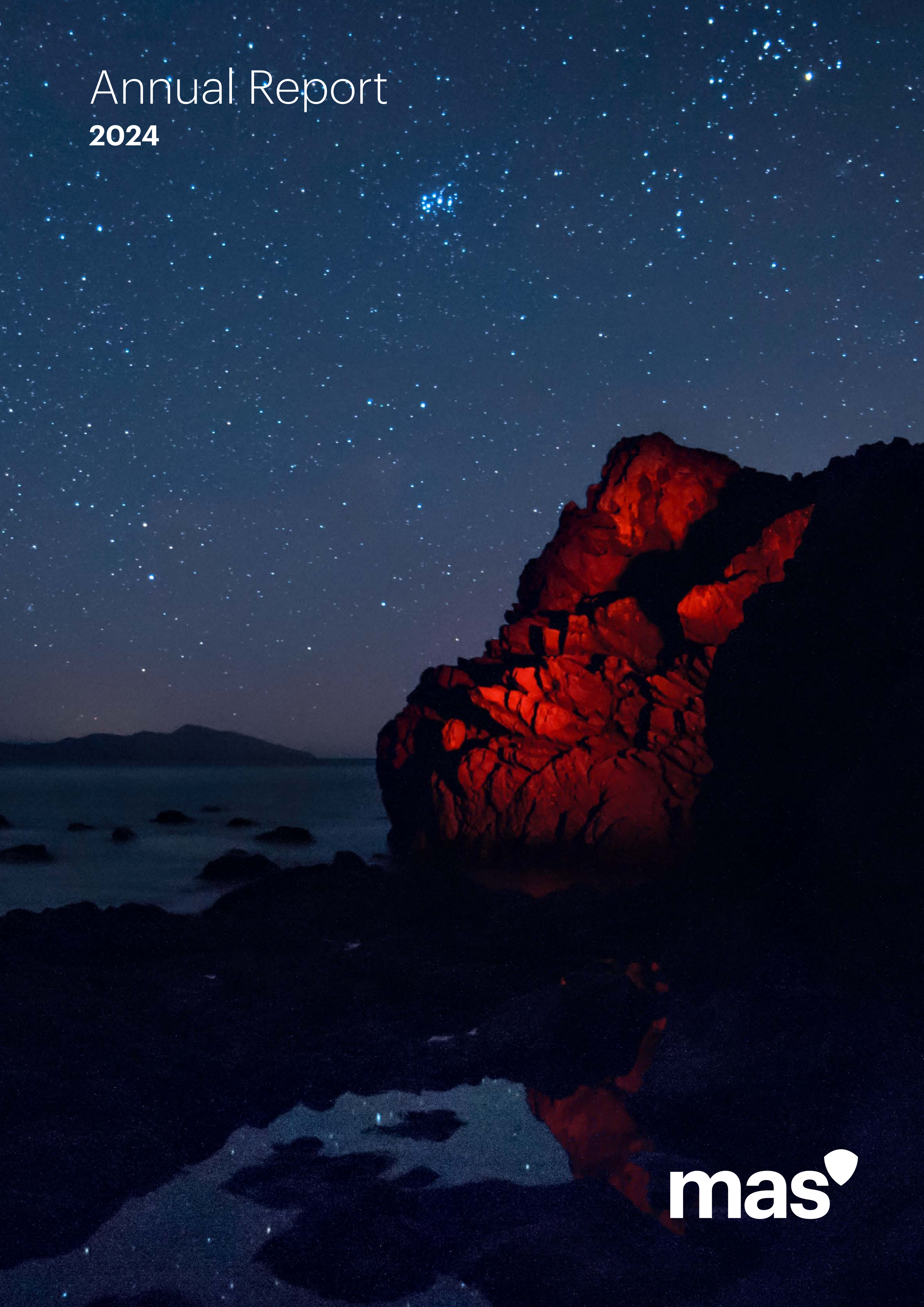
Annual Report
2024



Contents

Titled photography is by MAS Member Mick Finn.

Read more about Mick in the April 24 issue of OnMAS.
on.mas.co.nz/issues/april-2024/space-odyssey/

You can see more of Mick's Astrophotography at
www.spacedoctor.art

Cover photo: Matariki reflected over Kāpiti Island.

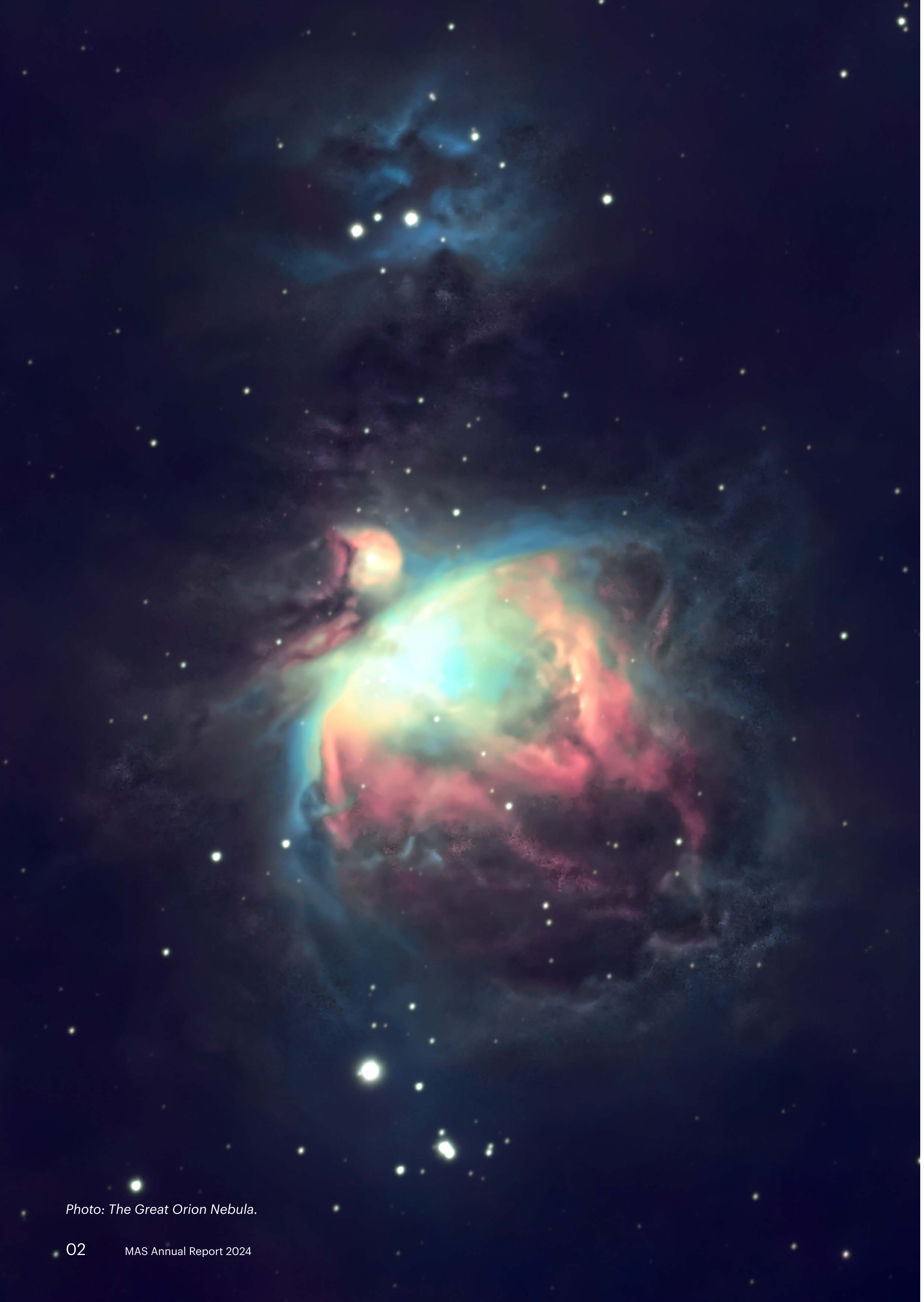


Photo: The Great Orion Nebula.

About MAS

We're proud to be a New Zealand-owned insurance and investment company that's been enhancing the financial health and wellbeing of our Members since 1921. We offer a range of insurance and investment options to help grow our Members' wealth and protect what's important to them.

Originally set up by doctors for doctors, we now have more than 80% of the medical profession insured with us. The only difference today, is that we welcome all New Zealand professionals and their families. This includes dentists, veterinarians, lawyers and engineers, to name just a few. We also form close partnerships with many of the professional bodies our Members belong to.

We're a little bit different to other insurance and investment providers

We're a mutual, owned by our Members, so we have their best interests at heart and not a single dollar goes to offshore shareholders. It's not merely about the services we provide, it's about building life-long relationships that grow stronger over time, founded on trust, respect, and a deep understanding of our Members. We do this by caring for our Members with exceptional service, premium products and expert advice. Our Members also have access to our network of nationwide MAS Advisers at no additional cost.

With no shareholders, our profits are reinvested to strengthen our financial reserves and expand our offerings to meet our Members' changing needs. This means we're financially strong, and when we say we'll be here for many generations to come, we mean it.

We've stood beside our Members through many of New Zealand's worst natural disasters. When our Members need us, they know we'll take care of it, as only MAS can.

We're community driven

As you'd expect from a company founded by doctors, we're community driven with a commitment to enhancing inter-generational wellbeing and contributing to the greater good. In 2019 we established MAS Foundation, a philanthropic organisation that funds community-led projects to improve health and wellbeing equity throughout the country. Being a MAS Member means you not only receive outstanding products and service, but your contributions make a real difference to support a healthier Aotearoa New Zealand.

We invest responsibly

We invest responsibly for our members and our own financial reserves. We do this by investing in companies with green revenues, restricting exposure to harmful sectors, and using shareholder voting rights to influence companies to conduct their business in a socially and environmentally responsible manner.

We look after our Members' health and wellbeing

All Members and their families receive free access to the Āki Wellbeing Hub, an online app that provides tools and simple advice about how to improve your physical health, along with your nutritional, mental, and financial wellbeing. MAS Members can also take advantage of 3 free EAP counselling and support sessions.

We see a world where our Members and our community are financially and physically healthy and well, so they can navigate their lives with confidence.

Alternative performance measures

We use a range of financial metrics to measure our performance and financial strength. These metrics include alternative performance measures, which are non-Generally Accepted Accounting Principles (GAAP) measures that are not bound by the requirements of IFRS.

Photo: Te Waka O Rangi over Wairaka Point.

2024: A return to form

He mihi tēnei ki ō tātou Mema, o mua, o nāianei hoki, nā rātou i āwhina ki te waihanga i te taupuhipuhi. Kei te mihi hoki ki ō tātou tāngata, o mua, o nāianei hoki, nā rātou i tautoko, i manaaki i ō tātou Mema, i tō tātou hapori anō hoki.

I'm pleased to report that FY 2024 saw MAS return a profit of $41.6 million. After an incredibly challenging FY 2023 for both MAS and the wider financial services industry, we closed a record number of claims and returned to profitability with the best result in our 103-year history.

This return to profitability is due to 3 reasons. Firstly, this year was much more benign for weather-related events, secondly investment markets were positive, and thirdly, by offering new products and services to Members.

For the year, our focus has been on how we can better serve our Members to ensure MAS is here to support New Zealand medical professionals and our wider professional membership for the next 100 years. Two examples of this are, the launch of our MAS Investment Funds, and entering the business insurance broking market to provide broader Business Insurance and advice for our Members. We are looking forward to sharing more new insurance and investment products and services with Members in the near future.

General Insurance

FY 2024 saw our General Insurance business perform strongly with revenue from general insurance premiums of $155.0 million, an increase of 24% on the year prior.

The General Insurance business reported an underlying profit of $16.2 million, which is incredibly positive after delivering a $5.6 million loss in FY 2023.

Our Claims team has been busy supporting Members this year dealing with the devastating claims from the Auckland Floods and Cyclone Gabrielle. The combined claims from both those events was 2,177 and by 31 March they had closed a combined 91%. The majority of outstanding claims are more complicated and require resolution through support with the Natural Hazards Commission Toka Tū Ake (formerly EQC) or the Regional Council.

In total, 15,988 claims were lodged with MAS the year to 31 March 2024. During the year we closed 16,413 claims, with 4,966 claims remaining open at the end of the year.

As a result of Member feedback, FY 2024 also saw us move into general insurance broking for Commercial Business Risks. We are proud to have joined the Steadfast network, Australasia's largest alliance of insurance brokers. This means we can offer a broader range of insurance products than those we underwrite ourselves – cyber and commercial building insurance as an example. Our service offering now allows our MAS Business Risk Advisers to access more products to meet your needs.

Life and Disability Insurance

MLA experienced another strong year, with net growth of over 500 policies in our life and income security products. We ended the year with a total of around 26,300 policies and $53.8 million in premium revenue – an increase on last year of $3.5 million.

The Life and Disability team delivered a number of new initiatives to improve health outcomes for Members. These enhancements had a strong focus on family and reinforce our commitment to supporting Members' mental wellbeing.

MAS also trialled a preventative offering with a reimbursement of up to $300 off the cost of a mammogram screening for eligible Members who were not covered by the free national screening service. We were pleased to see high take-up rates for this initiative, leading to an expanded programme for the year ahead.

Importantly, during the financial year we supported Members with $25.5 million in claim payments, which is the proof point of our MLA business.

Investments and KiwiSaver

FY 2024 saw strong returns in financial markets and MAS Investment and KiwiSaver Schemes performed well. The MAS KiwiSaver Scheme and MAS Retirement Savings Scheme, now have over $2.5 billion funds under management and more than 18,000 members.

The main theme in investment markets was optimism due to benign macroeconomic conditions and central banks controlling inflation increases. Excitement around the potential benefits of artificial intelligence also caused major technology shares to perform strongly.

While both shares and bonds generated positive returns over the period, share markets performed best. As a result, the funds in the MAS Schemes with more exposure to growth assets, outperformed those with greater allocations to income assets.

The year also saw the launch of MAS Investment Funds, a new scheme offering a suite of 7 diversified managed funds. The new funds are designed to help members save for a range of goals while maintaining easy access to their money alongside our existing schemes.

Innovation and digital initiatives

Our Innovation and Digital team are working on a number of important initiatives to improve our Members' experience and interactions with MAS. This includes product enhancements and a Security Improvement Plan to ensure we keep our Members' data safe, which is a top priority for us. We are also looking at new technology solutions and digital channels. We want to make it easier for Members to view and manage the products they have with MAS. Over the next year, we will revamp our existing portal so that Members will have one logon and be able to see all of their MAS policies in one place. We also plan to rebuild our existing portal onto a more modern platform before adding new features over the coming years.

Premium increases

Like other insurance companies in Aotearoa New Zealand, we've had to increase premiums this year. This has been unavoidable and is largely driven by a combination of factors outside our control, such as inflation, severe weather events and reinsurance costs that continue to increase. General inflation has driven up the prices of equipment and materials across New Zealand, which has meant that vehicle and building repairs have dramatically increased the cost of claims.

Premium increases in our general insurance business are in response to reinsurance and inflation impacts. Reinsurance is the cover taken out by insurance companies to cover us for large claims events such as the 2023 Auckland Floods and Cyclone Gabrielle.

Here at MAS, reinsurance costs are our second largest cost after claims expenses. For our general insurance business, they have increased 71% over the past 3 years and are budgeted to increase around 20% for the forthcoming FY 2025.

Global reinsurers already viewed New Zealand as a high earthquake risk country, but after the Auckland floods and Cyclone Gabrielle, they are paying more attention to weather events in New Zealand.

Regulatory remediation

In November, MAS was fined $2.1m after the Financial Markets Authority (FMA) filed proceedings against MAS in relation to the issues and breaches of the Financial Markets Conduct Act, which we self-reported. The breaches were due to manual processes and system-related issues, which were not intentional.

I apologise for the impact to any affected Members and for any concern this may have caused our Members. As a mutual, we hold ourselves to high product and service standards. As a result of our thorough conduct and remediation project, we have much improved systems, processes and controls in place.

Climate change

Climate change has been front of mind for our insurance and investment businesses. If we continue to have more frequent and severe adverse weather events, all insurers will likely see increasingly unexpected and large claims and reinsurance costs in the future.

Our role is to ensure the continued financial stability of MAS in this future, so we can continue to be there for our Members. To this end, the Reserve Bank of New Zealand (RBNZ), which regulates and monitors the financial stability of insurers and banks, has set clear expectations of insurers and banks to manage their climate risks.

Legislation and regulatory obligations related to climate change continue to evolve, and we now have new reporting obligations under the Aotearoa New Zealand Climate Standards. During 2024, MAS will be one of 200 large financial institutions that will be required to publish our first climate-related disclosures for the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds. A substantial amount of work continues at MAS to properly understand and address the impacts of climate change on MAS and our Members.

We have been measuring the operational carbon emissions of the MAS Group since 2022 and are externally audited and certified by Toitū Envirocare. In June 2023, MAS became a Toitū net carbonzero certified organisation. We have fully offset our measured emissions with carbon credits purchased from solar energy projects.

