia Board  
MDASA Board



**Ms Elizabeth Perry**  
*Lawyer*  
Medical Insurance Australia Board  
MDASA Board



**Mr Ian Stone**  
*Chartered Accountant*  
Medical Insurance Australia Board  
MDASA Board



**Professor Owen Ung**  
*General Surgeon  
(Breast & Endocrine)*  
Medical Insurance Australia Board  
MDASA Board



**Professor Paul Worley**  
*General Practitioner (Rural)*  
Medical Insurance Australia Board  
MDASA Board

## Directors' Information

Details of Directors in office as at 30 June 2023 or appointed since then.

# Directors' Information

### Dr Andrew Pesce

*Obstetrician and Gynaecologist*

#### Qualifications

- Bachelor of Medicine, Bachelor of Surgery (University of New South Wales)
- FRANZCOG
- FAMA
- FAICD (Fellow, Australian Institute of Company Directors)

#### 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

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

#### MIGA Board Committees

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

### Dr Costa Boyages

*General Practitioner*

#### Qualifications

- GAICD Graduate of Australian Institute of Company Directors
- FRACGP Fellow of Royal Australian College of General Practitioners
- DCH Diploma of Child Health (University of Sydney)
- MBBS Bachelor of Medicine/Bachelor of Surgery (University of Sydney)
- GDLP Diploma of Legal Practice (Australian National University)
- Sustainability Management (Monash Environment Institute)
- LLB/BArts Bachelor of Laws/Bachelor of Arts (Hons in Politics & International Relations)

#### Industry and sector experience

Dr Boyages started his professional career as an international lawyer and diplomat working domestically and internationally in New Zealand and the Solomon Islands before retraining in medicine at the University of Sydney. He is currently a General Practitioner based in Berry, NSW, and has a special interest in Preventative and Lifestyle Medicine, Mental Health, Environmental and Occupational Health, Aged and Palliative Care as well as Adolescent and Paediatric Medicine.

#### MIGA Board appointments

- Director, MDASA Limited

#### MIGA Board Committees

- nil

### Ms Elizabeth Perry

*Lawyer*

#### Qualifications

- Bachelor of Laws (University of Adelaide)
- FAICD (Fellow of the Australian Institute of Company Directors)

#### Industry and sector experience

Ms Perry is an experienced board chair and non-executive director with extensive board experience across the public and commercial sectors, spanning a range of industries, including insurance, medical, membership and motoring clubs, tertiary education.

Ms Perry formally practiced as a lawyer for more than 35 years, especially in the areas of employment and Insurance law.

#### MIGA Board appointments

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

#### MIGA Board Committees

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

### Mr Ian Stone

*Professional Non-Executive Director*

#### Qualifications

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

#### 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 Limited
- Director, Medical Insurance Australia Pty Limited

#### MIGA Board Committees

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

## Directors' Information

Details of Directors in office as at 30 June 2023 or appointed since then.

### Ms Jennifer Lang

#### Actuary

##### Qualifications

- Bachelor of Economics (University of Adelaide)
- FIAA Fellow of the Institute of Actuaries of Australia
- GAICD (Graduate, Australian Institute of Company Directors)

##### Industry and sector experience

Ms Lang is a qualified Actuary with extensive experience in executive roles within the financial services and insurance sector. She has worked as an Appointed Actuary for a number of life and general insurance companies. She is an experienced Director and Chair of Board Committees and brings a strong understanding of actuarial science, data and risk management as well as financial management experience.

##### MIGA Board appointments

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

##### MIGA Board Committees

- Member, Audit Committee
- Member, Risk Committee
- Member, Claims Committee

### Assoc Prof Susan Neuhaus

#### 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, private and academic practice. Her broad experience as a director and board Chair 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 Limited
- Director, Medical Insurance Australia Pty Limited

##### MIGA Board Committees

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

### Dr Stephen Parnis

#### Emergency Physician

##### Qualifications

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

##### 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 (2012-2014) and as AMA Federal Vice President (2014-2016).

##### MIGA Board appointments

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

##### MIGA Board Committees

- Chair, Clinical Risk Committee
- Chair, Governance Committee
- Member, Claims Committee
- Member, Audit Committee
- Member, Risk 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 Limited
- Director, Medical Insurance Australia Pty Limited

##### MIGA Board Committees

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

### Professor Paul Worley

#### General Practitioner (Rural)

##### 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 Limited
- Director, Medical Insurance Australia Pty Limited

##### MIGA Board Committees

- Member, Clinical Risk Committee

# Summary Financial Report

Year Ended 30 June 2023

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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 2023 and the independent audit report thereon.



