# New Zealand Branch of SCOR Global Life SE

## Financial Report

# 2018

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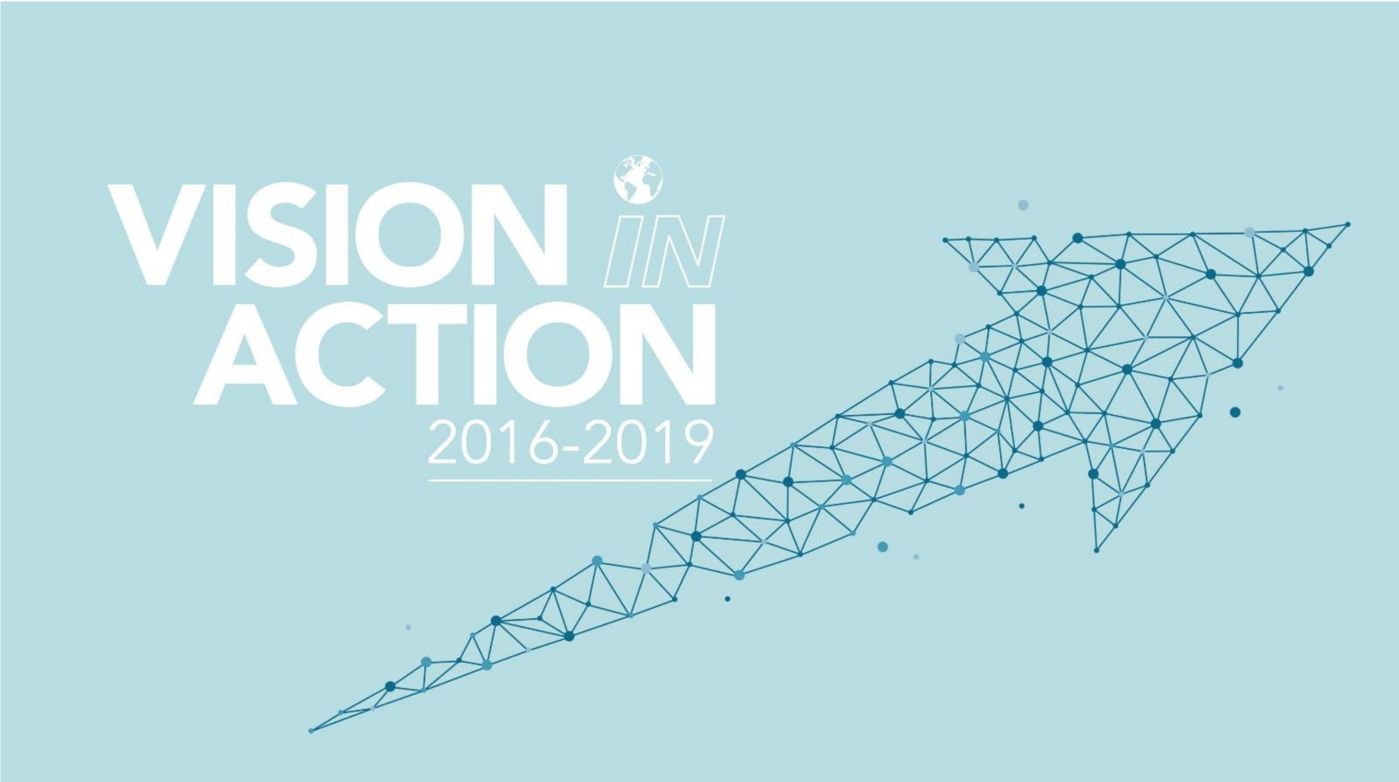
SCOR The Art & Science of Risk | Life

## New Zealand Branch of SCOR Global Life SE

COMPANY NUMBER 3207487

# Financial Report

**For the year ended 31 December 2018**




**NZ Branch of SCOR Global Life SE**
Level 20, Lumley Centre
88 Shortland Street
Auckland 1010 | New Zealand

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# BOARD AND OFFICERS

For the year ended 31 December 2018

## Principal place of business and registered office - Company Number 3207487

| Principal Place of Business | Registered Office |
|---|---|
| Level 1 | Level 20, Lumley Centre |
| 33-45 Hurstmere Road | 88 Shortland Street |
| Takapuna Auckland 0740 New Zealand | Auckland 1010 New Zealand |