Leadership changes

In March 2024, Suzanne Wolton took over as MAS CEO from Jason McCracken, after he stepped down to focus on personal matters. Suzanne is a highly experienced insurance and investment specialist who knows our business well after 3 years on the MAS Board. We are pleased to have someone of Suzanne's capability, and she has moved seamlessly into the CEO position.

During Jason's tenure, MAS returned to profitability, and it was under his leadership we implemented many of the initiatives outlined in this report. On behalf of the Board, I thank him for his valuable contribution to our mutual.

Board governance

At this year's AGM on Wednesday 21 August, we are seeking our full voting Members' (doctors, dentists, veterinarians) vote on a special resolution to change the Members' Trust Deed. The change seeks to introduce a new requirement for a minimum of 3 Practitioner Trustees and remove the requirement for a majority of Practitioner Trustees. As always, our full voting Members retain the right to appoint any and all directors to the MAS Board.

MAS operates in a complex, competitive, and increasingly heavily regulated financial services sector in New Zealand. In recent years, MAS's regulators at the Financial Markets Authority and RBNZ, have set robust expectations for the governance of financial services Boards, including the Boards of mutuals like MAS. It has been increasingly difficult to recruit directors from our pool of full voting Members, with the specialist financial knowledge required of financial services directors. Therefore, it is critical for the Board to ensure it has the right balance of skills and experience to ensure it can appropriately discharge its duties.

Additionally, a recent independent evaluation of the MAS Board endorsed a reduction of the Board size from 9 to 7, and recommended the Board needs more commercial experience, particularly in insurance and investments. Commercial Trustees bring essential commercial and governance experience that helps ensure the Board achieves its strategic goals, strong financial performance, and meets and exceeds legal, regulatory, and Member expectations.

Thank you to all our Members and employees

Firstly, I would like to extend my thanks to all the MAS staff for their ongoing commitment to serving our Members. The year, as always, brought change and an increased workload to support our Members through settling claims or rolling out new products or services. The success of FY 2024 is due in no small part to their hard work and commitment.

Finally, and most importantly, my thanks go to our Members for your support of MAS. It is a privilege to serve on the Board of one of New Zealand's last remaining mutual companies in the financial services industry.

The Board would like to acknowledge that the current cost-of-living crisis has put a strain on many of our Members. Many of you are experiencing workforce shortages, increased workloads, and pressure on your resources. MAS will continue to support our Members and their families with services tailored to your unique needs.

Every member of the Board appreciates the trust you place in us to ensure your mutual remains as relevant to your lives today, as it was to the first MAS Members over 100 years ago.

Brett Sutton
Chair

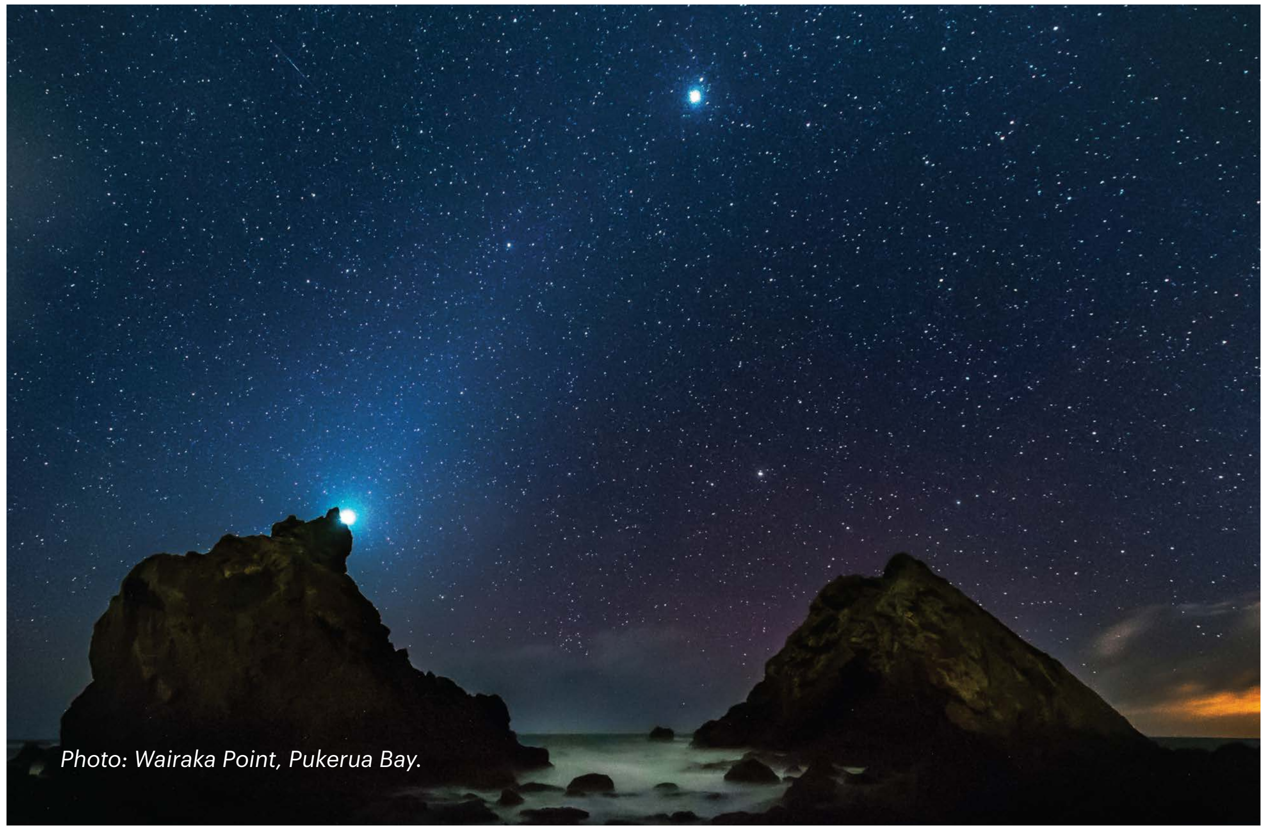


Photo: Wairaka Point, Pukerua Bay.

MAS at a Glance

For the year ended 31 March 2024

Financials

$41.6m
MAS profit

$251.4m
MAS Group reserves

Investments

$2.6b
Member funds under management

18,649
Investors

Life & Disability

$53.8m
Life and Disability premium revenue*

$3.5m
Premium revenue increase on last year

26,300
Life and Disability Policies

$25.5m
MLA claim payments*

General Insurance Claims

15,988
Total claims lodged

16,413
Claims closed

91%
Auckland Floods and Cyclone Gabrielle claims closed

General Insurance Premiums

$155.0m
GI gross premium*

24%
GI gross premium % increase from last year

*Alternative performance measures, which are non-Generally Accepted Accounting Principles (GAAP) measures.

Membership

48,613
MAS Members

5%
Membership growth (2,306 new Members)

2,334
Member registrations to MAS events

Scholarships awarded

10
Scholarship recipients

$22,000
total amount awarded

MAS Foundation

$1.766m
to support health and wellbeing equity in our communities

TOITŪ
NET CARBON ZERO
ISO 14064-1 ORGANISATION

MAS is a Toitū certified organisation

Photo: Dark emu rising above Paekākāriki lookout.

Building capacity and capability within communities

He mihi tēnei ki ā tātou ringa raupā me ā rātou kaupapa tautika, e mihi ana ki a koutou i tā koutou tautoko i tā mātou kaupapa ki te whakapai ake i te tautika ā-hauora, ā-oranga hoki. Waihoki, e mihi ana ki ngā Mema MAS katoa, ki ō tātou tāngata hoki.

FY 2024 was MAS Foundation's fourth year making grants. It has shown that, despite our relative youth, we've established ourselves as an innovator in the philanthropic sector in Aotearoa New Zealand through a clear focus on health and wellbeing equity and a distinctive approach to grant-making. During the year we continued to work with community-led organisations with the potential to become self-sustaining, we distributed over $1.7 million in grants, and we maintained our part in the ongoing conversation about how the philanthropic sector can work together more effectively to create greater impact.

Making change through values-based relationships

MAS Foundation continues to refine the approach to grant making that we developed during our establishment years. Our approach is to look beyond traditional transactional grant making, to develop long term values-based relationships with our partner organisations.

We're helping to build capacity and capability within community-led groups that are creating solutions to support health and wellbeing aspirations within their communities. This element of our kaupapa is eloquently expressed through a Samoan whakatauki that was introduced to us by our Deputy Chair Julia Ioane: E fofō e le alamea le alamea – Let the issues within the communities be resolved by those in the communities. To emphasise the importance of our partner organisations, we call them by the kupu (name) gifted by our Kaumatua/Tikanga Advisor Mark Ormsby – 'ringa raupā': those with calloused hands, or more simply, the ones who do the work.

To achieve this, we find ways to add value to our ringa raupā in addition to providing financial support to fund day-to-day activities. We connect our partners to other groups doing similar things in other areas so they can learn from each other.

We look for ways we can work alongside partner organisations to upskill their administrative and governance capabilities, so they can access other funding that makes them stronger and self-sustaining.

During FY 2024 our work with the Rongopai House Community Trust in Kaitaia has seen this approach in action. Rongopai House is a community organisation that runs successful parenting skills and support programmes for around 60 whānau in their community. Their programmes fill in the gaps in existing social services and are well regarded by other providers.

Rongopai House Community Trust was a significant recipient of funding from MAS Foundation in FY 2024, with a $235,000 partnership grant after starting their MAS Foundation relationship with a $10k Community Koha grant. But our input has gone well beyond a one-off grant for operational funding. Rongopai House has a goal to extend its services to more whānau in the Far North, and so MAS Foundation is helping their team strengthen their systems so they can meet the reporting and compliance standards required to get continued support from the Ministry of Social Development (MSD).

Our shared goal is for Rongopai House to move up to level 2 in MSD's social sector accreditation standards, which will allow it to access more reliable funding and grow their positive impact within their community.

Strengthening our connections within the sector

During the year we continued to build our connections with longer established organisations within the philanthropic sector in Aotearoa New Zealand. One example is our work alongside the JR McKenzie Trust, the Todd Foundation, the Tindall Trust and Te Kāhui Pūmanawa (Māori Funders Network) with Tairawhiti economic development organisation Hikurangi Enterprises Limited. In the last year we invested $100,000 alongside our philanthropic partners in their Whare Ora initiative, developing and piloting an evaluation framework to identify the health and wellbeing benefits of this model, which aims to address social determinants of health.

There is a strong sense of shared goals within Aotearoa New Zealand's philanthropic sector, and a motivation to deepen the relationships between different organisations to amplify the impact we have on our society. Since our inception, there has been keen interest throughout the sector in MAS Foundation's kaupapa of increasing capability within our partner organisations. This ongoing interest was apparent in the year under review at the Philanthropy New Zealand Conference, where both our Heads of Foundation each made thoughtful and well-attended presentations sharing our strategic approach as well as insights from our recent work.

We also see the same collegiality in the public health area where we target much of our grant making. There is no doubt that deeper connections between individuals and organisations working in the area, promote greater public health outcomes.

To that end, MAS Foundation was a funder of the Public Health Association of New Zealand's first national conference in 3 years, which featured a keynote presentation by current MAS Foundation trustee Professor Boyd Swinburn and one of our founding trustees, Sharon Shea.

Our grant making

During FY 2024 we made grants totalling $1,766,500. Our grants are divided into 2 categories: smaller community koha grants, generally under $25,000, which we use to build relationships with organisations in preparation for larger partnership grants.

In the year to 31 March 2024, a total of 7 community koha grants were approved to the value of $132,000.

We made 10 partnership grants totalling $1,633,500. The largest of these were $484,000 to Perinatal Anxiety & Depression Aotearoa (PADA), $236,000 to Papatūānuku Support Services, $235,000 to the Rongopai House Community Trust, $203,500 to the Tongan Society South Canterbury, and $184,000 to Mana Inc.

Full details of all our grants and partner organisations are available on our website at foundation.mas.co.nz/grant-stories/foundation-grants

The work of Rongopai House Community Trust featured in OnMAS magazine in April 2023, and the August edition of the magazine, will see features on the Papatūānuku Support Services and the Tongan Society South Canterbury.

Our people

Finally, I would like to thank the people whose work makes MAS Foundation possible. Most importantly, our hard-working Heads of Foundation, Mafi Funaki-Tahifote and Dr Julie Wharewera-Mika. The collaborative leadership model that Mafi and Julie have established, now into its third year, is something that distinguishes MAS Foundation from others within the sector.

There is little doubt that we would not have been able to have near the impact over the past 3 years without the dual Head of Foundation model, and its effectiveness is a tribute to the intelligent, generous and inclusive leadership styles of both women. I truly believe that Mafi and Julie are pioneering a significant shift in organisational leadership which we will see much more of in both the philanthropic and commercial sectors in years to come. Mafi and Julie are ably assisted by the indomitable Melanie Malifa.

I would also like to recognise the excellence of the Board of Trustees that I am privileged to Chair. In my long career within the philanthropic sector, I have seldom seen a Board like this, where each member is a nationally (and in many cases internationally) significant expert in their field. Their scientifically sound and pragmatically wise counsel means your Foundation is in very good hands.

I must also thank the Board and management of MAS for how they continue to support our work in every way possible, placing the resources of MAS at our disposal to reduce the need to duplicate administrative costs and make every dollar we invest more impactful.

Finally, my thanks go to MAS Members for allowing us the responsibility of making a social impact on their behalf. Without your commitment to allowing MAS to apply for registered charity status in 2017 and establishing MAS Foundation so it could begin grant making in 2020, none of what we have achieved would be possible.

Jennifer Gill, ONZM
Chair, MAS Foundation

Photo: 3 galaxies over Haast.

Brett Sutton
Chair

Appointed as Chair 28 September 2022
Appointed to the Board 15 February 2016

Brett is an experienced independent director. He is currently Chair of the Co-operative Bank, Stevenson Holdings, Mint Asset Management, Woolyarns Holdings, and the Reddy Group Investment Committee. He is also a director of Datacom and H J Asmuss & Co, and a member of the Scott & Ricketts advisory board. His previous employment experience included senior investment roles at New Zealand Superannuation Fund and Todd Corporation.

Dr Doug Hill
Deputy Chair

Appointed as Deputy Chair 30 November 2022
Appointed to the Board 29 August 2018

Doug is a General Practitioner and the owner of Broadway Medical Centre, Dunedin. He is a GPSI in both orthopaedics and skin cancer surgery. Doug's roles outside of General Practice are Chair of the Columba College Board of Proprietors and Chair of WellSouth Primary Health Network. He is a member of the NZ Advisory Board of the Skin Cancer College of Australasia and a Chartered Fellow of the Institute of Directors in New Zealand.

Suzanne Wolton
Appointed as CEO 25 March 2024
Appointed to the Board 29 April 2020

Suzanne has an extensive background in financial services working in senior roles in the UK investment industry, and then at Westpac and AA Insurance in New Zealand.

Suzanne is a professional director, senior leader, speaker, chartered accountant and financial services expert. She has more than 25 years' experience as a board member and senior executive in some of New Zealand and the UK's leading organisations.

Suzanne retired from the Board March 2024.

Professor Frank Frizelle
Appointed 28 August 2013

Frank is Professor of Surgery University of Otago, Christchurch. He is Editor in Chief of the New Zealand Medical Journal and Vice President of the Colorectal Surgical Society of Australia and New Zealand (CSSSANZ). Frank is also a Patron of Canterbury Ostomy Society, Chair of the Christchurch Cancer Foundation, the ANZ Prostate Cancer Registry, and Bowel Cancer Research Aotearoa, and Deputy Chair of the ANZ Bowel Cancer Registry. He is member of the Institute of Directors in New Zealand.

Frank also serves as a Trustee for Cotter Medical History, Canterbury Charity Hospital, and is Medical advisor to Bowel Cancer New Zealand. He is also a director of Geordie Hill Station and Christchurch Colorectal Group.

Dr Kate Baddock
Appointed 1 April 2016

Kate is a Fellow of the Royal NZ College of General Practitioners, Chair of the Regional Rural Alliance in the Waitemata and Auckland districts, and a member of both the Institute of Directors in New Zealand and Auckland Medicolegal Society. She gained her medical degree at the University of Otago and currently works fulltime as a GP and partner at Kawau Bay Health in Warkworth. Kate also has an MS in the Science of Healthcare Delivery and is looking at a career change in the health reforms.

She teaches undergraduate medical students, postgraduate doctors and registrars, in General Practice training programmes. She also mentors rural medical students through their training.

Steve Merchant
Appointed 26 August 2020

Steve is a veterinarian and director of the NZ SPCA, and has previously held numerous directorships, particularly in the veterinary profession. He was a board member of the NZ Veterinary Association from 2005 to 2016 and served as Chair/President from 2013 to 2015. On stepping down from these roles, he was recognised with the NZVA Outstanding Service Award. Previously, he served as director and CEO of Pet Doctors Group, New Zealand's largest group of companion animal veterinary clinics. As a co-founder, he led the business through to the Group's sale to an ASX-listed company in 2018. Currently, Steve is involved with the provision of AI/digital solutions, including to the international veterinary sector.

