

Summary Annual Report '08

Medical Indemnity Protection Society Ltd and its subsidiaries



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

Summary Annual Report – 30 June 2008

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 2008,
please log onto www.mips.com.au or call
1800 061 113 to request a printed copy.

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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 front-line medico-legal advice to members.

The year in review – highlights

\$18 million

after income tax
member surplus –
up \$3 million from
previous year

\$243 million

total assets – up
\$41 million from
previous year

13%

increase in
membership*
– up 6.5% from
previous year

*excludes student members

**West
Australian
office
established**

3,000 members

participated in 42
Cognitive presented risk
workshops and 48 MIPS
presented medico-legal
presentations Australia
wide, and accessed new
online risk modules

**Increased
financial
strength of
each entity in
the MIPS Group**

MIPS Group

Chairman's report

2007/2008 financial year

The MIPS Group has enjoyed another very successful year in spite of the turmoil on the equity markets. The Group has a relatively modest exposure to equities due in large part to a very prudential approach to the way in which we deal with members' funds.

This year has seen the Group deliver a members' surplus after tax of \$18 million with a little over \$8 million of that coming from the MDO and the remainder from MIPS Insurance. This represents a growth in total assets of the MIPS Group of 20% for the year. There has been an 18% growth in net assets of the Group to a little over \$104 million. **Members can be confident that their funds are being well managed and that the Group remains in a strong financial position.**

The year has also seen a growth in the number of members, with a 13% increase in non student membership. As in recent years, this has been mainly in new and recent graduates. We anticipate that over time many of these lower risk practice category members will progress to higher risk practice categories as their careers develop. MIPS's pricing methodology helps to ensure that the amount charged each member matches their changing risk. It also ensures that as members move from lower to higher risk practice categories for example, from training positions to specialist roles, the transition is much less of a financial shock than it has previously been.

Dental members

As many if not all members will be aware, since 2003, following the introduction of legislation requiring medical indemnity to be provided as a contract of insurance, MIPS and its insurer have been providing membership and insurance policies to many dental health professionals around the country, particularly MIPS members who were also members of Dental Protection Ltd (DPL), ADWA and ADANT.

During the year, to ensure a better service to our dental members, MIPS introduced a system of direct reporting for dental members to dento-legal advisers at MIPS. There was also progressive change to address some of APRA's concerns with respect to dental claims handling not provided directly by MIPS.



In order to accommodate the increased in house workload, additional dental resources were engaged, including some who were also concurrently employed by DPL. DPL made a unilateral decision to sever its relationship with us and in conjunction with various dental associations decided to recommend to our members that they take out policies of insurance with another insurer for the 2008/2009 year. It is to be expected that there will be some loss of dental members as a consequence of this. MIPS dental members may rest assured that MIPS is committed to providing current and new dental members with the extensive benefits of MIPS membership, security of MIPS Insurance's medical indemnity policy and improved levels of service. To help achieve that, MIPS has already added considerably to the dental resources available to members.

Senior management

Through the course of the year, our senior management team has remained stable; there have, however, been two significant changes. Jane Smithers, our Marketing and Communications Manager, resigned in order to take up an attractive position with Diabetes Australia. Her shoes have been ably filled by Elda Rebecchi. MIPS has also been fortunate enough to recruit Maurice Tersigni to the IT and Projects Division, which has been restructured. On behalf of the Board I am very pleased to welcome such valuable members to the organisation.

The Board

There have been no changes to the Board in the last twelve months. This year the Board submitted itself and the directors to an external independent review in order to ensure that any potential weaknesses were detected and addressed. I am pleased to be able to report that no significant shortcomings were identified with respect to the Board. Board members are also expected to take part in an ongoing online education process covering diverse subjects, ranging from governance to anti-discrimination laws.

Conclusion

Finally, I must express the Board's and my personal thanks to Dr Troy Browning (Chief Executive Officer), the senior management team and all the employees of the Group for their efforts throughout the year. The success of the Group is largely attributable to the hard work and loyalty of the team and their dedication to providing the best service possible to our members.



R W L Turner

Chairman
MIPS Group

Income statements

For the year ended 30 June 2008

	Group		Society	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Premium revenue	37,107	46,427	–	–
Outwards reinsurance premium expense	(5,020)	(5,770)	–	–
Net earned premiums	32,087	40,657	–	–
Claims expense	(23,406)	(20,922)	–	–
Reinsurance and other recoveries revenue	8,861	121	–	–
Net claims incurred	(14,545)	(20,801)	–	–
Acquisition costs	(125)	(198)	–	–
Run-Off Cover Scheme (“ROCS”) levy	(2,762)	(3,465)	–	–
Underwriting expenses	(2,887)	(3,663)	–	–
Underwriting result	14,655	16,193	–	–
Investment revenue	12,085	9,054	3,544	2,920
(Losses)/Gains on investments	(4,371)	4,357	218	794
Investment expenses	(486)	(489)	(143)	(150)
Investment result	7,228	12,922	3,619	3,563
Subscription and other revenue	13,439	5,707	16,965	12,690
Indemnification expenses	2,227	(1,585)	1,979	(2,120)
Other operating expenses	(15,208)	(13,584)	(14,464)	(13,192)
	458	(9,462)	4,480	(2,622)
Share of net profits/(losses) of associate	(143)	886	–	–
Profit before income tax	22,198	20,539	8,099	942
Income tax (expense)/benefit	(4,171)	(5,514)	125	(414)
Profit for the year	18,027	15,025	8,224	528

Balance sheets

As at 30 June 2008

	Group		Society	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets				
Cash and cash equivalents	49,688	35,546	13,940	22,416
Receivables	1,045	1,467	2,847	1,475
Investments	112,292	20,287	26,842	15,642
Reinsurance and other recoveries receivable	4,834	592	910	592
Other assets	3,022	4,363	826	1,186
Total current assets	170,881	62,255	45,365	41,311
Non-current assets				
Investments	38,468	122,756	15,016	23,337
Reinsurance and other recoveries receivable	24,803	8,978	7,053	3,562
Plant and equipment	1,015	1,213	969	1,151
Investments in subsidiaries	–	–	6,508	6,508
Investments in associates	6,593	6,736	3,461	3,461
Deferred tax asset	1,041	–	–	–
Total non-current assets	71,920	139,683	33,007	38,019
Total assets	242,801	201,938	78,372	79,330
Current liabilities				
Payables	7,209	6,455	7,053	14,328
Current tax liabilities	3,988	2,540	(126)	38
Unearned premiums	16,153	15,313	–	–
Outstanding claims liability	13,674	8,136	–	–
Other liabilities	5,555	4,759	5,555	4,759
Provisions	5,473	6,560	5,470	6,527
Total current liabilities	52,052	43,763	17,952	25,652
Non-current liabilities				
Outstanding claims liability	58,678	41,416	–	–
Provisions	27,668	26,868	24,588	23,560
Deferred tax liabilities	–	1,734	276	1,008
Total non-current liabilities	86,346	70,018	24,864	24,568
Total liabilities	138,398	113,781	42,816	50,220
Net assets	104,403	88,157	35,556	29,110
Equity				
Share capital	100	100	100	100
Investment revaluation reserve	96	1,874	96	1,874
Retained profits	104,207	86,183	35,360	27,136
Total equity	104,403	88,157	35,556	29,110

Medical Indemnity Protection Society Limited
ABN 64 007 067 281

MIPS Insurance Pty Ltd
ABN 81 089 048 359

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