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 2023 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 2023

	Consolidated Entity	
	2023 \$'000	2022 \$'000
Gross Written Premium	77,231	70,739
Movement in Unearned Premium	(6,448)	(9,883)
<b>Premium Revenue</b>	<b>70,783</b>	<b>60,856</b>
Reinsurance Premium Expense	(7,500)	(7,030)
Net Premium Revenue	63,283	53,826
Gross Claims Expense	(59,562)	(34,117)
Reinsurance and Other Recoveries	7,458	(1,187)
Net Claims Incurred	(52,104)	(35,304)
Other Underwriting Expense	(879)	(493)
Underwriting Result	10,300	18,029
Professional Fees Expense	(1,781)	(1,966)
Employment Expense	(14,534)	(13,483)
General and Administrative Expense	(10,969)	(9,434)
<b>Operating Expenses</b>	<b>(27,284)</b>	<b>(24,883)</b>
Revenue	12,778	12,076
Loss on Write Down of Property Plant and Equipment	(1)	(2)
Finance Costs	(120)	(127)
<b>Results from Operating Activities</b>	<b>(4,327)</b>	<b>5,093</b>
<b>Investment Income / (Expense)</b>	<b>10,004</b>	<b>(8,387)</b>
<b>Profit / (Loss) Before Tax</b>	<b>5,677</b>	<b>(3,294)</b>
<b>Income Tax Benefit</b>	<b>1,581</b>	<b>4,251</b>
<b>Profit / (Loss) for the Year</b>	<b>7,258</b>	<b>957</b>
<b>Total Comprehensive (Loss) / Income Attributable to Members</b>	<b>7,258</b>	<b>957</b>

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

## Discussion and Analysis of the Statement of Profit or Loss and other Comprehensive Income

### Consolidated Entity

Premium Revenue increased by \$9.927m as a result of an increase in premium rates and growth across a number of portfolios.

Gross Claims Expense increased by \$25.445m as a result of significantly high changes in the discount rate in 2021/2022 resulting in a particularly low gross claims expense. There has been movements in the discount rates in 2022/2023, however not to the extent seen in 2021/2022. There was also an increase in claim costs in 2022/2023.

General and Administration Expenses were \$1.535m higher than in 2021/2022 due to increased employee costs, a higher investment technology and an overall increase in other costs due to inflationary pressures.

Investment income increased by \$18.391m, predominantly driven by unrealised gains on the equity and bond portfolios as well an increase in interest income.

Total Comprehensive Income Attributable to Members increased by \$6.301m 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 2023

	Consolidated Entity	
	2023 \$'000	2022 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	12,040	7,040
Trade and Other Receivables	48,430	44,994
Reinsurance and Other Recoveries Receivable	12,920	13,986
Investments	186,273	173,219
Income Tax Receivable	4	63
Prepayments	1,819	1,670
<b>Total Current Assets</b>	<b>261,486</b>	<b>240,972</b>
<b>Non-Current Assets</b>		
Prepayments	7,046	8,072
Reinsurance and Other Recoveries Receivable	50,411	70,727
Investments	115,146	115,996
Deferred Tax Asset	14,528	12,948
Property, Plant and Equipment	2,721	4,094
Intangible Assets	10,568	10,977
<b>Total Non-Current Assets</b>	<b>200,420</b>	<b>222,814</b>
<b>Total Assets</b>	<b>461,906</b>	<b>463,786</b>
<b>Current Liabilities</b>		
Trade and Other Payables	8,538	9,072
Outstanding Claims Provision	61,633	54,155
Employee Benefits	2,421	3,045
Other Liabilities	71,400	64,422
Lease Liabilities	762	816
<b>Total Current Liabilities</b>	<b>144,754</b>	<b>131,510</b>
<b>Non-Current Liabilities</b>		
Outstanding Claims Provision	147,462	168,472
Employee Benefits	171	131
Other Liabilities	63	224
Lease Liabilities	2,923	4,174
<b>Total Non-Current Liabilities</b>	<b>150,619</b>	<b>173,001</b>
<b>Total Liabilities</b>	<b>295,373</b>	<b>304,511</b>
<b>Net Assets</b>	<b>166,533</b>	<b>159,275</b>
<b>Equity</b>		
Retained Profits	166,533	159,275
<b>Total Equity</b>	<b>166,533</b>	<b>159,275</b>