Brendan O'Donovan
Appointed 1 July 2021

Brendan has extensive experience in the financial services industry, spending more than a dozen years as a Chief Economist at several New Zealand banks and chairing Investment Committees. Through his service as Chairman of The Co-operative Bank and Chairman of Co-operative Life, he brings a wealth of governance experience. He has also been a director to private companies, a Licensed Independent Trustee, as well as Specialist Advisor to Parliament's Finance and Expenditure Select Committee. He has been involved with MAS in a governance capacity since 2012 as a Licensed Independent Trustee, and more recently as Chair of the Investment Committee.

Lindsay Knowles
Re-appointed 28 March 2024

Lindsay served on the MAS Board for 10 years until August 2023, including as Chair of the Audit & Risk Committee. He was reappointed on 28 March 2024 to fill the vacancy created by Suzanne Wolton assuming the CEO role. Lindsay is Managing Director of New Zealand import distribution business Acme Supplies Limited, and is an experienced independent director having served on several other boards in varied industries. His previous employment experience included 15 years as a corporate banker with ANZ Bank, specialising in capital markets debt raising and asset securitisation. Lindsay is a CA member of Chartered Accountants Australia New Zealand, and a Chartered Member of the Institute of Directors New Zealand.

MAS Foundation Trustees

Jennifer Gill ONZM
Chair

Appointed as Chairperson 1 April 2020
Appointed to the Board 1 December 2019

Jennifer (Jenny) has had a range of governance roles in community and family foundations and retired in 2004 as the CEO of Foundation North, Aotearoa's largest philanthropic trust. Jenny is active in philanthropy and is currently a trustee of the Selwyn Foundation and Te Rourou, One Aotearoa Foundation.

With nearly 40 years' experience in the wider Aotearoa New Zealand philanthropic sector, Jenny was made an Officer of the New Zealand Order of Merit for services to philanthropy in 2017 and was the inaugural winner of the Philanthropy New Zealand Perpetual Guardian Lifetime Achievement in Philanthropy Award.

Associate Professor Julia Ioane
Deputy Chair

Appointed as Deputy Chairperson 1 August 2022
Appointed to the Board 1 December 2019

Folasaitu Dr Julia Ioane is a bilingual New Zealand-born Samoan, raised in South Auckland with a Matai title from the village of Fasitoouta, Samoa. Julia is a Professor in psychology at Massey University and a registered clinical psychologist. She has board and governance experience in both the public and not-for-profit sectors. Julia promotes research that is practice-informed and evidence-based to ensure it has a meaningful impact on our communities; and that health education and promotion is delivered appropriately and inclusively for all diverse communities in Aotearoa New Zealand.

Professor Boyd Swinburn
Appointed 1 December 2019

Professor Boyd Swinburn is an internationally recognised public health physician and has more than 30 years' experience in health research. He is currently a Professor of Population Nutrition and Global Health at the University of Auckland and has been a MAS Member for all of his career.

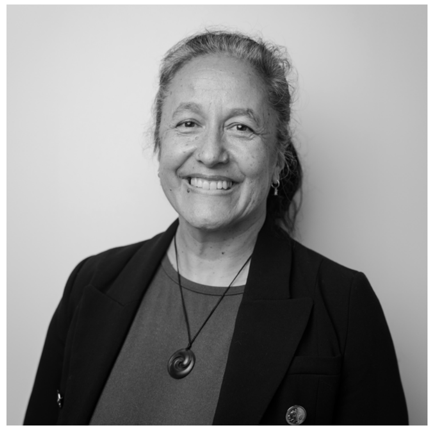
Boyd is excited by the work of MAS Foundation and believes it has found a niche that other funding agencies are not fulfilling.

Dr Carrie Bryers
Ngāpuhi

Appointed 1 December 2019

Dr Carrie Bryers has an impressive career in public health with a diverse background in Māori health, nursing and medicine.

Carrie is currently a Public Health Medicine Specialist at Te Whatu Ora Northern Region and has undertaken specialty training as an advanced registrar with the NZ College of Public Health Medicine.



Associate Professor Dr Matire Harwood
Ngāpuhi

Appointed 1 February 2022

Matire (MBChB, PhD) is the Deputy Dean at the Faculty of Medical and Health Sciences Waipapa Taumata Rau|University of Auckland and a GP. She has served on numerous boards including Health Research Council and Waitematā DHB; is an active researcher with more than 170 publications and editor for the Māori Health Research Review; and teaches medical and health science students.

Most recently, Matire was recognised as a Companion of the King's Service Order for her exceptional contributions during the COVID-19 pandemic.

Dr Kate Baddock
Appointed 1 April 2023

Dr Kate Baddock is also on our Board of Directors.
See the previous page for her bio.

Dr Julie Wharewera-Mika – Head of the MAS Foundation
Ngāti Awa, Ngāi Tuhoe, Te Whānau-a-Apanui

Appointed 29 March 2021

Dr Julie Wharewera-Mika has extensive experience in the mental health and wellbeing field as a senior clinical psychologist and kaupapa Māori researcher. Julie joined MAS Foundation, as Head of Foundation in a Te Tiriti o Waitangi partnership, after completing a postdoctoral clinical research fellowship with Brain Research NZ.

Julie has held multiple governance and leadership roles and is a current co-Lead of Aotearoa Brain Project leading a Te Tiriti co-governance and co-leadership structure. She was also appointed a Children's Commissioner of Mana Mokopuna – Children and Young People's Commission.

Mafi Funaki-Tahifote – Head of the MAS Foundation
Appointed 29 March 2021

Mafi is Tongan, and though born in New Zealand, she was raised in Tonga. Mafi returned to New Zealand for further education, qualifying as a dietitian and later an MBA from the University of Auckland. Mafi has extensive experience in the health field, having worked for the National Heart Foundation of New Zealand for 20 years, holding both dietetic and senior executive management roles. Mafi also has considerable governance experience, formerly a ministerially appointed board member of Te Hiringa Hauora/Health Promotion Agency, past Chair on the Board for Action Nutrition Aotearoa (ANA), former Co-Chair to the Pacific Islands Food and Nutrition Action Group (PIFNAG), and currently a member of her children's high school's Board of Trustees.

Financial Report

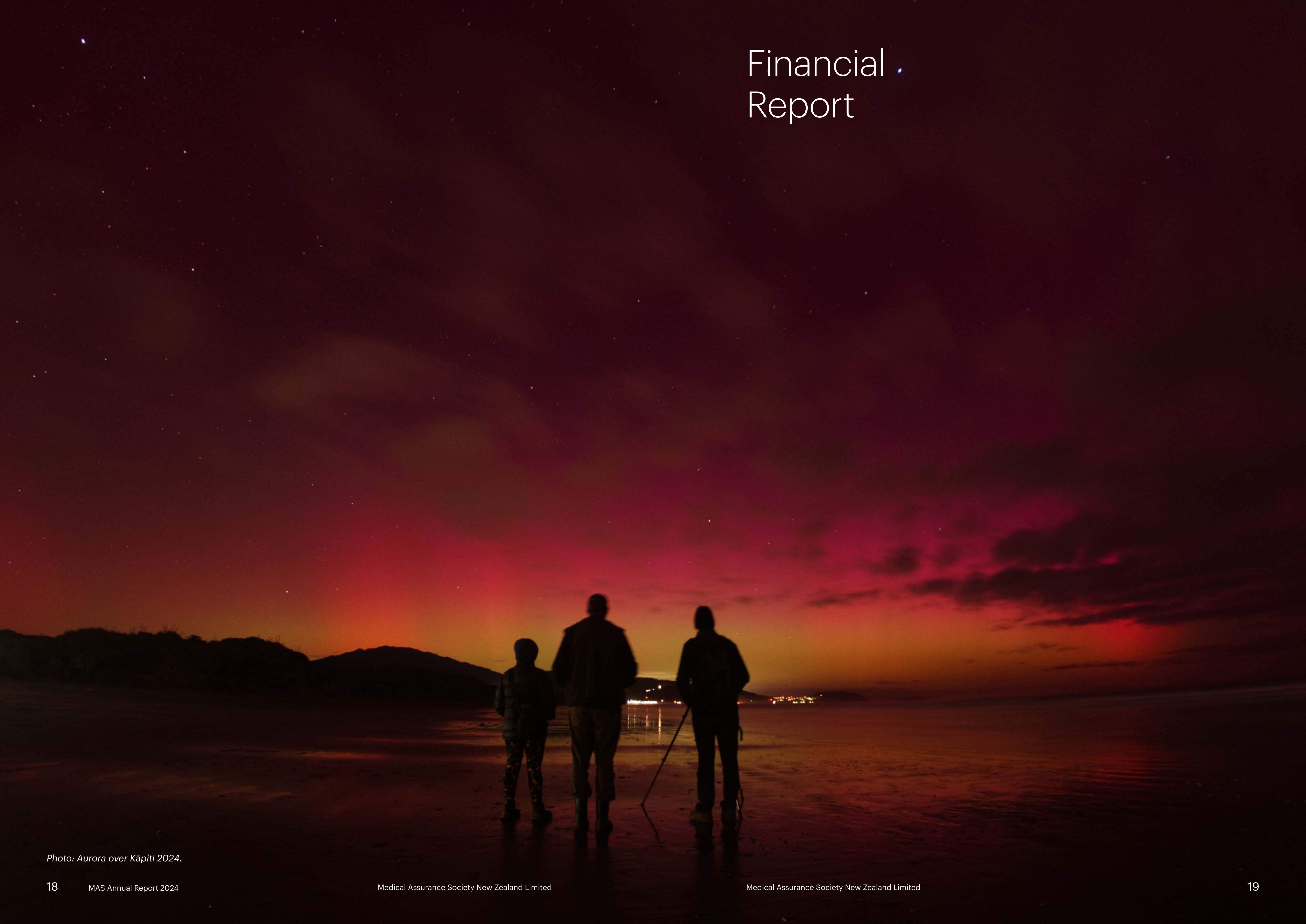


Photo: Aurora over Kāpiti 2024.

Consolidated Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 $000	Restated 2023 $000
Continuing operations			
Insurance revenue		190,943	164,044
Insurance service expense		(107,528)	(211,796)
Net expense from reinsurance contracts held		(49,085)	61,951
Insurance service result		**34,330**	**14,199**
Insurance investment income/(loss)	3.1	7,815	(2,515)
Interest revenue calculated using the effective interest method		5,066	2,598
Total investment income		**12,881**	**83**
Insurance finance expense		(2,952)	(2,718)
Reinsurance finance income		1,491	912
Net insurance financial result		**(1,461)**	**(1,806)**
Fund management income	8.6	**21,198**	**20,371**
Other expenses	8.4	(41,457)	(43,757)
Interest expense	8.4	(425)	(400)
Investment income (non-insurance)	3.1	15,181	(2,865)
Fee and other income		2,721	2,941
Net profit/(loss) from continuing operations		**42,968**	**(11,234)**
Loss from discontinued operations	7.3	(1,369)	–
Total other comprehensive income/(loss)		**(1,369)**	**–**
Total comprehensive income/(loss)		**41,599**	**(11,234)**

The accompanying notes form part of and should be read in conjunction with these financial statements.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 8.1.

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

	Note	Share capital $000	Retained (loss)/earnings $000	Asset revaluation reserve $000	Total $000
At 1 April 2023 (restated)		**110**	**206,562**	**3,079**	**209,751**
Net profit/(loss) from continuing operations		–	42,968	–	42,968
Total other comprehensive income/(loss)		–	(1,369)	–	(1,369)
Total comprehensive income/(loss)		–	41,599	–	41,599
At 31 March 2024		**110**	**248,161**	**3,079**	**251,350**

	Note	Share capital $000	Retained (loss)/earnings $000	Asset revaluation reserve $000	Total $000
At 1 April 2022, as previously reported		**110**	**232,352**	**3,079**	**235,541**
Impact of adoption of NZ IFRS 17	8.1	–	(14,556)	–	(14,556)
At 1 April 2022 (restated)		**110**	**217,796**	**3,079**	**220,985**
Net profit/(loss) from continuing operations		–	(11,234)	–	(11,234)
Total other comprehensive income/(loss)		–	–	–	–
Total comprehensive income/(loss)		–	(11,234)	–	(11,234)
At 31 March 2023 (restated)		**110**	**206,562**	**3,079**	**209,751**

The accompanying notes form part of and should be read in conjunction with these financial statements.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 8.1.

Consolidated Statement of Financial Position
as at 31 March 2024

	Note	2024 $000	Restated 2023 $000	Restated 1/04/2022 $000
Equity				
Ordinary shares	5.1	110	110	110
Retained earnings		248,161	206,562	217,796
Asset revaluation reserve		3,079	3,079	3,079
Total equity		**251,350**	**209,751**	**220,985**
Assets				
Cash and cash equivalents	5.2	3,446	3,338	3,173
Trade and other receivables	7.2	6,126	2,780	3,666
Investments	3.2	357,125	316,681	318,168
Reinsurance contract assets	2.2	64,482	129,158	49,234
Prepayments		1,038	1,182	979
Loans	7.1	–	426	553
Assets held for sale	7.3	4,167	–	–
Intangibles	7.5	1,263	2,003	3,027
Right-of-use assets	7.6	8,402	8,616	8,406
Property, plant and equipment	7.4	2,243	8,061	8,241
Total assets		**448,292**	**472,245**	**395,447**
Liabilities				
Trade and other payables	7.7	6,587	6,510	7,494
Provisions	7.8	5,957	10,809	13,883
Fees in advance		264	256	250
Insurance contract liabilities	2.2	174,506	235,159	143,422
Lease liabilities	7.6	9,628	9,760	9,413
Total liabilities		**196,942**	**262,494**	**174,462**
Net assets		**251,350**	**209,751**	**220,985**

Approved for issue for and on behalf of the Board of Medical Assurance Society New Zealand Limited on 19 July 2024.

Director Director

The accompanying notes form part of and should be read in conjunction with these financial statements.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 8.1.

Consolidated Statement of Cash Flows
for the year ended 31 March 2024

	Note	2024 $000	2023 $000
Operating activities			
Premium received		201,151	171,247
Interest revenue received on loans		37	55
Loan repayments		469	148
Fund management income and other income		20,396	24,114
Rent received		105	–
Other operating payments		(43,153)	(44,718)
Reinsurance recoveries received		70,756	22,438
Reinsurance premiums paid		(53,676)	(39,500)
Payment of claims and other insurance service expenses		(181,340)	(129,979)
Interest paid on funding		(425)	(400)
Interest received		8,232	5,646
Dividend received		2,007	3,014
Net cash flows from operating activities	8.5	24,559	12,065
Investing activities			
Contributions to investment funds		(157,996)	(100,755)
Withdrawals from investment funds		135,375	90,800
Proceeds from sale of property, plant and equipment		208	–
Purchase of property, plant and equipment, and intangibles		(879)	(845)
Net cash flows for investing activities		(23,292)	(10,800)
Financing activities			
Payment of principal portion of lease liability		(1,159)	(1,100)
Net cash flows for financing activities		(1,159)	(1,100)
Net movement in cash held		108	165
Cash and cash equivalents at 1 April		3,338	3,173
Cash and cash equivalents at 31 March		3,446	3,338

The accompanying notes form part of and should be read in conjunction with these financial statements.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2024

1. Overview

1.0 About Medical Assurance Society New Zealand Limited

Registered office:
10 Waterloo Quay
Pipitea
Wellington

Medical Assurance Society New Zealand Limited ('the Company', 'the Parent' or 'MAS') operates on mutual principles within New Zealand, and the control is vested in its Members. The subsidiaries engage in the provision of financial services to Members of MAS and work to make a difference to the health of people in New Zealand, particularly those communities traditionally underserved by our health system.

These financial statements are the consolidated financial statements of the Parent and its subsidiaries as detailed in Note 6.1 Group Structure. The Parent together with its subsidiaries are referred to as the Group in this financial report.

The Parent is incorporated and domiciled in New Zealand.

1.1 Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared in accordance with the Companies Act 1993 and the Charities Act 2005.

The Parent was registered as a charity under the Charities Act 2005 on 1 December 2019. The Group is registered as the 'MAS Charitable Group' and all subsidiaries are members of the Charitable Group. The Parent and its subsidiaries remain profit-oriented entities for financial reporting purposes.

The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities as outlined in the accounting policies.

Both the functional and presentation currency of the Group is New Zealand dollars ($). The financial statements are presented in New Zealand dollars and rounded to the nearest thousand dollars unless stated otherwise.

1.2 Material accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. Estimates and assumptions are reviewed on an ongoing basis. Where revisions are made to estimates and assumptions, any financial impact is recognised in the period in which the estimate is revised.

The material accounting judgements, estimates and assumptions applied are noted below.

- Measurement of insurance and reinsurance contract assets and liabilities (note 2.6).
- Assets held for sale (note 7.3).
- Useful life and impairment of software intangibles (note 7.5).
- Lease liabilities and right-of-use assets (note 7.6).

1.3 Segment information

The Group's operating segments are:

- General insurance (performed by Medical Insurance Society Limited)
- Life assurance (performed by Medical Life Assurance Society Limited)
- Funds management (performed by Medical Funds Management Limited).

Other represents activities that do not from part of the Group's insurance and fund management operations and includes corporate activity.

