

On your behalf

Summary Annual Report '09

Medical Indemnity Protection Society Ltd and its subsidiaries



The Medical Indemnity Protection Society Limited (MIPS) has been protecting, supporting and safeguarding the professional character and interests of its members since 1988.

At MIPS, health professionals are involved in all areas of the Group's operations from Governance through to frontline medico-legal advice to members.

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Medical Indemnity Protection Society Ltd and its subsidiaries (limited by guarantee and shares) ABN 64 007 067 281

Summary Annual Report – 30 June 2009

Medical Indemnity Protection Society Ltd is a company limited by guarantee and shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 3, 15-31 Pelham Street, Carlton VIC 3053

This summary annual report covers Medical Indemnity Protection Society Ltd as an individual entity and the Group consisting of Medical Indemnity Protection Society Ltd and its subsidiaries.

To view the complete Annual Report for 2009, please log on to www.mips.com.au or call 1800 061 113 to request a printed copy.

The year in review

Highlights

\$7.3 million
after tax member
surplus

15%
increase in
medical graduate
membership

\$249 million
total assets – up
\$10 million

3662 members
participated in risk education

3800
enquiries were received by
MIPS Claims Division

Advocacy

member views were represented
through submissions in response
to government initiatives

Dental retention
exceeded expectations

MIPS Group Chairman's report



R W L Turner
Chairman
MIPS Group

**MIPS is after all
a service organisation
and our members are
our *raison d'être*.**

Structure and philosophy

The MIPS Group is a mutual organisation. All the assets of the Group belong to the members and no part of the assets or any annual surplus may be expended but for the benefit of the members. A feature which distinguishes MIPS from commercial insurers is that no dividends may be paid to any other party either from membership subscriptions or from premium income.

The MIPS Group is principally comprised of the Medical Indemnity Protection Society, which is a medical defence organisation. When medical defence organisations in Australia were no longer permitted to provide medical indemnity cover, MIPS established MIPS Insurance, a wholly owned subsidiary to provide policies of medical indemnity insurance to MIPS graduate and student members and for members in relation to their practice entities. MIPS continues to provide all the back office services for MIPS Insurance.

The MIPS Group is firmly committed to being first and foremost a membership organisation which provides a range of benefits and assistance to members. As well as insurance policies and medico-legal advice, MIPS membership benefits include a number of other benefits. We believe that the MIPS approach allows the most comprehensive and cost-effective way of delivering those benefits to members.

As a first point of contact to members who require advice in relation to problems arising from their practices, MIPS remains committed to making available well qualified medical and dental practitioners who can, in the vast majority of circumstances, provide an immediate response and are available 24 hours a day 7 days a week.

08/09 Financial year

The MIPS Group showed an after tax members' surplus of \$7.3 million. This was less than last year and the decrease was due, in part, to a lower total amount paid by the membership in comparison to the previous year, and in significant part to changes in the actuarial valuations resulting in an increase in the accounting value for both current claims and for the unresolved claims from prior years. Nonetheless, there has been an increase in the total assets of the Group to \$249 million with an increase in net assets to \$112 million. Members can be assured that both MIPS and MIPSi are well placed to provide them with the assistance they require as appropriate and in accordance with the MIPS Constitution and the members' insurance policies.

The Board

There have been no changes to the Board in the last twelve months. The Board has once again submitted itself and the directors to an external independent review. This process was also undertaken by the Board of MIPS Insurance. The findings of the review were satisfactory and indicate that the members of both Boards were satisfied that the Boards operate effectively and in the best interests of MIPS and MIPS Insurance. Directors have continued to undertake an ongoing core online education program as advised in my report last year.

Conclusion

Finally, I must thank all the directors of MIPS and MIPS Insurance together with MIPS Senior Management, led by Dr Troy Browning, and of course all the other staff in MIPS who contribute to providing the members with the best service possible. MIPS is after all a service organisation and our members are our *raison d'être*.



R W L Turner
Chairman
MIPS Group

Income statements

For the year ended 30 June 2009

	Group		Society	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Premium revenue	35,089	37,107	-	-
Outwards reinsurance premium expense	(4,700)	(5,020)	-	-
Net earned premiums	30,389	32,087	-	-
Claims expense	(29,957)	(23,406)	-	-
Reinsurance and other recoveries revenue	2,101	8,861	-	-
Net claims incurred	(27,856)	(14,545)	-	-
Acquisition costs	(104)	(125)	-	-
Run-Off Cover Scheme ("ROCS") levy	(1,665)	(2,762)	-	-
Underwriting expenses	(1,769)	(2,887)	-	-
Underwriting result	764	14,655	-	-
Investment revenue	11,923	12,085	3,268	3,544
(Losses)/Gains on investments	(4,867)	(4,371)	(1,806)	218
Investment expenses	(485)	(486)	(162)	(143)
Investment result	6,571	7,228	1,300	3,619
Subscription and other revenue	12,325	13,439	14,170	16,965
Indemnification expenses	1,036	2,227	899	1,979
Other operating expenses	(12,997)	(15,208)	(12,845)	(14,464)
	364	458	2,224	4,480
Share of net profits/(losses) of associate	902	(143)	-	-
Profit before income tax	8,601	22,198	3,524	8,099
Income tax (expense)/benefit	(1,290)	(4,171)	(74)	125
Profit for the year	7,311	18,027	3,450	8,224

Balance sheets

As at 30 June 2009

	Group		Society	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS				
Cash and cash equivalents	50,687	49,688	8,623	13,940
Receivables	1,264	1,045	1,264	2,847
Investments	107,748	112,292	25,863	26,842
Reinsurance and other recoveries receivable	5,516	4,834	1,832	910
Current tax assets	153	(3,988)	–	126
Other assets	3,008	3,022	860	826
Total current assets	168,376	166,893	38,442	45,491
NON-CURRENT ASSETS				
Investments	51,437	38,468	16,669	15,016
Reinsurance and other recoveries receivable	19,356	24,803	5,203	7,053
Plant and equipment	1,032	1,015	997	969
Investments in subsidiaries	–	–	6,508	6,508
Investments in associates	7,495	6,593	3,461	3,461
Deferred tax asset	1,523	1,041	–	–
Total non-current assets	80,843	71,920	32,838	33,007
Total assets	249,219	238,813	71,280	78,498
CURRENT LIABILITIES				
Payables	5,579	7,209	3,905	7,053
Unearned premiums	18,496	16,153	–	–
Outstanding claims liability	16,010	13,674	–	–
Other liabilities	6,198	5,555	6,198	5,555
Provisions	5,163	5,473	5,163	5,470
Total current liabilities	51,446	48,064	15,266	18,078
NON-CURRENT LIABILITIES				
Outstanding claims liability	65,144	58,678	–	–
Provisions	20,725	27,668	16,567	24,588
Deferred tax liabilities	–	–	250	276
Total non-current liabilities	85,869	86,346	16,817	24,864
Total liabilities	137,315	134,410	32,084	42,942
Net assets	111,904	104,403	39,196	35,556
EQUITY				
Share capital	100	100	100	100
Investment revaluation reserve	286	96	286	96
Retained profits	111,518	104,207	38,810	35,360
Total equity	111,904	104,403	39,196	35,556

Medical Indemnity Protection Society Limited
ABN 64 007 067 281

MIPS Insurance Pty Ltd
ABN 81 089 048 359

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