



where
members
matter



summary annual report 2009-2010

Medical Indemnity Protection Society Ltd and its subsidiaries

member benefits

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

MIPS provides a range of membership benefits including medico-legal advice to over 30,000 members 24/7. Qualified, experienced health professionals are involved in all areas of the group's operations.

As a member organisation, MIPS is committed to efficiently providing a range of benefits to members to meet their needs in accordance with MIPS constitution.

The extent of access to MIPS comprehensive and flexible membership benefits is determined by the membership category selected by a member

MIPS continues to expand the benefits it provides members in anticipation and/or response to developing needs while keeping associated paperwork to a necessary minimum.

The table below sets out the benefits of membership.

MIPS Protections	✓
MIPS Members' Medical Indemnity Insurance Policy*	✓
MIPS Members' Medical Indemnity Insurance Student Member Policy	✓
MIPS Members' Practice Entity Policy*	✓
MIPS Members' Group Personal Accident Policy*	✓
Medico-legal advice (24/7 advice helpline)	✓
Risk Management Workshops & Advice	✓
Medico-legal seminars and training	✓
Online Risk Management Modules	✓
MIPS Review and MIPS Student Review	✓

* These membership benefits do not apply to Student Membership categories.

the year in review highlights

The results for the Group to 30 June 2010 show:

- **\$21.2 million** increase in members' surplus
- **19% increase** in members' net assets
- **13% increase** in total members' assets.



MIPS members' total assets as at 30 June 2010 increased to \$280.7 million with net assets of \$133.1 million. MIPS Insurance's solvency level increased from 30 June 2009 and remains well in excess of that required by the Australian prudential regulation authority (APRA).

Of additional comfort to members is that when MIPS Insurance's parent (MIPS) is assessed on a similar basis, it shows an even higher level of solvency than its subsidiary.

financial results

The 2009-2010 results bettered MIPS expectations. The most significant factors were:

- **Higher total income than anticipated** mainly reflecting continued new member growth during the year
- **Increased Reinsurance costs** reflecting MIPS desire to ensure members' surplus is protected from adverse claims experience through further strengthening of reinsurance protection
- **Claims experience was better than anticipated** by the actuarial projection

- **Better than predicted claims development in prior years** reflecting the slow release of reserves as claims from earlier years are finalised
- **Improved investment result compared with prior year.** The Group's conservative investment management approach has seen a positive investment result throughout the global financial crisis
- **Sale of MIPS interest in Professional Insurance Australia Pty Ltd**
- **Further reductions in non-indemnity operating expenses.**
- **Modest reinsurance recoveries.** The Group has maintained a relatively modest exposure to reinsurance recovery assets (less than \$4 million). The Group further protects members' by limiting reinsurance exposure by utilising several APRA regulated global reinsurers on its programs.



mips chairman's report

The MIPS group has once again enjoyed a **successful year with a significant increase in members' surplus and also in net members' assets.**



The details of the financial results can be best obtained by reading the complete annual report online.

The financial results of MIPS reflect the clinical risk profile of our members. That clinical risk profile is significantly lower than average for the sector and means lower than average income per member, albeit from 30,000 plus members!

philosophy

MIPS aims to be the pre-eminent 'doctors for doctors' medical defence organisation in Australia. MIPS objective under its constitution is to promote honourable and discourage irregular practice. Its obligations are to its current members – MIPS does not expose members' assets to the risk of claims of non-members.

MIPS provides members with a number of standard benefits including access to medical indemnity insurance cover underwritten by our wholly owned APRA regulated subsidiary MIPS Insurance. MIPS, however, believes a holistic approach to the provision of protection and support to our members

requires more than a policy of insurance and accordingly we provide other benefits including 24 hour medico-legal assistance from well qualified clinicians, access to an extensive range of risk management resources and representation and advocacy on behalf of MIPS members.

With respect to the latter, the Managing Director is involved with a number of projects including the National E Health Transitional Authority (NeHTA), The Open Disclosure Advisory Group, Beyond Blue initiative for medical practitioners and several Insurance Council working parties including the medical indemnity working group. In addition, during the year MIPS again made a number of submissions on behalf of members, the two most important in respect of current issues being:

- in response to the exposure draft to the recently implemented Health Practitioner Regulation National Law 2009. In its submission MIPS expressed a number of concerns particularly in relation to mandatory reporting and procedural fairness.

- to the productivity commission in relation to a national disability and long term care scheme. Any such scheme has the potential to have a significant impact, either positive or negative, on medical indemnity costs.

the board

The board remained stable for the financial year ending June 2010. There are however some significant changes planned for the near future.

Mr Bob Dickens' term as a Director expires at the end of December 2010 and he has indicated an intention to retire and not be available for reappointment. Mr Dickens has been involved in the medical indemnity industry since joining the Council of the Medical Defence Association of Victoria in 1976. He subsequently became President and Chief Executive of that organisation in 1990 ultimately retiring from MDAV in 2000. He joined MIPS initially being involved in claims and was appointed to the Board in 2002. He has provided unwavering support to MIPS and the contribution that he has made over the years has been very much appreciated by

other Directors and hopefully (if not always obviously) by the membership. He will remain at MIPS concentrating on providing advice and support in the claims division.