The operational segment table includes intra-group transactions at the segment level. These transactions net to nil at the Group level.

1. Overview – continued

For the year ended 31 March 2024

	General insurance $000	Life assurance $000	Funds management $000	Other $000	Total $000
Insurance revenue	140,198	50,745	–	–	190,943
Insurance service expense	(71,325)	(36,203)	–	–	(107,528)
Net (expense)/income from reinsurance contracts held	(47,238)	(1,847)	–	–	(49,085)
Insurance service result	**21,635**	**12,695**	**–**	**–**	**34,330**
Total investment income/(loss)	3,031	4,785	173	15,007	22,996
Interest revenue/(expense)	3,965	1,101	–	(425)	4,641
Net insurance financial result	(41)	(1,420)	–	–	(1,461)
Management fee revenue	–	–	21,198	–	21,198
Other expenses	(12,756)	(7,630)	(17,177)	(3,894)	(41,457)
Other income	473	–	–	2,248	2,721
Intra-group interest revenue/(expense)	(101)	(88)	217	(28)	–
Net profit/(loss)	**16,206**	**9,443**	**4,411**	**12,908**	**42,968**

For the year ended 31 March 2023 (restated)

	General insurance $000	Life assurance $000	Funds management $000	Other $000	Total $000
Insurance revenue	113,580	50,464	–	–	164,044
Insurance service expense	(180,520)	(31,276)	–	–	(211,796)
Net (expense)/income from reinsurance contracts held	68,747	(6,796)	–	–	61,951
Insurance service result	**1,807**	**12,392**	**–**	**–**	**14,199**
Total investment income/(loss)	(961)	(1,528)	(40)	(2,851)	(5,380)
Interest revenue/(expense)	2,225	373	–	(400)	2,198
Net insurance financial result	33	(1,839)	–	–	(1,806)
Management fee revenue	–	–	20,371	–	20,371
Other expenses	(9,536)	(6,831)	(20,329)	(7,061)	(43,757)
Other income	863	–	–	2,078	2,941
Intra-group interest revenue/(expense)	(73)	(62)	107	28	–
Net profit/(loss)	**(5,642)**	**2,505**	**109**	**(8,206)**	**(11,234)**

2. Underwriting activities

This section provides information on the Group's underwriting activities.

2.1 Insurance revenue

For the year ended 31 March 2024

	General $000	Life $000	Total $000
Contracts measured under the premium allocation approach			
Insurance revenue from contracts measured under the premium allocation approach	140,198	29,230	169,428
Contracts measured under the general model			
Amounts relating to the changes in the liability for remaining coverage			
Insurance service expenses incurred in the period	–	14,223	14,223
Changes in the risk adjustment	–	1,982	1,982
Contractual service margin recognised in profit or loss	–	5,249	5,249
Insurance revenue from contracts measured under the general model	–	21,454	21,454
Contracts measured under the variable fee approach			
Insurance revenue from contracts measured under the variable fee approach	–	61	61
Total insurance revenue	**140,198**	**50,745**	**190,943**

For the year ended 31 March 2023 (restated)

	General $000	Life $000	Total $000
Contracts measured under the premium allocation approach			
Insurance revenue from contracts measured under the premium allocation approach	113,580	27,272	140,852
Contracts measured under the general model			
Amounts relating to the changes in the liability for remaining coverage			
Insurance service expenses incurred in the period	–	16,711	16,711
Changes in the risk adjustment	–	1,662	1,662
Contractual service margin recognised in profit or loss	–	4,756	4,756
Insurance revenue from contracts measured under the general model	–	23,129	23,129
Contracts measured under the variable fee approach			
Insurance revenue from contracts measured under the variable fee approach	–	63	63
Total insurance revenue	**113,580**	**50,464**	**164,044**

2. Underwriting activities – continued

2.1 Insurance revenue – continued

Insurance revenue comprises the premiums charged for providing insurance coverage, excluding taxes and levies collected on behalf of third parties. Insurance revenue is from contracts measured using 3 different measurement models: the general measurement model, the premium allocation approach and the variable fee approach.

Premium allocation approach

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

General measurement model and variable fee approach

Insurance revenue comprises amounts relating to the changes in the liability for remaining coverage which comprises of:

- insurance service expenses expected to be incurred in the period. Insurance service expenses includes incurred claims and other expenses and excludes repayments of investment components and amounts related to income tax that are specifically chargeable to the policyholder
- changes in the risk adjustment for non-financial risk, excluding any changes included in insurance finance income or expenses
- the contractual service margin (CSM) release, which is the CSM recognised in profit or loss for the services provided in the period
- experience adjustments for premium receipts.

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts

31 March 2024

	General $000	Life $000	Total $000
Insurance liability for incurred claims	57,434	63,148	120,582
Insurance (asset)/liability for remaining coverage	54,251	(327)	53,924
Insurance contract liabilities	**111,685**	**62,821**	**174,506**
Recoveries of incurred claims	(33,786)	(36,017)	(69,803)
Reinsurance (asset)/liability for remaining coverage	5,009	312	5,321
Reinsurance contract (assets)	**(28,777)**	**(35,705)**	**(64,482)**
Net contract liabilities	**82,908**	**27,116**	**110,024**

31 March 2023

	General $000	Life $000	Total $000
Insurance liability for incurred claims	134,174	58,930	193,104
Insurance (asset)/liability for remaining coverage	46,176	(4,121)	42,055
Insurance contract liabilities	**180,350**	**54,809**	**235,159**
Recoveries of incurred claims	(101,902)	(33,662)	(135,564)
Reinsurance (asset)/liability for remaining coverage	5,848	557	6,405
Reinsurance contract (assets)	**(96,054)**	**(33,105)**	**(129,159)**
Net contract liabilities	**84,296**	**21,704**	**106,000**

Insurance contract liabilities represent the rights and obligations arising from insurance contracts issued and comprise the liability for remaining coverage, which is the obligation to provide future insurance services for those contracts issued, and the liability for incurred claims, which is the obligation to pay claims reported but not yet paid.

Insurance contracts and reinsurance contracts held, are required to be measured using a general measurement model (GMM) unless the contracts meet certain criteria. The variable fee approach (VFA) is applied to insurance contracts with direct participation features. Contracts can be measured using a simplified model, the premium allocation approach (PAA), where the coverage period is less than 1 year or if the liability for remaining coverage under the PAA approach does not materially differ from that determined under the GMM. Further information on how the Group determined appropriate measurement models is outlined in note 2.6.

Insurance and reinsurance contracts are required to be split into portfolios of contracts with similar risks that are managed together. Portfolios of insurance contracts that are assets are required to be presented separately from those that are liabilities. All insurance contract portfolios are liabilities and all reinsurance contract portfolios are assets.

The liability for incurred claims (and reinsurance amounts recoverable on incurred claims) comprise the estimates of the present value of future cash flows (PVFCF) and risk adjustment for non-financial risk. All contracts measured under the PAA applied the full retrospective transition approach. The Group has no onerous contracts and therefore, does not have a loss component disclosure. Refunds of premiums have been included in the cashflow line for premiums received.

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the insurance contract liabilities

	Liability for remaining coverage $000	Liability for incurred claims: Estimates of the PVFCF $000	Risk adjustment $000	Total $000
Insurance contract liabilities	42,055	160,354	32,749	235,159
Net insurance contract liabilities at 1 April 2023	**42,055**	**160,354**	**32,749**	**235,159**
Contracts under the modified retrospective approach	(21,454)	–	–	(21,454)
Contracts under the fair value approach	(61)	–	–	(61)
Other contracts	(29,230)	–	–	(29,230)
Insurance revenue	(190,943)	–	–	(190,943)
Incurred claims and other expenses	–	121,104	3,498	124,602
Changes relating to past service	–	4,247	(21,322)	(17,074)
Insurance service expense	–	125,351	(17,823)	107,528
Insurance service result	**(190,943)**	**125,351**	**(17,823)**	**(83,415)**
Insurance finance expenses	**1,663**	**1,090**	**199**	**2,952**
Total changes in the statement of comprehensive income	**(189,280)**	**126,441**	**(17,624)**	**(80,463)**
Cashflows:				
Premiums received	201,150	–	–	201,150
Claims and expenses paid	–	(181,340)	–	(181,340)
Total cash flows	**201,150**	**(181,340)**	**–**	**19,810**
Insurance contract liabilities	53,925	105,455	15,126	174,506
Net insurance contract liabilities at 31 March 2024	**53,925**	**105,455**	**15,126**	**174,506**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the insurance contract liabilities

		Liability for incurred claims		
	Liability for remaining coverage $000	**Liability for incurred claims $000**	**Risk adjustment $000**	**Total $000**
Insurance contract liabilities	30,610	98,460	14,352	143,422
Net insurance contract liabilities at 1 April 2022	**30,610**	**98,460**	**14,352**	**143,422**
Contracts under the modified retrospective approach	(23,129)	–	–	(23,129)
Contracts under the fair value approach	(63)	–	–	(63)
Other contracts	(27,272)	–	–	(27,272)
Insurance revenue	(164,044)	–	–	(164,044)
Incurred claims and other expenses	–	183,077	19,996	203,073
Changes relating to past service	–	10,184	(1,461)	8,723
Insurance service expense	–	193,261	18,535	211,796
Insurance service result	**(164,044)**	**193,261**	**18,535**	**47,752**
Insurance finance expenses/(income)	**4,240**	**(1,387)**	**(135)**	**2,718**
Total changes in the statement of comprehensive income	**(159,804)**	**191,874**	**18,400**	**50,470**
Cashflows:				
Premiums received	171,249	–	–	171,249
Claims and expenses paid	–	(129,979)	–	(129,979)
Total cash flows	**171,249**	**(129,979)**	**–**	**41,270**
Insurance contract liabilities	42,055	160,355	32,750	235,160
Net insurance contract liabilities at 31 March 2023	**42,055**	**160,355**	**32,750**	**235,160**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net reinsurance contract assets/liabilities

		Amounts recoverable for incurred claims		
	Liability for remaining coverage $000	**Estimates of the PVFCF $000**	**Risk adjustment $000**	**Total $000**
Reinsurance contract (liabilities)/assets	(6,405)	112,937	22,627	129,159
Net reinsurance contract (liabilities)/assets at 1 April 2023	**(6,405)**	**112,937**	**22,627**	**129,159**
Allocation of reinsurance premiums	(53,369)	–	–	(53,369)
Recovery of incurred claims and expenses	–	23,605	601	24,206
Changes to amounts recoverable for incurred claims	–	(2,894)	(17,014)	(19,908)
Changes in non-performance risk of reinsurers	–	(14)	–	(14)
Net income from reinsurance contracts held	–	20,697	(16,413)	4,284
Reinsurance finance income	779	600	112	1,491
Statement of comprehensive income	**(52,590)**	**21,297**	**(16,301)**	**(47,594)**
Cashflows:				
Premiums paid	53,675	–	–	53,675
Recoveries received	–	(70,757)	–	(70,757)
Total cash flows	**53,675**	**(70,757)**	**–**	**(17,082)**
Reinsurance contract (liabilities)/assets	(5,320)	63,477	6,325	64,482
Net reinsurance contract (liabilities)/assets at 31 March 2024	**(5,320)**	**63,477**	**6,325**	**64,482**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net reinsurance contract assets/liabilities

	Liability for remaining coverage $000	Amounts recoverable for incurred claims: Estimates of the PVFCF $000	Risk adjustment $000	Total $000
Reinsurance contract (liabilities)/assets	(4,555)	49,080	4,709	49,234
Net reinsurance contract (liabilities)/assets at 1 April 2022	**(4,555)**	**49,080**	**4,709**	**49,234**
Allocation of reinsurance premiums	(43,765)	–	–	(43,765)
Recovery of incurred claims and expenses	–	90,915	19,233	110,149
Changes to amounts recoverable for incurred claims	–	(3,203)	(1,240)	(4,444)
Changes in non-performance risk of reinsurers	–	11	–	11
Net income from reinsurance contracts held	–	87,723	17,993	105,716
Reinsurance finance income/(expenses)	1,739	(752)	(75)	912
Statement of comprehensive income	**(42,026)**	**86,971**	**17,918**	**62,863**
Cashflows:				
Premiums paid	40,176	–	–	40,176
Recoveries received	–	(23,114)	–	(23,114)
Total cash flows	**40,176**	**(23,114)**	**–**	**17,062**
Reinsurance contract (liabilities)/assets	(6,405)	112,937	22,627	129,159
Net reinsurance contract (liabilities)/assets at 31 March 2023	**(6,405)**	**112,937**	**22,627**	**129,159**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net insurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Insurance contract (assets)/liabilities	(22,938)	23,676	40,270	41,008
Net insurance contract (assets)/liabilities at 1 April 2023	**(22,938)**	**23,676**	**40,270**	**41,008**
Changes that relate to current services				
CSM recognised for services provided	–	–	(5,249)	(5,249)
Changes in risk adjustment	–	(1,843)	–	(1,843)
Experience adjustments	12,030	–	–	12,030
Changes that relate to future services				
Contracts initially recognised in the period	(7,615)	1,889	5,725	–
Changes that adjust the CSM	(9,136)	1,734	7,403	–
Changes that relate to past services				
Adjustments to liability for incurred claims	(4,279)	600	–	(3,678)
Insurance service result	(9,000)	2,380	7,879	1,259
Insurance finance expenses/(income)	461	350	1,725	2,536
Statement of comprehensive income	**(8,539)**	**2,730**	**9,604**	**3,795**
Premiums received	23,331	–	–	23,331
Claims and other expenses paid	(18,474)	–	–	(18,474)
Total cash flows	**4,857**	**–**	**–**	**4,857**
Insurance contract (assets)/liabilities	(26,620)	26,406	49,874	49,660
Net insurance contract (assets)/liabilities at 31 March 2024	**(26,620)**	**26,406**	**49,874**	**49,660**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net insurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Insurance contract (assets)/liabilities	(18,717)	24,177	37,660	43,120
Net insurance contract (assets)/liabilities at 1 April 2022	**(18,717)**	**24,177**	**37,660**	**43,120**
Changes that relate to current services				
CSM recognised for services provided	–	–	(4,756)	(4,756)
Changes in risk adjustment	–	(2,056)	–	(2,056)
Experience adjustments	(7,042)	–	–	(7,042)
Changes that relate to future services				
Contracts initially recognised in the period	(7,210)	1,789	5,421	–
Changes that adjust the CSM	(425)	(332)	758	–
Changes that relate to past services				
Adjustments to liability for incurred claims	3,364	1,261	–	4,625
Insurance service result	(11,313)	661	1,423	(9,229)
Insurance finance expenses/(income)	2,774	(1,162)	1,187	2,799
Statement of comprehensive income	**(8,540)**	**(501)**	**2,610**	**(6,431)**
Premiums received	21,771	–	–	21,771
Claims and other expenses paid	(17,452)	–	–	(17,452)
Total cash flows	**4,319**	**–**	**–**	**4,319**
Insurance contract (assets)/liabilities	(22,938)	23,676	40,270	41,008
Net insurance contract (assets)/liabilities at 31 March 2023	**(22,938)**	**23,676**	**40,270**	**41,008**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net reinsurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Reinsurance contract assets/(liabilities)	(2,560)	10,741	24,196	32,378
Net reinsurance contract assets/(liabilities) at 1 April 2023	**(2,560)**	**10,741**	**24,196**	**32,378**
Changes that relate to current services				
CSM recognised for services received	–	–	(3,151)	(3,151)
Changes in risk adjustment	–	(1,258)	–	(1,258)
Experience adjustments	(4,574)	–	–	4,574
Changes that relate to future services				
Contracts initially recognised in the period	(4,053)	1,006	3,047	–
Changes that adjust the CSM	(5,664)	1,137	4,527	–
Changes that relate to past services				
Adjustments to recoveries for incurred claims	131	334	–	465
Reinsurance service result	(5,011)	1,218	4,423	629
Reinsurance finance income/(expenses)	773	196	1,034	2,002
Statement of comprehensive income	**(4,239)**	**1,413**	**5,457**	**2,632**
Premiums paid	7,929	–	–	7,929
Recoveries received	(4,375)	–	–	(4,375)
Total cash flows	**3,554**	**–**	**–**	**3,554**
Reinsurance contract assets/(liabilities)	(3,245)	12,155	29,653	38,563
Net reinsurance contract assets/(liabilities) at 31 March 2024	**(3,245)**	**12,155**	**29,653**	**38,563**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

Movement in the net reinsurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Reinsurance contract assets/(liabilities)	361	10,800	21,685	32,845
Net reinsurance contract assets/(liabilities) at 1 April 2022	**361**	**10,800**	**21,685**	**32,845**
Changes that relate to current services				
CSM recognised for services received	–	–	(2,726)	(2,726)
Changes in risk adjustment	–	(1,589)	–	(1,589)
Experience adjustments	(4,687)	–	–	(4,687)
Changes that relate to future services				
Contracts initially recognised in the period	(3,692)	916	2,776	–
Changes that adjust the CSM	(2,077)	298	1,780	–
Changes that relate to past services				
Adjustments to recoveries for incurred claims	3,505	742	–	4,247
Reinsurance service result	(6,952)	366	1,830	(4,755)
Reinsurance finance income/(expenses)	651	(425)	681	908
Statement of comprehensive income	**(6,300)**	**(58)**	**2,512**	**(3,847)**
Premiums paid	8,039	–	–	8,039
Recoveries received	(4,660)	–	–	(4,660)
Total cash flows	**3,379**	**–**	**–**	**3,379**
Reinsurance contract assets/(liabilities)	(2,560)	10,741	24,196	32,378
Net reinsurance contract assets/(liabilities) at 31 March 2023	**(2,560)**	**10,741**	**24,196**	**32,378**

2. Underwriting activities – continued

2.3 Contracts issued in the period

The following table provides an analysis of insurance contracts measured under the general measurement model that were issued in the period. There were no new insurance contracts issued which are measured under the variable fee approach. No contracts were acquired from other entities during the period and no groups of contracts recognised are onerous.