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 decreased by \$1.880m from 30 June 2022 to 30 June 2023. This movement was predominantly due to:

- A \$3.436m increase in Trade & Other Receivables;
- A \$17.204m increase in Investments and Cash;
- A \$1.580m increase in Deferred Tax Asset; and
- A \$21.382m decrease in Reinsurance and Other Recoverable Receivable as a result of several large claims being settled in the year.

The Consolidated Entity's Total Liabilities decreased by \$9.138m from 30 June 2022 to 30 June 2023. This movement was predominantly due to:

- A \$6.817m increase in Other Liabilities as a result of the premium rate increase on the 2023/2024 policy year;
- A \$0.534m decrease in Trade & Other Payables;
- A \$1.305m decrease in Lease Liabilities;
- A \$13.532m decrease in the Outstanding Claims Provision as a result of several large claims being settled in the year; and
- A \$0.584m decrease in Employee Benefit Provisions.

The increase in Total Equity of the Consolidated Entity of \$7.258m, from 30 June 2022 to 30 June 2023, reflects the Net Profit After Tax for the year.

## Statement of Changes in Equity

Medical Defence Association of South Australia Limited  
Summary Financial Report for the year ended 30 June 2023

### Consolidated Entity

	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2022	159,275	159,275
Profit for the Period	7,258	7,258
Total Profit or Loss and Other Comprehensive Income for the Period	7,258	7,258
<b>Balance at 30 June 2023</b>	<b>166,533</b>	<b>166,533</b>
Balance as at 1 July 2021	158,318	158,318
Loss for the Period	957	957
Total Profit or Loss and Other Comprehensive Income for the Period	957	957
<b>Balance at 30 June 2022</b>	<b>159,275</b>	<b>159,275</b>

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.

# Statement of Cash Flows

Medical Defence Association of South Australia Limited  
Summary Financial Report for the year ended 30 June 2023

	Consolidated Entity	
	2023 \$'000 Inflows (Outflows)	2022 \$'000 Inflows (Outflows)
<b>Cash Flows from Operating Activities:</b>		
Subscriptions Received	12,283	12,212
Premium Received	74,590	65,281
Sundry Income Received	1,278	911
Reinsurance and Other Recoveries Received	28,461	2,125
Reinsurance Paid	(7,500)	(7,030)
Claims Paid	(71,752)	(42,003)
Payments to Suppliers and Employees	(29,471)	(29,244)
Payments / (Proceeds) of Short Term and Low Value Leases	78	(24)
Interest Paid	(120)	(127)
Cash Flows (used in) Operations Before Tax	7,847	2,101
Income Tax Paid	59	27
<b>Net Cash from Operating Activities</b>	<b>7,906</b>	<b>2,128</b>
<b>Cash Flows from Investing Activities:</b>		
Payments for Property, Plant and Equipment	(65)	(76)
Interest Received	6,398	4,607
Dividends Received	1,030	1,423
Proceeds from Investments	208,870	181,179
Payments for Investments	(218,350)	(198,920)
<b>Net Cash (used in)/from Investing Activities</b>	<b>(2,117)</b>	<b>(11,787)</b>
<b>Cash Flows from Financing Activities:</b>		
Principal Payment of Lease Liabilities	(789)	(954)
<b>Net Cash (used in) Financing Activities</b>	<b>(789)</b>	<b>(954)</b>
Net (decrease) / Increase in Cash and Cash Equivalents	5,000	(10,613)
Cash and Cash Equivalents at 1 July	7,040	17,653
<b>Cash and Cash Equivalents at 30 June</b>	<b>12,040</b>	<b>7,040</b>

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

## Discussion and Analysis of the Statement of Cash Flows

### Consolidated Entity

The net increase in Cash and Cash Equivalents was \$5.000m in 2022/2023. This movement was due to:

- \$26.336m increase in Reinsurance and Other Recoveries Received.
- \$29.749m increase in Claims Paid.
- \$19.430m increase in Payment for Investments.
- \$27.691m increase in Proceeds from Investments.