Dr Troy Browning, until recently the CEO of the MIPS Group, was appointed to the board of MIPS in September of 2010 and is now Managing Director. This appointment has been made in view of his significant contribution to the development of MIPS over his period as CEO and will provide him with further opportunities to influence MIPS' development in the future.

MIPS is presently seeking to appoint two further Directors to the board, at least one of whom must be a medical practitioner. It is expected that these appointments will improve the diversity of the board. I expect these new appointments to bring some fresh ideas to the board and to challenge some of the beliefs currently held by remaining board members. It is to be hoped that such developments will stimulate further innovation enabling us to provide even better service to members.

It remains to me to express my thanks to my fellow Directors and Dr Browning, for their support and invaluable assistance over the last year. My thanks also go to Mr Barry Gilbert, Chairman of MIPS Insurance together with the other Directors of MIPS Insurance for ably guiding the company through what have been difficult times associated with the recent global financial upheavals. My thanks also go to the Heads of the Divisions of MIPS and to all the other staff who work so assiduously to provide members with the services they require.

R W L Turner

Chairman




Income statement

For the year ended 30 June 2010

	Group		Society	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Premium revenue	38,715	35,089	–	–
Outwards reinsurance premium expense	(5,800)	(4,700)	–	–
Net earned premiums	32,915	30,389	–	–
Claims expense	(27,588)	(29,957)	–	–
Reinsurance and other recoveries revenue	1,568	2,101	–	–
Net claims incurred	(26,020)	(27,856)	–	–
Acquisition costs	(101)	(104)	–	–
Run-off cover scheme ("ROCS") levy	(1,828)	(1,665)	–	–
Underwriting expenses	(1,929)	(1,769)	–	–
Underwriting result	4,966	764	–	–
Investment revenue	11,789	11,923	3,133	3,268
(Losses)/Gains on investments	165	(4,867)	828	(1,806)
Investment expenses	(514)	(485)	(145)	(162)
Investment result	11,440	6,571	2,160	1,300
Subscription and other revenue	16,655	12,325	24,821	14,170
Indemnification benefit	2,070	1,036	1,782	899
Other operating expenses	(11,899)	(12,997)	(11,855)	(12,845)
	6,826	364	14,748	2,224
Share of net profits / (losses) of associate	–	902		
Profit before income tax	23,232	8,601	16,908	3,524
Income tax (expense)/benefit	(2,970)	(1,290)	50	(74)
Profit for the year	20,262	7,311	16,958	3,450
Net fair value gains on available for sale financial assets	1,318	271	1,318	271
Income tax on items of other comprehensive income	(395)	(81)	(395)	(81)
Other comprehensive income, net of tax	923	190	923	190
Total comprehensive income for the year	21,185	7,500	17,881	3,639

Balance sheet

As at 30 June 2010

	Group		Society	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current assets				
Cash and cash equivalents	64,028	50,687	24,808	8,623
Receivables	1,844	1,264	3,526	1,264
Investments	139,464	107,748	30,430	25,863
Reinsurance and other recoveries receivable	5,727	5,516	2,048	1,832
Current tax assets	–	153	–	–
Other assets	3,948	3,008	19,523	860
Total current assets	215,011	168,376	80,335	38,442
Non-current assets				
Investments	44,148	51,437	11,689	16,669
Reinsurance and other recoveries receivable	19,694	19,356	4,679	5,203
Plant and equipment	857	1,032	830	997
Investments in subsidiaries	–	–	6,508	6,508
Investments in associates	–	7,495	–	3,461
Deferred tax asset	1,011	1,523	–	–
Total non-current assets	65,710	80,843	23,706	32,838
Total assets	280,721	249,219	104,041	71,280
Current liabilities				
Payables	6,959	5,579	1,163	3,905
Current tax liabilities	590	–	–	–
Unearned premiums	–	18,496	–	–
Outstanding claims liability	14,556	16,010	–	–
Other liabilities	26,757	6,198	26,757	6,198
Provisions	7,321	5,163	7,321	5,163
Total current liabilities	56,183	51,446	35,241	15,266
Non-current liabilities				
Outstanding claims liability	76,175	65,144	–	–
Provisions	15,275	20,725	11,293	16,567
Deferred tax liabilities	–	–	431	250
Total non-current liabilities	91,450	85,869	11,724	16,817
Total liabilities	147,633	137,315	46,965	32,084
Net assets	133,088	111,904	57,076	39,196
Equity				
Share capital	100	100	100	100
Investment revaluation reserve	1,208	286	1,208	286
Retained profits	131,780	111,518	55,768	38,810
Total equity	133,088	111,904	57,076	39,196



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This Summary Report covers Medical Indemnity Protection Society Ltd as an individual entity and the group consisting of Medical Indemnity Protection Society Ltd and its subsidiaries (Group).

Medical Indemnity Protection Society Ltd is a company limited by guarantee and shares, incorporated and domiciled in Australia.