Insurance contracts	2024 $000	2023 $000
Estimates of the present value of future insurance cash inflows	(17,442)	(16,230)
Estimates of the present value of future insurance cash outflows	9,828	9,020
Risk adjustment for non-financial risk on insurance contracts	1,889	1,789
Contractual service margin on insurance contracts	5,725	5,421
Insurance acquisition cash flows	–	–
	–	–

Reinsurance contracts	2024 $000	2023 $000
Estimates of the present value of future reinsurance cash inflows	6,967	6,346
Estimates of the present value of future reinsurance cash outflows	(2,914)	(2,654)
Risk adjustment for non-financial risk on reinsurance contracts	(1,006)	(916)
Contractual service margin on reinsurance contracts	(3,047)	(2,776)
	–	–

2.4 Maturity profile for insurance contract liabilities

Expected timing of settlement of the present value of future cash flows

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented. The liability for remaining coverage measured under the PAA relating to insurance contracts is excluded from the table below.

The majority of the Group's general insurance claims are settled within 12 months. General insurance claims expected to take more than 12 months to settle relate to catastrophe events.

The Group's life claims are expected to be paid out with one year as they are typically settled within a short timeframe of the claim being recognised.

At 31 March 2024 Insurance contract liabilities (excluding liability for remaining coverage under PAA)	General $000	Life $000	Total $000
Up to 1 year	39,571	5,260	44,831
1–2 years	3,127	2,318	5,445
2–3 years	2,714	379	3,093
3–4 years	1,894	(769)	1,125
4–5 years	695	(1,485)	(790)
>5 years	–	(25,964)	(25,964)
Total	**48,001**	**(20,261)**	**27,740**

2. Underwriting activities – continued

2.4 Maturity profile for insurance contract liabilities – continued

At 31 March 2023 Insurance contract liabilities (excluding liability for remaining coverage under PAA)	General $000	Life $000	Total $000
Up to 1 year	97,075	8,249	105,324
1–2 years	2,169	2,454	4,623
2–3 years	2,151	615	2,766
3–4 years	1,979	(488)	1,491
4–5 years	1,702	(1,311)	391
>5 years	1,444	(24,884)	(23,440)
Total	**106,520**	**(15,365)**	**91,155**

A description of how the Group manages its liquidity risk is included in note 4.5. The table below summarises the expected utilisation or settlement of insurance liabilities and reinsurance assets.

At 31 March 2024 Insurance contract liabilities	General $000	Life $000	Total $000
No more than 12 months	103,256	21,997	125,253
More than 12 months	8,430	40,824	49,254
Total	**111,686**	**62,821**	**174,507**
Reinsurance contract assets			
No more than 12 months	28,777	5,245	34,022
More than 12 months	–	30,461	30,461
Total	**28,777**	**35,706**	**64,483**

At 31 March 2023 Insurance contract liabilities	General $000	Life $000	Total $000
No more than 12 months	170,906	21,892	192,798
More than 12 months	9,445	32,917	42,362
Total	**180,351**	**54,809**	**235,160**
Reinsurance contract assets			
No more than 12 months	96,054	8,050	104,104
More than 12 months	–	25,055	25,055
Total	**96,054**	**33,105**	**129,159**

2. Underwriting activities – continued

Expected timing of contractual service margin release

The following table shows when the contractual service margin is expected to be recognised in profit or loss.

2.4 Maturity profile for insurance contract liabilities – continued

At 31 March 2024 Insurance contract liabilities	2024 $000	2023 $000
Less than 1 year	6,426	5,125
2 to 5 years	18,747	14,971
More than 5 years	24,701	20,174
Total	**49,874**	**40,270**
Reinsurance contract assets		
Less than 1 year	3,842	3,078
2 to 5 years	11,292	9,112
More than 5 years	14,519	12,006
Total	**29,653**	**24,196**

Medical Life Assurance Society Limited operates a sub-fund in respect of its participating policyholders as required under the Insurance (Prudential Supervision) Act and Regulations. The balance of the participating fund is $4.9 million at 31 March 2024 (2023: $4.5 million). No other amounts are payable on demand at 31 March 2024 (2023: none). The balance of the participating fund is recognised within the asset/liability for remaining coverage.

Based on the recommendations of the Appointed Actuary, the Board has approved a bonus declaration for participating policyholders:

Bonus on sum insured	2.00% (2023: 0.00%)
Bonus on existing bonuses	3.20% (2023: 0.00%)

2. Underwriting activities – continued

2.5 Impact of changes in key variables

Insurance contract liabilities are sensitive to the key assumptions in the table below to an extent that changes may impact profit or loss materially. The sensitivity analysis below shows how profit or loss and equity may be impacted by reasonably possible movements in key assumptions, with all other assumptions held constant. The changes are shown gross and net of reinsurance held.

	Impact on profit and equity Gross of reinsurance		Impact on profit and equity Net of reinsurance	
Sensitivity analysis – general insurance business	**2024 $000**	**2023 $000**	**2024 $000**	**2023 $000**
Risk adjustment – flood and cyclone claims – increase 5%	(501)	(3,763)	–	–
Risk adjustment – flood and cyclone claims – decrease 5%	501	3,763	–	–
Risk adjustment – earthquake claims – increase 5%	(453)	(383)	(426)	(360)
Risk adjustment – earthquake claims – decrease 5%	453	383	426	360
Risk adjustment for other claims – increase 5%	(1,336)	(1,531)	(1,336)	(1,531)
Risk adjustment for other claims – decrease 5%	1,336	1,531	1,336	1,531
Interest rate – increase 1%	102	157	102	157
Interest rate – decrease 1%	(102)	(157)	(102)	(157)

	Impact on profit and equity Gross of reinsurance		Impact on profit and equity Net of reinsurance	
Sensitivity analysis – life insurance business (income protection)	**2024 $000**	**2023 $000**	**2024 $000**	**2023 $000**
Insurance liability for incurred claims				
Interest rate – increase 1%	3,433	3,124	1,521	1,423
Interest rate – decrease 1%	(3,260)	(2,968)	(1,446)	(1,352)
Claim terminations (morbidity) – increase 10%	2,793	2,495	1,130	1,042
Claim terminations (morbidity) – decrease 10%	(2,597)	(2,320)	(1,051)	(969)
Insurance (asset)/liability for remaining coverage				
Interest rate – increase 1%	(4,331)	(3,929)	(2,757)	(2,521)
Interest rate – decrease 1%	4,547	4,125	2,896	2,644
Claim frequencies (morbidity) – increase 10%	(344)	(1,206)	(669)	(1,153)
Claim frequencies (morbidity) – decrease 10%	344	1,206	669	1,153
Lapses and cancellations – increase 10%	(319)	(4)	(202)	16
Lapses and cancellations – decrease 10%	339	5	215	(17)
Expenses – increase 10%	(156)	(549)	(156)	(549)
Expenses – decrease 10%	156	549	156	549

2. Underwriting activities – continued

2.5 Impact of changes in key variables – continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises market interest rates (interest rate risk); and market prices (price risk).

Interest rate risk

The Group is exposed to interest rate movements through its insurance contract liabilities and reinsurance contracts held, as the liability is discounted to present value by reference to risk-free rates (see note 2.6). The Group is also exposed to interest rate movements through its fixed interest investments. The impact of changes in interest rates on the liability for incurred claims will be partially offset by the impact on the fixed interest investments.

Price risk

The Group is subject to price risk arising from changes in the market values of its directly held domestic fixed interest and unit trust investments. The Group's insurance contracts are not exposed to material price risk.

The following table shows the impact of movement in rates and prices as at balance date:

Sensitivity analysis - investments at fair value through profit or loss	2024 $000	2023 $000
Interest rates increase by 1%	(4,626)	(1,229)
Interest rates decrease by 1%	4,626	1,229
Unit prices increase by 10%	12,833	15,591
Unit prices decrease by 10%	(12,833)	(15,591)

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held

Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios of insurance contracts are divided into 3 groups based on whether there is:

1) no significant possibility of becoming onerous

2) onerous contracts at initial recognition and

3) remaining contracts.

Portfolios of reinsurance contracts are divided into 3 groups based on whether there is:

1) no significant possibility of a net gain arising subsequent to initial recognition

2) a net gain on initial recognition and

3) remaining contracts.

Contracts issued more than one year apart cannot be included in the same group. The portfolios are detailed in the following table.

2. Underwriting activities – continued

Portfolio	Measurement model
General insurance business	
Domestic property insurance contracts	PAA
Commercial property insurance contracts	PAA
Domestic motor insurance contracts	PAA
Loss occurring reinsurance contracts held	PAA
Risk attaching reinsurance contracts held	PAA
Property catastrophe reinsurance contracts held	PAA
Life insurance business	
Life insurance contracts – stepped	PAA
Life insurance contracts – level premium term life	GMM
Income protection insurance contracts	GMM
Whole of life insurance contracts (participating)	VFA
Life reinsurance contracts held	PAA
Income protection reinsurance contracts held	GMM

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period to receive services from reinsurers or the Group has a substantive obligation to pay amounts to the reinsurer.

Accounting model eligibility

NZ IFRS 17 Insurance Contracts (NZ IFRS 17) introduces different measurement models in calculating insurance and reinsurance contract assets and liabilities reflecting the different extents of policyholder participation. The 3 models are the general measurement model (GMM), variable fee approach (VFA) and premium allocation approach (PAA).

The GMM is the default model and has been applied to level premium term life insurance contracts, income protection insurance contracts and income protection reinsurance contracts held.

The Group offers whole of life insurance contracts with direct participation features where the performance of underlying investment items is shared between the Group and policyholders. Insurance contracts with direct participation features are measured under the VFA. The VFA modifies the GMM to reflect that the consideration the Group receives for the contracts is a variable fee.

2. Underwriting activities – continued

PAA can be applied to short-duration contracts (coverage period of 12 months of less) or where adopting PAA would produce a measurement of the liability for remaining coverage that does not differ materially from the one produced by applying GMM.

The Group has determined that all its general insurance contracts and its stepped life insurance contracts are eligible to apply PAA as the coverage period is one year or less. The contract boundary has been assessed as 12 months as the Group has the practical ability to reassess the risks of policyholders annually and, as a result, can set a price or level of benefits that fully reflects those risks. The level premium term life contracts rating structure requires the carry-forward of premiums to fund claims in future years, meaning the contract boundary is longer than 12 months and the GMM must be applied.

The Group has determined that its general insurance and life reinsurance contracts held are eligible to apply PAA as the resulting measurement under PAA does not differ materially from the result under the GMM.

The Group has determined that whole of life insurance contracts are eligible to apply VFA as they meet the following criteria.

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Measurement

Under the GMM, the Group measures the liability for remaining coverage as the sum of the present value of the fulfilment cash flows, a risk adjustment for non-financial risk and a CSM representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- premiums and related cash flows
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- payments to policyholders resulting from embedded surrender value options
- non-claims expenses which are directly attributable to fulfilling insurance contracts such as claims handling costs and overheads
- transaction-based taxes.

Under the PAA, the Group measures the liability for remaining coverage as the premiums received net of amounts recognised as insurance revenue for coverage that has been provided. Under the VFA, the Group measures the liability for remaining coverage based on the amount of the participating fund at balance date. Under GMM and PAA, the liability for incurred claims (and asset for recoveries of incurred claims) is measured as the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable insurance expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- future cash flows consider the need to allow for the effect of non-performance by reinsurers, including losses from disputes
- the risk adjustment for non-financial risk considers the amount of risk being transferred to the reinsurer.

Where there is a net gain on initial recognition of reinsurance contracts, a negative CSM is recognised reflecting that expected reinsurance premiums are less than expected reinsurance recoveries.

Liability for incurred claims – general insurance business

There is significant uncertainty in relation to the claims arising from the January to February 2023 North Island floods, Cyclone Gabrielle and Canterbury earthquakes and significant judgement is required in regards to elements such as increases in building claim costs, litigation, reopening of claims, apportionment between earthquake events, claim handling expenses. Due to these uncertainties a higher risk adjustment is carried for these flood, cyclone and earthquake claims.

2. Underwriting activities – continued

Modifications

There have been no modifications to insurance contracts issued or reinsurance contracts held during the year (2023: none).

Insurance acquisition cash flows (IACF)

IACF arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The life insurance company has determined that it does not have any material expenses, which meet the definition of an IACF and therefore, has not recognised an IACF asset. All expenses directly attributable to fulfilling insurance contracts are recognised as insurance service expenses in profit or loss. The general insurance company has elected to expense all insurance acquisition cash flows (IACF) as incurred.

Insurance/reinsurance finance income or expenses

Insurance/reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued/reinsurance contracts held arising from:

- the effect of the time value of money and changes in the time value of money
- the effect of financial risk and changes in financial risk.

Key assumptions - insurance contracts under the GMM (life insurance business)

Expenses, lapses and cancellations and inflation rate assumptions relate to the calculation of the liability for remaining coverage. Morbidity assumptions relate to the calculation of the liability for remaining coverage and liability for incurred claims.

Morbidity - income protection products

Claim frequencies and claim terminations are based on adjustments to the Commissioners Individual Disability (CIDA) table, reflecting the Group's experience.

Expenses

Expenses that are directly attributable to the fulfilment of insurance contracts are within the contract boundary and included in the measurement of the group of insurance contracts. These expenses include costs of administering policies in-force, costs of new business, and an allocation of overhead expenses. Future expenses are projected using past actual experience and are adjusted for expected inflation. Expected inflation rates are based on management estimates.

Lapses and cancellations

Assumptions are made around changes in level of cover and policy lapses. Assumptions are primarily based on recent experience. Lapse rate is assumed at 6.00% per annum for yearly renewable life contracts (2023: 6.00%), with additional selective lapses above age 60 (2023: no change). A 5.00% lapse rate is assumed for the Group's in-force Income protection policy (2023: 5.00%). Higher lapse rates are assumed for closed income protection plans.

Inflation rates

Inflation impacts on the valuation in broadly 2 ways. Some contracts provide for the increase of future benefits in line with the Consumer Price Index (CPI), subject to a minimum materiality level. The CPI for lump sum policy increases is assumed to be 2.50% per annum (2023: 2.50%). The assumed indexation for income protection benefits varies between 0.00% and 2.00% depending on the product (2023: 0.00% and 2.00%). The assumed rate of expense inflation is assumed to be 2.00% per annum (2023: 2.00%).

The lump sum indexation assumption applies to those products that offer indexation benefits, and those policyholders with that product that have opted for the indexation benefit (2023: no change). The income protection indexation assumption applies to all covers of each respective product type (2023: no change).

Risk adjustment (RA) for non-financial risk

The RA reflects the compensation required for bearing the uncertainty about the amount and timing of the cashflows that arise from non-financial risk. For contracts measured under PAA, a risk adjustment is only applied for the measurement of the liability for incurred claims and asset for recoveries of incurred claims. The RA included in the asset for recoveries of incurred claims represents the amount of risk being transferred by the Group to its reinsurers. The Group does not disaggregate the change in RA between a financial and non-financial portion and includes the entire change as part of the insurance service result.

General insurance business

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level of an estimated probability distribution of the future cash flows.

2. Underwriting activities – continued

Life insurance business

A confidence level approach has been used to determine the RA for non-financial risk. The confidence level, inclusive of diversification benefits, is 75.00% (2023: 75.00%).

Assumptions adopted in calculation of the liability for incurred claims and asset for recoveries of incurred claims

Portfolio	2024	2023
General insurance business		
Risk adjustment – flood and cyclone claims	25.00%	25.00%
Risk adjustment – earthquake claims	62.00%	49.00%
Risk adjustment for other claims	12.70%	13.00%
Life insurance business		
Risk adjustment for non-financial risk	75.00%	75.00%

Asset for recoveries of incurred claims

As is the case for claims, recoveries of incurred claims from reinsurers must be estimated at reporting date. The recoverability of these assets is assessed on a periodic basis to ensure that as best can be determined, the balance is reflective of the amounts which will ultimately be received. This takes into consideration factors such as the risk of non-performance of reinsurers, which includes both counterparty credit risk and dispute risk.

2. Underwriting activities – continued

Discount rates used to estimate the present value of future cash flows

The Group is required to discount the estimates of future cash flows to reflect the time value of money and financial risks related to those cash flows. The Group has discounted its insurance contract liabilities and reinsurance contract assets where this criteria are met.