## Notes

Medical Defence Association of South Australia Limited  
Summary Financial Report for the year ended 30 June 2023

### 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 2023 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. 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:

	Consolidated Entity	
	2023 \$'000	2022 \$'000
<b>Common Equity Tier 1 Capital</b>		
Paid up Capital	118,801	108,801
Retained Profit (APRA basis)	43,724	52,883
Current year's earnings (APRA basis)	(3,252)	(9,159)
Net surplus / (deficit) relating to insurance liabilities	(81)	(2,318)
<b>Tier 1 capital (before deductions)</b>	<b>159,192</b>	<b>150,207</b>
<b>Less deductions</b>		
Deferred tax assets (net of deferred tax liability)	15,604	14,065
Other deductions	6,819	7,188
<b>Total Tier 1 Capital</b>	<b>136,769</b>	<b>128,954</b>
<b>Prescribed Capital Amount (PCA)</b>		
Insurance risk charge	34,577	32,641
Insurance concentration risk charge	2,203	1,268
Asset risk charge	19,923	19,787
Asset concentration risk charge	-	-
Operational risk charge	5,469	5,263
Aggregation benefit	(11,506)	(11,155)
<b>Total PCA</b>	<b>50,666</b>	<b>47,804</b>
<b>Capital Ratio</b>	<b>2.70</b>	<b>2.70</b>



## Independent Auditor's Report

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



**EY**

Building a better  
working world

### Opinion

We have audited the summary financial report, which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes, derived from the financial report of Members of Medical Defence Association of South Australia Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2023. The summary financial report also includes discussion and analysis and the directors' declaration.

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

### Basis for Opinion

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

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

### Summary Financial Report

The summary financial report does not contain all the disclosures required by Australian Accounting Standards. Reading the summary financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon. The summary financial report and the financial report do not reflect the effects of events that occurred subsequent to the date of our report on the financial report.

### The Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the financial report in our report dated 26 September 2023.

### Responsibilities of the Directors for the Summary Financial Report

The directors of the Company are responsible for the preparation of the summary financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the summary financial report.

### Auditor's Responsibilities for the Audit of the Summary Financial Report

Our responsibility is to express an opinion on whether the summary financial report complies, in all material respects, with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Ernst & Young

**Nigel Stevenson**

Partner

Adelaide

26 September 2023

## Independent Auditor's Report

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



**Building a better  
working world**

### Auditor's independence declaration

To the Directors of Medical Defence  
Association of South Australia Limited

As lead auditor for the audit of the financial  
report of Medical Defence Association of  
South Australia Limited for the financial year  
ended 30 June 2023, I declare to the best of  
my knowledge and belief, there have been:

- (a) No contraventions of the auditor  
independence requirements of the  
Corporations Act 2001 in relation to the  
audit;
- (b) No contraventions of any applicable code  
of professional conduct in relation to the  
audit; and
- (c) No non-audit services provided that  
contravene any applicable code of  
professional conduct in relation to the  
audit.

**Ernst & Young**

**Nigel Stevenson**

Partner

Adelaide, 26 September 2023

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Standards Legislation

## Obituary

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

Dr Risien Bartholomeusz

Dr Rosemary Jones

Dr Sin Liaw

Dr Stefan McAlindon

Dr Kien Nguyen

Dr Denis O'Brien

Dr Grzegorz Sendeki

Dr Wendy Strachan

Dr Katrina Newbiggin

Members who passed away between  
1 July 2022 and 30 June 2023

### **General Enquiries and Client Service**

Free Call 1800 777 156  
Facsimile 1800 839 284

### **Legal Services**

(During Office hours and 24hr emergency legal support)

Free Call 1800 839 280  
Facsimile 1800 839 281

[miga@miga.com.au](mailto:miga@miga.com.au)  
[www.miga.com.au](http://www.miga.com.au)

### **Postal**

GPO Box 2048 Adelaide  
South Australia 5001

### **Head Office**

Level 14, 70 Franklin Street  
Adelaide, South Australia 5000