For insurance contracts issued and reinsurance contracts held under the PAA, the Group has elected not to discount the asset/liability for remaining coverage held as the time between providing each part of the services and the related premium due date is no more than 1 year. The Group has elected not to discount the liability for incurred claims and asset for recoveries of incurred claims as cash flows are expected to be paid or received within 1 year from the date the relevant claim was incurred. The Group has elected to determine the discount rate by using the bottom-up approach. For the general insurance business, the rate is determined by reference to risk-free rates with an illiquidity premium adjustment of 10.00% (2023: 10.00%). The discount rate applied is 5.06% at 31 March 2024 (2023: 5.08%).

For the life insurance business, this rate is determined by reference to risk-free rates with an illiquidity premium adjustment of 10.00% on the liability for incurred claims and asset for recoveries of incurred claims (2023: 10.00%) and 5.00% on the asset/liability for remaining coverage (2023: 5.00%). The risk free rates for the life insurance business are based on New Zealand treasury yield curves for the valuation of long-term liabilities as at balance date (2023: no change). The table below discloses rates used to discount future cashflows for contracts issued under GMM. These rates exclude the 5.00% illiquidity premium.

	2024	2023
1 year	5.25%	5.11%
5 years	4.41%	4.16%
10 years	4.69%	4.31%
15 years	4.86%	4.44%
20 years	4.94%	4.50%
25 years	4.99%	4.54%

Current discount rates are used to measure the fulfilment cash flows. Interest accreted on the carrying amount of the CSM during the reporting period and changes to the CSM are measured at the discount rates at initial recognition.

Contractual Service Margin (CSM)
Insurance contracts issued

The CSM, which applies to insurance contracts measured under the GMM and VFA, is a component of the carrying amount of the asset or liability for a group of insurance contracts issued and represents the expected future profit that the Group will recognise as it provides coverage in the future.

A negative CSM at the date of inception occurs when a group of insurance contracts issued are onerous. A loss from onerous contracts is recognised immediately. No CSM is recognised on the balance sheet at initial recognition and a loss component is recognised.

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, the expected coverage period and time value of money. The coverage unit is the sum insured. The CSM accrues at the locked-in discount rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period.

The CSM is adjusted for changes in fulfilment cash flows that relate to future service. These changes comprise experience adjustments, changes in estimates of the present value of future cash flows and changes in the risk adjustment for non-financial risk that relate to future service.

Reinsurance contracts held

The initial and subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force. The coverage unit is the sum reinsured.

Onerous contracts

A group of insurance contracts becomes onerous if its estimated cash outflows exceed its estimated cash inflows. Under the PAA, insurance contracts are assumed not to be onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group has identified facts and circumstances that would trigger an assessment to consider whether a group of insurance contracts is onerous, including management reporting.

Under the GMM and VFA, the Group assesses whether contracts have no significant possibility of becoming onerous based on the likelihood of changes in significant assumptions and using information provided by its internal reporting processes. The Group has assessed that it has no onerous insurance contracts during the year ended 31 March 2024 (2023: none).

Notes to and forming part of the financial statements for the year ended 31 March 2024

2. Underwriting activities – continued

Investment components – whole of life insurance contracts

Investment components are amounts that the Group is required to repay to policyholders in all circumstances, regardless of whether an insured event occurs. The Group has assessed that the surrender value of its whole of life insurance contracts meet the definition of a non-distinct investment component as the contract includes a surrender value payable on cancellation of the policy. The investment component has been determined as non-distinct it is highly interrelated with the insurance contract and is therefore, not separately accounted for, however, receipts and payments of the investment component are excluded from insurance revenue and insurance service expense. The Group's products do not include any distinct components.

Assumed future bonus rates – whole of life insurance contracts

The Group’s philosophy is to set bonus rates such that over longer periods, the returns to participating policyholders will be commensurate with the investment returns on the assets held. Distributions are split between policyholders and shareholders, with shareholders assumed to be entitled to 25% of the distribution to policyholders. Assumed rates of future bonus have been set so that the present value of the policy liabilities equals the present value of the assets supporting the business. Allowance is made for the shareholders’ right to participate in the distributions. Assumed future bonus rates for participating policies were:

Bonus rate on sum assured:
$28 per mille (2023: $17 per mille)

Bonus rate on existing bonuses:
$44 per mille (2023: $27 per mille).

Transition approach

On transition date, 1 April 2022, the Group has identified, recognised and measured each group of insurance contracts as if NZ IFRS 17 had always applied, derecognised any existing balances that would not exist had NZ IFRS 17 always applied and recognised the resulting net difference in equity.

NZ IFRS 17 is applied using a full retrospective approach unless impracticable. The full retrospective approach has been applied for all contracts, which are measured under the PAA model.

For income protection insurance and reinsurance contracts measured under the GMM, the Group has been unable to obtain all necessary information to apply the full retrospective approach. The modified retrospective approach has been used for these contracts. The Group has used reasonable and supportable information from its existing reporting systems and determined the CSM at transition date by valuing each new business cohort at the date the Group acquired the income protection contracts from Medical Insurance Society Limited (1 April 2012). The CSM determined at transition date is equivalent to the CSM under the full retrospective approach, with some simplifications to adjust the CSM for the changes in assumptions between acquisition date (1 April 2012) and applying IFRS 17. Key assumptions included morbidity, cancellations, discount rates and expenses, and this has resulted in the closest outcome to the full retrospective approach.

For whole of life contracts measured under the VFA and level premium term life contracts measured under the GMM, obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The fair value approach has been used for these contracts. The Group has determined the CSM of the liability for remaining coverage under GMM at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Group has applied the requirements of IFRS 13 Fair Value Measurement.

Refer to note 8.1 for further information on the impact of adoption of NZ IFRS 17 on opening equity.

2. Underwriting activities – continued

2.7 Claims development

General insurance business

The tables illustrates how estimates of cumulative claims have developed over time on a gross of reinsurance basis. They show how estimates of total claims for each accident year have developed over time, together with cumulative payments to date.

Disclosure is provided for claims development for the past 10 accident years. There is significant uncertainty in relation to the claims arising from the January to February 2023 North Island floods, Cyclone Gabrielle and Canterbury earthquakes. With the exception of Canterbury earthquake claims (accident years 2011 and 2012) there are no material claims for which there is uncertainty about the amount and timing of claim payment that pre-dates this 10-year period.

	Prior $000	2015 $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	Total $000
At end of incident year		28,650	33,118	48,602	40,393	39,127	43,289	51,296	55,294	146,087	71,294	
One year later		29,052	34,324	52,449	39,424	40,389	44,417	56,941	56,584	148,621	–	
Two years later		29,201	34,514	53,473	39,870	40,552	44,633	58,738	54,867	–	–	
Three years later		29,131	34,426	53,915	40,006	40,646	44,681	58,978	–	–	–	
Four years later		29,151	34,518	53,874	40,129	40,661	44,890	–	–	–	–	
Five years later		29,174	34,543	53,893	40,140	44,671	–	–	–	–	–	
Six years later		29,162	34,578	54,074	40,120	–	–	–	–	–	–	
Seven years later		29,095	34,578	54,148	–	–	–	–	–	–	–	
Eight years later		29,115	34,577	–	–	–	–	–	–	–	–	
Nine years later		29,100	–	–	–	–	–	–	–	–	–	
Current estimated claim cost		29,100	34,577	54,148	40,120	40,671	44,890	58,978	54,867	148,621	71,294	
Cumulative payments		(29,100)	(34,573)	(54,080)	(40,119)	(40,663)	(44,709)	(58,873)	(54,714)	(137,662)	(45,627)	
Gross undiscounted liabilities for incurred claims	10,957	–	4	69	1	7	181	104	153	10,960	25,667	48,103
Effect of discounting												(102)
Risk adjustment												9,433
Total gross liabilities for incurred claims												**57,434**

2. Underwriting activities – continued

Life insurance business

The following table illustrates how estimates of cumulative incurred income protection claims have developed over time on a gross of reinsurance basis. The table shows how the estimates of total claims for each accident year have developed over time, together with cumulative payments to date. Due to the long tail nature of income protection claims, the Group has a number of active claims that pre-date 2015. Life claims are excluded from the analysis as they are typically settled within a short timeframe of the claim being recognised.

	Prior $000	2015 $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	Total $000
At end of incident year		5,839	7,561	6,549	7,577	6,630	9,231	14,054	16,735	13,323	13,184	
One year later		5,272	7,475	10,151	9,018	8,389	14,006	19,915	18,772	14,529	–	
Two years later		5,933	7,360	11,761	11,349	8,663	15,390	18,805	18,983	–	–	
Three years later		7,012	7,477	14,243	9,772	9,101	17,121	19,521	–	–	–	
Four years later		7,109	8,267	16,625	11,268	9,134	18,225	–	–	–	–	
Five years later		6,537	8,815	17,496	10,229	10,146	–	–	–	–	–	
Six years later		6,869	8,534	17,570	9,474	–	–	–	–	–	–	
Seven years later		6,811	8,633	19,758	–	–	–	–	–	–	–	
Eight years later		6,956	8,802	–	–	–	–	–	–	–	–	
Nine years later		7,062	–	–	–	–	–	–	–	–	–	
Current estimated claim cost		7,062	8,802	19,758	9,474	10,146	18,255	19,521	18,983	14,529	13,184	
Cumulative payments		(6,192)	(7,479)	(11,173)	(6,589)	(6,872)	(9,870)	(8,843)	(6,343)	(6,564)	(1,425)	
Gross undiscounted liabilities for incurred claims	5,916	869	1,323	8,585	2,885	3,274	8,354	10,678	12,640	7,965	11,759	74,248
Effect of discounting												(18,284)
Risk adjustment												5,691
Total gross liabilities for incurred claims												**61,655**

	2024 $000	Restated 2023 $000
Liability for incurred claims – general insurance	57,434	134,174
Life insurance contracts – stepped	1,493	2,940
Life insurance contracts – level premium term life	–	–
Income protection insurance contracts	61,655	55,990
Total liability for incurred claims	**120,582**	**193,104**

3. Investment activities

This section provides information on the Group's investment activities.

The Group invests across a wide range of asset classes to balance considerations on risk and return. In principle, those investment funds that support the insurance businesses are held in lower risk and highly liquid assets.

All investment funds are held in accordance with a Statement of Investment Policy and Objectives (SIPO) that is specific to each entities needs.

3.1 Investment income/(loss)

	2024 $000	2023 $000
On call and term deposits	1,177	1,700
Fixed interest	7,865	(2,908)
Equities	13,954	(4,172)
Investment income/(loss)	**22,996**	**(5,380)**
Realised investment income	4,971	6,071
Unrealised investment gain/(loss)	18,025	(11,451)
Investment income/(loss)	**22,996**	**(5,380)**
Investment income – insurance entities	7,815	(2,515)
Investment income – other	15,181	(2,865)
	22,996	**(5,380)**

Any movements in fair value, interest and dividend income, and fund distributions are recognised in the Consolidated Statement of Comprehensive Income as Investment Income or Loss.

3.2 Investment assets

	2024 $000	2023 $000
On call and term deposits	130,060	106,078
Domestic fixed interest	98,734	54,687
International fixed interest (unit trust)	22,424	60,399
MAS Wholesale International Equities Fund	63,660	54,292
MAS Wholesale NZ Fixed Interest Fund	10,786	9,794
MAS Wholesale Australasian Equities Fund	31,461	31,431
Total investments	**357,125**	**316,681**

3. Investment activities – continued

Funds are invested in both unitised or pooled vehicles and direct holdings. Investment fund values for unitised or pooled vehicles are supplied by the relevant fund manager.

Fixed interest and equity investments are mandatorily required to be measured as financial assets at fair value through profit or loss under NZ IFRS 9 Financial Instruments. On call and term deposits are measured as financial assets at amortised cost. They comprise cash on call and short-term deposits, balances with other financial institutions with maturities of less than 3 months and other types of short-term financial assets.

3.3 Investment by entity

	2024 $000	2023 $000
Life assurance investment funds – Medical Life Assurance Society Limited	88,805	77,218
General insurance investment funds – Medical Insurance Society Limited	142,293	130,593
Funds management investment funds – Medical Funds Management Limited	3,063	2,640
MAS Foundation investment funds	4,251	3,656
Other investment funds	118,713	102,574
Total investments	**357,125**	**316,681**

3.3 Fair value hierarchy

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2024				
Domestic fixed interest	–	98,734	–	98,734
International fixed interest (unit trust)	–	22,424	–	22,424
MAS Wholesale International Equities Fund	–	63,660	–	63,660
MAS Wholesale NZ Fixed Interest Fund	–	10,786	–	10,786
MAS Wholesale Australasian Equities Fund	–	31,461	–	31,461
Total investments at fair value through profit or loss	**–**	**227,065**	**–**	**227,065**
2023				
Domestic fixed interest	–	54,687	–	54,687
International fixed interest (unit trust)	–	60,399	–	60,399
MAS Wholesale International Equities Fund	–	54,292	–	54,292
MAS Wholesale NZ Fixed Interest Fund	–	9,794	–	9,794
MAS Wholesale Australasian Equities Fund	–	31,431	–	31,431
Total investments at fair value through profit or loss	**–**	**210,603**	**–**	**210,603**

3. Investment activities – continued

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values are based on relevant information available as at balance date. While judgement is used in obtaining the fair value of financial instruments, there are inherent weaknesses in any estimation technique.

Many of the estimates involve uncertainties and matters of significant judgement, and changes in underlying assumptions could significantly affect these estimates. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used, which may not reflect the price that would apply in an actual sale. The methodologies and assumptions used, when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

Domestic fixed interest

The fair value for fixed interest investments is determined by reference to quoted prices in active markets for similar assets or liabilities. Where not available or the market is considered to be lacking sufficient depth to be active, fair value is determined by reference to other significant inputs that are based on observable market data, for example interest rate yield curves and the maturity profile. The average maturity is 4.40 years (2023: 2.40 years).

International fixed interest (unit trust)

The fair value for investments in managed funds is determined based on unit prices provided by the relevant fund manager.

Unit trust and MAS Wholesale Funds

The fair value for investments in managed funds is determined based on unit prices provided by the relevant fund manager.

Fair value hierarchy

A level 1 financial asset or liability comprises those assets and liabilities that are valued by reference to published quotes in an active market and the price reflects actual and regularly occurring market transactions on an arm's length basis.

A level 2 financial asset or liability is measured using industry standard valuation techniques and are based on market observable inputs but where the prices have not been determined in an active market.

A level 3 financial asset or liability value is determined in part, or in whole, using valuation techniques based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

There have been no transfers between the levels during year (2023: no transfers).

4. Risk management

Effective risk management is key to achieving the Group’s strategic goals. The Board approves the Risk Appetite Statement, which sets the risk tolerances the Group is willing to take. Other key documents within the risk management framework include:

- risk management programmes for the core operating subsidiaries
- business continuity and disaster recovery plans
- capital management plans for the Parent and subsidiaries
- reinsurance management policies for the insurance entities; and
- Statement of Investment Policy and Objectives (SIPO's) and Treasury Policies.

The Group operates the Three Lines model.

Key risk categories used to classify risk are outlined below.

4. Risk management – continued

4.1 Strategic risk

Strategic risk is the risk arising from business decisions and/or external factors that impact the Group's ability to execute its strategy.

Performance is monitored against Board approved plans and targets. These plans include monitoring financial performance, staff engagement and reputational risks.

The Audit and Risk Committee formally review risks (both current and emerging) on a 6-monthly basis. This review includes the potential for negative impacts on strategic priorities from environmental, social and governance (ESG) risks, and climate-related risks and opportunities.

4.2 Capital risk

Capital management policies and objectives

When managing capital, management's objective is to ensure the Group continues as a going concern, adheres to regulatory requirements, and maintains optimal returns to shareholders (Members and MAS Foundation) and benefits for other stakeholders. MAS Foundation receives distributions from the Group and funds health initiatives in line with the Group's charitable purpose. Target levels of capital for the Parent and subsidiary entities are outlined in Board approved capital management plans. These plans consider the expected levels of capital over the next 5 years. Scenario and stress testing of the current and future capital position is carried out.

Capital requirements

The Group as a whole is not subject to any externally imposed capital requirements. However, a number of the subsidiary companies are. These requirements include:

Medical Funds Management Limited (MFM)

MFM holds a Managed Investment Scheme Manager Licence and must calculate its Net Tangible Assets (NTA) at least monthly. If the calculated NTA is not positive, MFM must notify its Supervisor. At 31 March 2024, MFM was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2023: no breaches).

Medical Insurance Society Limited (MIS) and Medical Life Assurance Society Limited (MLA)

Both MIS and MLA are licensed insurers under the Insurance (Prudential Supervision) Act 2010 (IPSA). Conditions are imposed as part of licencing including maintaining a solvency margin of at least $0.

MIS and MLA have capital management plans and reporting processes in place to assist the companies in maintaining continuous and full compliance with the solvency standard.

The positions as at 31 March 2023 are per the RBNZ's solvency standards that applied at that time. The reported amounts for 2024 reflect the current RBNZ solvency standard - Interim Solvency Standard 2023 and incorporates the amendments issued on 6 June 2023. Further amendments are planned to the solvency standard which is likely to impact reported solvency.

MIS's solvency position as per the solvency standard is as follows:

	2024 $000	2023 $000
Solvency capital (2023: actual solvency capital)	62,772	47,792
Adjusted prescribed capital requirement (2023: minimum solvency capital)	30,598	32,288
Adjusted solvency margin (2023: solvency margin)	32,174	15,504
Adjusted solvency ratio (2023: solvency ratio)	2.05	1.48

The Medical Life Assurance Statutory Fund encompasses all the assets and liabilities of MLA. The solvency position of the statutory fund is the same as MLA.

MLA's solvency position as per the solvency standard is as follows:

	2024 $000	2023 $000
Solvency capital (2023: actual solvency capital)	226,407	67,009
Adjusted prescribed capital requirement (2023: minimum solvency capital)	201,957	51,317
Adjusted solvency margin (2023: solvency margin)	24,450	15,692
Adjusted solvency ratio (2023: solvency ratio)	1.12	1.31

4. Risk management – continued

4.3 Insurance risk

Insurance risk is the risk that either inadequate or inappropriate product design, pricing, underwriting, reserving, claims management or reinsurance management will expose the Group to financial loss.

There are a number of key policies in place which mitigate insurance risk, including:

- the recruitment, retention and ongoing training of suitably qualified personnel
- delegated authorities for the underwriting of risks, claims acceptance and settlement
- the use of external actuarial expertise to assist in determining premium levels and monitoring claims patterns
- the use of reinsurance to limit the Group's exposure to large single claims and accumulations of claims that arise from a singular event
- the reduction in the variability in loss experience through diversification over classes of insurance business; and
- the modelling and monitoring of concentrations of risk which are particularly relevant in the case of natural disasters and catastrophes and accordingly must be recognised in the development of the reinsurance programme.

The concentration of insurance risk is mitigated through the use of reinsurance and the diversification of risk across a number of products (both life and general insurance).

The Group's general insurance operations are protected from the impact of large losses and catastrophic events, by way of a comprehensive reinsurance programme arranged with some of the world's strongest reinsurance companies and syndicates. The programme is developed once external professional advice involving comprehensive modelling, is obtained to establish potential exposures and to assess how much any claim or series of claims MIS can retain for its own account. MIS's reinsurance purchase considers the Reserve Bank of New Zealand's solvency requirements for catastrophe risk. The concentration of reinsurance risk is mitigated through policies, which contain requirements to limit the level of exposure to individual reinsurers, and a requirement that all reinsurers hold a minimum Standard & Poor's (S&P) (or equivalent) rating of A- at the time of placement.

4.4 Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a financial instrument as a result of changes in credit risk on that instrument. Credit risk principally arises from the Group's fixed interest and cash investments, policyholder premiums and reinsurance exposures. The maximum credit risk exposures are the carrying amounts.

The Group manages credit risk in its insurance operations by:

- the use of standard credit control techniques, which ensure that premium payments are made within a reasonable timeframe or cover and hence exposure to claim is cancelled
- the placement of reinsurance cover in accordance with its reinsurance policies. The policies contain requirements to limit the level of exposure to an individual reinsurer and requires reinsurers to have a minimum S&P credit rating (or equivalent) of A- at the time of placement; and
- ongoing monitoring of a reinsurer's credit risk rating.

The following table provides information on the credit risk exposure for financial assets with external credit ratings.

The credit rating analysis is only shown for fixed interest investments held directly by the Group. Investments in unit trusts are not included in the table below as the funds are invested in unitised or pooled vehicles. The underlying credit quality of the funds is mandated by the SIPO.

4. Risk management – continued

31 March 2024	AAA	AA	A	BBB	Below BBB and not rated	Carrying value $000
On call and term deposits	0%	61%	39%	0%	0%	130,060
Domestic fixed interest	48%	32%	6%	10%	5%	98,734
Reinsurance recoveries of incurred claims	0%	32%	68%	0%	0%	69,803

31 March 2023	AAA	AA	A	BBB	Below BBB and not rated	Carrying value $000
On call and term deposits	0%	65%	35%	0%	0%	100,884
Domestic fixed interest	0%	58%	2%	32%	9%	54,687
Reinsurance recoveries of incurred claims	0%	44%	56%	0%	0%	135,564

Concentration of credit risk arises when the Group has a large exposure to an individual counterparty, or enters into a number of contracts or financial instruments with entities that are engaged in similar business activities or exposed to similar economic factors. Investment concentration risk is managed through credit rating limits and counterparty limits. There are no material concentrations of credit risk arising from insurance contracts.

The following table discloses the number of counterparties the Group has an exposure to in excess of 10% of equity. All counterparty exposures in excess of 10% of equity are rated at least A (2023: minimum of A).

	2024	Restated 2023
10%–20% of equity	1	1
20%–30% of equity	–	1
30%–40% of equity	1	–

4. Risk management – continued

4.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities; principally claims payments and creditors, as and when they fall due. Liquidity risk is reviewed on an ongoing basis. There are a number of key policies in place which mitigate liquidity risk, including:

- maintaining a minimum level of on-call funds
- conservative reinsurance retention levels; and
- the ability to access investment funds via the fund managers at short notice.

The following tables summarises the Group's financial assets and liabilities at balance date into relevant maturity groupings based on the remaining period to the contractual maturity date (if applicable). Investments in unit trusts and cash on call do not have a maturity date.

Financial assets	No maturity date $000	0–12 months $000	1–5 years $000	Over 5 years $000	Total $000
31 March 2024					
Cash and cash equivalents	3,446	–	–	–	3,446
Trade and other receivables	–	6,126	–	–	6,126
Investments	169,888	92,964	42,112	52,161	357,125
31 March 2023					
Cash and cash equivalents	3,338	–	–	–	3,338
Trade and other receivables	–	2,780	–	–	2,780
Investments	189,491	82,210	23,303	21,677	316,681
Loans	–	–	3	463	466

Financial liabilities	No maturity date $000	0–12 months $000	1–5 years $000	Over 5 years $000	Total $000
31 March 2024					
Trade and other payables	–	6,587	–	–	6,587
Lease liabilities	–	1,181	4,213	4,233	9,628
31 March 2023					
Trade and other payables	–	6,510	–	–	6,510
Lease liabilities	–	1,009	3,514	5,237	9,760

4. Risk management – continued

Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial assets and liabilities are recognised initially at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs.

Financial instruments – subsequent measurement

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. Cash and cash equivalents and trade and other receivables are classified as financial assets at amortised cost using the effective interest rate (EIR) method. The Group measures financial assets at amortised cost if:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments are classified as fair value through profit or loss. Refer to section 3 and note 5.2 for further information on investments and cash and cash equivalents.

All financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.6 Operating risk

Operating risk is the risk of financial loss resulting from either external events, inadequate or failed systems or processes, or human error. Operational failures may lead to poor outcomes for Members, health and safety incidents, regulatory or legal implications, financial loss or reputational impacts. These risks are minimised whenever it is commercially sensible to do so.

There are a number of key policies in place, which mitigate operating risk, including:

- management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities
- Internal Assurance and Risk functions are charged with assisting staff in identifying current and emerging risks and ensuring the sufficiency of and ongoing presence of suitable mitigants
- regular external review and testing of the Group's information security including for cyber risks
- identifying critical outsourced providers and having appropriate plans in place in the event of supplier failure; and
- regular monitoring and reporting on risks, financial and operational performance to Senior Management and the Board.

4.7 Asset management risk

The Group is exposed to this risk due to its management of the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds (the Schemes). Management fee revenue earned from these Schemes is linked to the amount of funds under management (FUM). FUM could reduce due to a number of factors including: poor investment performance, market volatility and the competitiveness of the Scheme's offerings. The Group's Investment Committee regularly reviews the performance of the Schemes and the fund managers to minimise this risk.

5. Capital structure

When managing capital, management's objective is to ensure the Group continues as a going concern, adheres to regulatory requirements and maintains optimal returns to shareholders and benefits for other stakeholders, including MAS Foundation.

The Foundation receives distributions from the Group and funds health initiatives in line with the Group's charitable purpose. Directors may change the amount of dividends to be paid to shareholders (if any), return capital to shareholders, issue new shares or sell assets to reduce debt.

5.1 Contributed equity

	2024 $000	2023 $000
10,000 Voting Shares	110	110
1 Non-Voting Distribution Share	–	–
	110	**110**

5.2 Cash and cash equivalents

	2024 $000	2023 $000
Cash and cash equivalents	3,446	3,338

Cash and cash equivalents include liquid assets and amounts due from other financial institutions, with an original term to maturity of less than 3 months. Interest is earned at floating rates based on daily deposit rates. The carrying amount approximates fair value.

The Parent company's bank overdraft facility of $1.00 million is secured by a first mortgage over its commercial property at Broderick Road, Johnsonville (2023: no change).

6. Related party information

6.1 Controlled entities

All transactions with controlled entities are eliminated in full.

	Equity holding	
	2024 %	2023 %
Ultimate parent entity:		
Medical Assurance Society New Zealand Limited	n/a	n/a
Subsidiaries:		
Medical Funds Management Limited (MFM)	100	100
Medical Insurance Society Limited (MIS)	100	100
Medical Life Assurance Society Limited (MLA)	100	100
Medical Securities Limited (MSL)	100	100
Other controlled entities:		
MAS Foundation (the Foundation)	–	–

The Foundation is controlled by MAS as the directors of MAS are able to appoint and remove the Trustees of the Foundation.

6.2 Other related entities

The MAS KiwiSaver Scheme and the MAS Retirement Scheme are registered superannuation schemes issued by MFM. The MAS Investment Funds is a managed investment scheme issued by MFM.

MFM is the manager of MAS Wholesale Investment Funds, which provide unitised funds for wholesale investors. The Group invests in the MAS Wholesale Investment Funds.

6.3 Related party transactions

Advances to and from subsidiary companies are unsecured and repayable on demand. Interest on advances is charged at the 90 day bank bill rate plus 1.00%. As at 31 March 2024, interest was charged at 6.64% for all subsidiaries (2023: 6.23%).

All transactions with Members, directors and employees are at market rates (2023: no change).

6. Related party information – continued

6.4 Compensation paid to key management personnel

	2024 $000	2023 $000
Salaries and other short-term employee benefits	4,054	3,610
Termination benefits	975	405
MAS directors' fees	763	776
Total compensation	**5,792**	**4,791**

6.5 Financial strength ratings

Two of the Group's subsidiaries are required to be rated. S&P Global Ratings Australia Pty Ltd has assigned Medical Insurance Society Limited and Medical Life Assurance Society Limited financial strength ratings of A (Strong).

7. Other balance sheet items

This section includes information that is not disclosed elsewhere.

7.1 Loans

	2024 $000	2023 $000
Loans – current	–	–
Loans – non current	–	466
Less provision for credit impairment	–	(40)
Net loans	–	**426**
Provision for credit impairment		
Collective loan provision	–	37
Specific loan provision	–	3
Total provision for credit impairment	–	**40**

All loans have been repaid during the year ended 31 March 2024.

7.2 Trade and other receivables

	2024 $000	2023 $000
GST receivable	248	259
Management fee receivable for funds management	1,784	1,774
Trade and other receivables	4,094	747
Allowance for expected credit losses	–	–
Total trade and other receivables	**6,126**	**2,780**

Trade receivables are non-interest bearing and are generally on terms of 30 days.

7.3 Assets held for sale

The Board determined that the Group's property is surplus to requirements and a decision was made to sell the property. The sale of the property is expected to be completed within a year. The property is classified as held for sale.

	2024 $000	2023 $000
Opening value of assets held for sale	5,536	–
Impairment loss recognised on the remeasurement to fair value less costs to sell	(1,369)	–
Assets held for sale	**4,167**	–

7. Other balance sheet items – continued

7.4 Property, plant and equipment

31 March 2024	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
Opening net book value	3,900	1,572	2,369	220	8,061
Additions	–	–	1,094	–	1,094
Work in progress	–	–	–	–	–
Transfers out of work in progress	–	–	–	(220)	(220)
Assets held for sale	(3,900)	(1,572)	(64)	–	(5,536)
Disposals	–	–	(204)	–	(204)
Revaluations	–	–	–	–	–
Depreciation expense	–	–	(952)	–	(952)
Closing net book value	**–**	**–**	**2,243**	**–**	**2,243**
Cost/revaluation	–	–	8,101	–	8,101
Accumulated depreciation	–	–	(5,858)	–	(5,858)
Closing net book value	**–**	**–**	**2,243**	**–**	**2,243**

31 March 2023	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
Opening net book value	3,900	1,615	2,724	–	8,239
Additions	–	–	625	220	845
Depreciation expense	–	(43)	(980)	–	(1,023)
Closing net book value	**3,900**	**1,572**	**2,369**	**220**	**8,061**
Cost/revaluation	3,900	1,615	9,482	220	15,217
Accumulated depreciation	–	(43)	(7,113)	–	(7,156)
Closing net book value	**3,900**	**1,572**	**2,369**	**220**	**8,061**

Furniture, fittings and equipment are held at cost and are depreciated on a straight line basis over their estimated economic lives, which are 3 to 10 years (2023: no change).

7.5 Intangibles

	2024 $000	2023 $000
Opening net book value	2,003	3,027
Amortisation expense	(740)	(1,024)
Closing net book value	**1,263**	**2,003**
Cost	27,727	27,743
Accumulated amortisation	(26,464)	(25,740)
Closing net book value	**1,263**	**2,003**

7. Other balance sheet items – continued

Intangible assets represent software and are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangibles are amortised over their estimated useful life; 5 years for general use software and 3 to 10 years for core systems.

7.6 Lease liabilities and right-of-use assets

The Group recognises a lease liability and right-of-use asset in the Consolidated Statement of Financial Position at commencement of a lease, except when the lease is a short-term lease.

The Group applied the practical expedient for short-term leases and recognised payments associated with short-term leases of properties, motor vehicles and printers on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. The expense for the year ended 31 March 2024 was $43,000 (2023: $26,000).

The Group recognised $425,000 (2023: $400,000) of interest expense on the lease liabilities and $1.24 million (2023: $1.24 million) of depreciation expense on the right-of-use assets for the year. The estimated useful life of right-of-use assets is the term of the lease.

31 March 2024	Properties $000	Motor vehicles $000	Printers $000	Total $000
Opening net book value	8,415	152	49	8,616
Additions	767	168	–	935
Reassessment of lease liabilities	15	77	–	92
Depreciation expense	(989)	(226)	(26)	(1,241)
Closing net book value	**8,208**	**171**	**23**	**8,402**
Cost	12,613	1,722	77	14,412
Accumulated depreciation	(4,405)	(1,551)	(54)	(6,010)
Closing net book value	**8,208**	**171**	**23**	**8,402**

31 March 2023	Properties $000	Motor vehicles $000	Printers $000	Total $000
Opening net book value	8,037	294	75	8,406
Additions	1,495	108	–	1,603
Reassessment of lease liabilities	(237)	80	–	(157)
Depreciation expense	(880)	(330)	(26)	(1,236)
Closing net book value	**8,415**	**152**	**49**	**8,616**
Cost	11,831	1,477	77	13,385
Accumulated depreciation	(3,416)	(1,325)	(28)	(4,769)
Closing net book value	**8,415**	**152**	**49**	**8,616**

7. Other balance sheet items – continued

7.6 Lease liabilities and right-of-use assets – continued

Lease liabilities	2024 $000	2023 $000
Current	1,182	1,008
Non-current	8,446	8,752
Total lease liabilities	**9,628**	**9,760**

Changes in lease liabilities	2024 $000	2023 $000
Balance at 1 April	9,760	9,413
Cash flows	(1,585)	(1,499)
Accretion of interest	425	400
Lease additions	935	1,603
Change in future lease payments	93	(157)
Balance at 31 March	**9,628**	**9,760**

7.7 Trade and other payables

Trade and other payables	2024 $000	2023 $000
Trade and other payables	6,541	6,392
GST payable	46	118
Total trade and other payables	**6,587**	**6,510**

All payables are due within 12 months of balance date.

Payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They represent liabilities for goods and services provided to the Group prior to the end of the financial year but which are unpaid at reporting date and are classified as a financial liability at amortised cost.

7. Other balance sheet items – continued

7.8 Provisions

	2024 $000	2023 $000
Employee benefits	3,898	4,648
Incentive remuneration payable	1,980	1,003
Remediation	79	5,158
	5,957	**10,809**
Current	4,360	8,629
Non-current	1,597	2,180
	5,957	**10,809**

Employee benefits includes annual leave, accumulating sick leave and long service leave. The non-current provision represents expected future long service leave that will be payable. The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels and periods of service of current and former employees. Expected future payments are discounted using New Zealand Government Stock rates that most closely match the maturity term (2023: no change).

Set out below is the movement in the remediation provision:

	2024 $000	2023 $000
As at 1 April	5,158	8,777
Remediation addition	–	231
Remediation decrease	(2,430)	(117)
Remediation payments	(2,649)	(3,732)
As at 31 March	**79**	**5,158**

The Group is well advanced in its programme to remediate Members for issues that have been identified. The remediation provision reflects management's best estimate of the amount to meet these obligations. It is expected the remediation provision will be utilised within 12 months of balance date.

8. Other

This section includes information that is not disclosed elsewhere.

8.1 Accounting standards

NZ IFRS 17 Insurance Contracts (NZ IFRS 17)

The Group has applied NZ IFRS 17 from 1 April 2023. NZ IFRS 17 replaces NZ IFRS 4 Insurance Contracts (NZ IFRS 4) and establishes new accounting requirements for insurance contracts. The standard requires a retrospective application and a restatement of comparative information.

The adoption of NZ IFRS 17 has resulted in a decrease to net assets at 1 April 2022 of $14.6 million, due to a $17.4 million increase in insurance contract liabilities and a $2.8 million increase in reinsurance contract assets. $13.5 million of the decrease to net assets is attributable to the Group's life insurance entity and $1.1 million is attributable to the Group's general insurance entity. There is no impact on businesses that are out of scope of NZ IFRS 17, such as the Group's funds management business.

There has been significant changes in the presentation of the financial statements under NZ IFRS 17 and the new NZ IFRS 17 balance sheet lines do not have a direct comparative under NZ IFRS 4. The decrease to net assets has been recognised as an adjustment to opening equity.

Details of the key policy decisions of adopting NZ IFRS 17 are outlined in Note 2: Underwriting Activities.

Other standards and amendments adopted

Apart from NZ IFRS 17, several amendments and interpretations apply for the first time in the period ended 31 March 2024. These do not have a material impact on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group does not expect any standard, interpretation or amendment that has been issued but is not yet effective to materially impact the financial statements.

8.2 Fee and other income

Fee and other income includes sundry income and other revenue from contracts with customers.

Other revenue from contracts with customers is comprised of fee income from mortgage referrals, and revenue from other services including administration services and HealthyPractice® operations.

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring services to customers. Mortgage referral fee income is recognised when a mortgage is drawn down and a fee is payable to the Group. Revenue from other services is typically recognised monthly as services are provided.

8. Other – continued

	2024 $000	2023 $000
Type of service		
Mortgage referral fee income	224	262
Other services	2,170	2,312
Total other revenue from contracts with customers	2,394	2,574
Sundry income	327	367
Total fee and other income	**2,721**	**2,941**
Timing of revenue recognition		
Services transferred over time	1,775	2,026
Services transferred at a point in time	619	548
Total other revenue from contracts with customers	2,394	2,574
Sundry income	327	367
Total fee and other income	**2,721**	**2,941**

8.3 Auditor remuneration

	2024 $000	2023 $000
Audit of financial statements	198	307
Other assurance and related services	48	38
Agreed upon procedures	15	14
Other services	21	53
	282	**412**

The auditor of the Group is Ernst & Young (EY). 2023 fees for the audit of financial statements includes $44,000 relating to the audit of the Schemes, which are managed by MFM (paid by the Schemes in 2024). Fees relating to the NZ IFRS 17 opening balance sheet assurance are also recognised in 2023 ($0 in 2024).

Other assurance and related services relate to reviews of regulatory reporting (2023: no change) and are required by legislation to be provided by the auditor.

Fees to auditors for agreed upon procedures relate to MFM's Net Tangible Asset calculation as required by the FMA, and Supervisor and Trustee reporting (2023: no change). Fees to auditors for other services are for remuneration advice (2023: remuneration advice).

The Board has considered the non-audit work carried out by the auditor and is satisfied the work did not compromise auditor objectivity and independence. Total fees to EY were $282,000 (2023: $412,000).

8. Other – continued

8.4 Expense disclosures

	2024 $000	2023 $000
Salaries and other short-term employee benefits	38,641	37,225
Directors' fees	763	776
Loss on disposal of property, plant, equipment and intangibles	204	–
Depreciation and amortisation	2,933	3,284
MAS Foundation grants	1,766	726
Donations and koha	21	82
Interest expense	425	400

Depreciation and amortisation includes $1.24 million of depreciation charges on the right-of-use lease assets (2023: $1.24 million).

8.5 Reconciliation of cash flows

	2024 $000	2023 $000
Net profit/(loss) from continuing operations	42,968	(11,234)
Adjustments:		
Depreciation, impairment and amortisation	2,933	3,286
Loss on disposal of property, plant and equipment	204	–
Movement in impairment	(40)	(45)
Unrealised investment (gain)/loss	(18,025)	11,451
Changes in operating assets and liabilities:		
Trade and other payables and provisions	(4,767)	(4,052)
Trade and other receivables and prepayments	(3,202)	683
Loans	466	164
Insurance contract liabilities	(60,653)	91,737
Reinsurance contract assets	64,675	(79,925)
Net cash flows from operating activities	**24,559**	**12,065**

8. Other – continued

8.6 Fund management income

Fund management income represents fees for the management of the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds (the Schemes).

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for transferring services to the Schemes. Revenue is calculated and accrued for management services provided to the Schemes, based on the daily funds under management balance.

8.7 Income and other taxes

Income tax

The Group became a registered charity on 1 December 2019. As such, its activities from that date are no longer subject to income tax.

Other taxes

Revenues and expenses are recognised net of goods and services tax (GST). GST related to insurance contracts and levies collected on behalf of Fire and Emergency New Zealand and EQC Toka Tū Ake are included as part of insurance contracts liabilities. GST unrelated to insurance contracts is included as part of trade and other payables/receivables.

8.8 Contingent liabilities

The Group is subject to several legal disputes at 31 March 2024 (2023: no change). The disputes are of a type common to any entity engaged in similar activities. Where such disputes lead to formal proceedings they will be defended by the Group. Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised.

8.9 Subsequent events

No material events have occurred after the reporting period.

EY
Building a better working world

Opinion

We have audited the financial statements of Medical Assurance Society New Zealand Limited ("the company") and its subsidiaries (together "the Group") on pages 20 to 67, which comprise the consolidated statement of financial position of the Group as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 20 to 67 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We provided remuneration benchmarking advice, agreed upon procedures relating to the net tangible asset return compiled by a subsidiary in accordance with the requirements of the Standard Conditions for Managed Investment Services, and regulatory audit and assurance services to certain subsidiaries. We have no other relationship with, or interest in, the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing, on behalf of the entity, the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx. This description forms part of our auditor's report.

Ernst & Young

Chartered Accountants
Wellington

22 July 2024

Five-year summary

	2024 $000	2023 $000	2022 $000	2021 $000	2020 $000
MIS gross premium revenue*	155,042	124,800	102,255	89,884	86,941
MLA premium income*	53,843	50,347	46,692	43,830	42,140
Fund management income	21,198	20,371	21,560	19,052	16,768
Investment and sundry income	30,783	159	7,308	35,676	4,348
Total comprehensive income/(loss)**	41,599	(11,234)	4,689	16,396	12,472
Total equity**	251,350	209,751	235,541	230,034	214,210

*Figures are unaudited and are presented in a similar manner across the 5 years to enable users to see trends.

**FY23–FY24 equity and total comprehensive income/(loss) prepared in accordance with IFRS 17. FY22 and prior periods prepared in accordance with IFRS 4.

Statutory Information

Directors' interests

Directors' remuneration paid by the Parent Company, or due and payable, is as follows:

	Director fee	Board fee	Committee fee	Gift
HE Aish	38,688	33,875	4,813	5,000
KA Baddock	91,667	79,635	12,031	–
D Hill	93,917	89,760	4,156	–
S Merchant	82,104	75,104	7,000	–
S Wolton	98,698	80,104	18,594	–
FA Frizelle	79,479	75,104	4,375	–
LR Knowles	34,344	28,438	5,906	4,503
BC Sutton	146,125	141,750	4,375	–
B O'Donovan	98,073	80,573	17,500	–
Total	**763,094**	**684,344**	**78,750**	**9,503**

From 1 August 2023 MAS changed its director fee structure and now only pays a committee fee to those directors who chair a committee.

Statutory information – continued

Employee remuneration

The table below sets out the number of employees or former employees of MAS who received remuneration exceeding $100,000 for the years ended 31 March 2024 and 31 March 2023.

Remuneration includes base salary payments, performance payments and redundancy or other termination payments. The table does not include contributions of 3% of gross earnings for those individuals who are members of a KiwiSaver scheme.

	Number of employees	
	2024	**2023**
100,000–110,000	21	28
110,000–120,000	13	15
120,000–130,000	17	20
130,000–140,000	20	17
140,000–150,000	15	9
150,000–160,000	11	7
160,000–170,000	11	13
170,000–180,000	7	8
180,000–190,000	11	8
190,000–200,000	5	5
200,000–210,000	1	1
210,000–220,000	6	6
220,000–230,000	3	3
230,000–240,000	1	1
240,000–250,000	2	1
260,000–270,000	–	1
270,000–280,000	3	1
280,000–290,000	1	1
290,000–300,000	1	1
300,000–310,000	2	–
310,000–320,000	1	–
320,000–330,000	–	1
330,000–340,000	–	1
340,000–350,000	1	–
350,000–360,000	1	1
360,000–370,000	1	–
390,000–400,000	1	1
420,000–430,000	2	–
520,000–530,000	–	1
540,000–550,000	–	1
620,000–630,000	1	–
780,000–790,000	1	–
960,000–970,000	–	1
	160	153

Corporate Governance Statement

Board structure

The Board of Medical Assurance Society New Zealand Limited (MAS) supervises the management of MAS and its subsidiary companies. The Board is comprised of the Trustees of the Medical Assurance Society Members' Trust (the Trust). At 31 March 2024 there were 4 Practitioner Trustees (who are elected by Members) and 3 Commercial Trustees (who are appointed by the Practitioner Trustees). Members approve the appointment of Commercial Trustees.

Control and financial returns

Control of MAS group companies ultimately rests with MAS Members via their interest in voting shares held by the Trust.

MAS invests the financial returns of its businesses in 2 ways. One is to ensure the continued soundness of the group businesses, and to improve the insurance and investment products and services they offer for the benefit of Members. The other is to distribute to the MAS Foundation. MAS Foundation is the MAS Group's philanthropic funder. It has been established with an independent board of trustees, whose role is to fund third parties who further the Group's charitable purpose of promoting health in Aotearoa New Zealand.

Board operations

The MAS Board approves MAS's strategic objectives, annual budgets and the overall framework within which business is conducted. It oversees the management of MAS to ensure that MAS's activities are carried out in accordance with its charitable purpose and otherwise in the best interests of Members. It also monitors the achievement of goals and plans, but delegates day-to-day management to the Chief Executive Officer. The Board approves transactions relating to any capital expenditure that exceeds delegated authorities, overall financial policy and policy on dividend payment by subsidiary companies to MAS.

The Board encourages open and frank discussion and confidentiality. It is entitled to seek independent professional advice to assist it in meeting its responsibilities and MAS pays for this advice.

A clear separation is maintained between the roles of Chair and Chief Executive Officer. The Chair's role is to manage and lead the Board effectively, and to maintain communications with the Chief Executive Officer. There are no Executive Directors.

Each trustee of the Trust is authorised and directed to act as a Director of MAS. The Trust Deed sets out policies and procedures covering the appointment and removal, proceedings, powers and duties, and remuneration and expenses of trustees.

Board committees

The Board has established 5 committees. Those committees are:

- Audit and Risk
- Innovation and Digital Technology
- Investment
- Nominations
- People and Remuneration

Committees are governed by separate charters which are available for inspection at mas.co.nz.

The Audit and Risk Committee meets to assist the Board on financial matters, particularly the financial reporting processes, the system of internal control, the audit process, MAS's process for identifying and managing risk, and monitoring compliance with statutes and MAS policies. As at 31 March 2024, the Committee is comprised of Lindsay Knowles (Chair), Kate Baddock, Brendan O'Donovan, and Brett Sutton.

The Information and Digital Technology Committee meets to oversee the successful execution of MAS's Information and Digital Technology strategy. As at 31 March 2024, the Committee is comprised of Steve Merchant (Chair), Doug Hill, Lindsay Knowles, and Mike Clarke, an appointed technologist who is external to MAS Board and management.

The Investment Committee meets to review investment strategies and policies to ensure that assets are well managed within appropriate risk boundaries and portfolios meet the performance objectives of MAS and MAS's Members. As at 31 March 2024 the Committee is comprised of Brendan O'Donovan (Chair), Frank Frizelle, and Brett Sutton.

The Nominations Committee meets to manage the appointment process for MAS Group trustees and directors and make recommendations to the MAS Board accordingly. As at 31 March 2024, the Committee is comprised of Kate Baddock (Chair), Frank Frizelle, and Steve Merchant.

The People and Remuneration Committee meets to assist the Board in the appropriate governance of all matters related to people and remuneration strategies. As at 31 March 2024, the Committee is comprised of Brett Sutton (Chair), Doug Hill, Brendan O'Donovan, and Steve Merchant.

Directory

Senior Management Team

Andrew Steele
Chief People & Transformation Officer

Chris Sutherland
Chief General Insurance Officer

Craig Ward
Chief Innovation and Digital Officer

Helen McDowall
Chief Investment Products Officer

Matt Harvey
Chief Distribution and Marketing Officer

Matthew Judge
Chief Finance and Risk Officer

Rachael Macdonald
Chief Life Insurance Officer

Suzanne Wolton
Chief Executive Officer

Registered Office

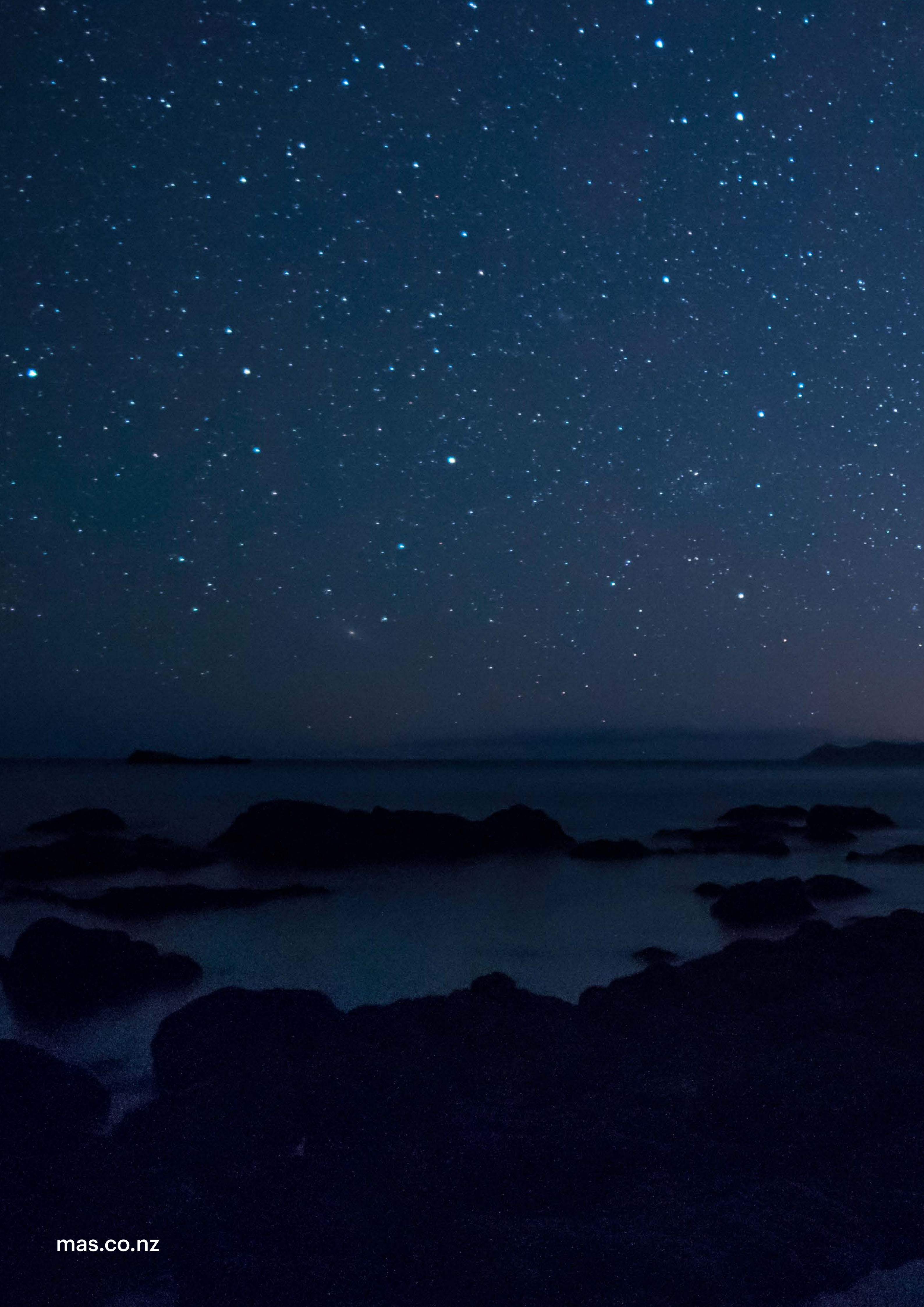
10 Waterloo Quay
Wellington
PO Box 957
Telephone 0800 800 627

Auditor

Ernst & Young

Bankers

ANZ


mas.co.nz