## Board of Directors of SCOR Global Life SE (all of whom have been in office throughout the year ended 31 December 2018 unless otherwise stated)

| | |
|---|---|
| Denis KESSLER | Chairman of the Board of Directors and SCOR SE CEO |
| Mark KOCIANCIC | SCOR SE Chief Financial Officer |
| Frieder KNÜPLING | SCOR SE Chief Risk Officer |
| Romain LAUNAY | SCOR SE Chief Operating Officer |

## Executive Officers of SCOR Global Life SE (in office throughout the year ended 31 December 2018

| | |
|---|---|
| Paolo DE MARTIN | SCOR Global Life SE CEO |
| Dion Crawford RUSSELL | CEO of the New Zealand Branch of SCOR Global Life SE |
| Iain Alastair BULCRAIG | CFO of the New Zealand Branch of SCOR Global Life SE |

## External Officers

| | |
|---|---|
| James Hickey<br>Partner at Deloitte<br>225 George St \| Sydney \| NSW 2000 \| Australia | Appointed Actuary |
| Louise Burns<br>Partner at Ernst & Young Australia<br>200 George St \| Sydney \| NSW 2000 \| Australia | External Auditor |

# STATUTORY AND OTHER DISCLOSURES

For the year ended 31 December 2018

This report is presented on the New Zealand Branch of SCOR Global Life SE (the Branch or SGL SE NZ) for the year ended 31 December 2018. All comparative figures for 2017 cover the year from 1 January 2017 to 31 December 2017.

The Life Insurance division of the SCOR Group is SCOR Global Life SE (the Company or SGL SE); its main office is located in France. The New Zealand branch office is managed by its Chief Executive Officer who ultimately reports to the Company's executive management.

## Principal activities

The principal activity of SGL SE NZ during the year was the provision of life reinsurance services. The Branch's net profit for the year after income tax is $0.007m (2017: $0.008m). The Branch's operations during the year performed as expected.

SGL SE, a body corporate incorporated in France, is registered on the New Zealand Overseas Company Register to carry on business in this country, under Part XVIII of the Companies Act 1993. SGL SE was certified as an overseas Non-ASIC Company by the Registrar of Companies New Zealand on 30th November 2010, under Section 337[1] of the Companies Act 1993.

From March 2012, the Reserve Bank of New Zealand (RBNZ) took on the role of insurance regulator and industry supervisor. The Company was issued with a licence by the RBNZ to carry on insurance business in New Zealand under the new regime, with effect from 8 March 2012.

## Economic Dependency

The Branch is reliant on SGL SE Singapore Branch to provide all financial support to meet its business commitments. The Branch fully relies on SGL SE Singapore Branch to comply with solvency requirements under the RBNZ "Solvency Standard for Life Insurance Business".

## SCOR Group, intra-group reorganisation – Impact for the Branch

As a leading and innovative global reinsurer, the SCOR Group is constantly reviewing its structure, operations and product and service offerings to ensure it is best positioned to meet the needs and expectations of its clients and shareholders. In September 2016 the SCOR Group disclosed its decision to implement an intra-group reorganisation resulting in the merge of its three Societas Europaea (SE) entities - SCOR SE, SCOR Global P&C SE (SGPC) and SCOR Global Life SE - into a single SE. The reorganisation will be implemented by a simplified merger of SGPC and SGL into their parent company, SCOR SE, pursuant to the French Code of Commerce. The merger was completed on March 31, 2019 (retroactive for tax and accounting purposes to January 1, 2019).

As part of the reorganisation, the New Zealand reinsurance business of SGL will be transferred to SCOR SE. When complete, the merger will not impact the day-to-day affairs of the Branch, the management and operations of the Branch's reinsurance arrangements will remain unchanged.

The ratings of the SCOR Group – Standard & Poor's AA- (stable outlook), AM Best A+ (stable outlook), Moody's Aa3 (stable outlook) and Fitch AA- (stable outlook) – apply to the Branch and the merged entity is expected to continue to offer the same rating level.

# STATUTORY AND OTHER DISCLOSURES

For the year ended 31 December 2018

The Reserve Bank of New Zealand has given the necessary approvals for the merger to proceed, for SCOR SE to be licenced to act as an insurer in New Zealand and for the statutory funds of SGL SE to be restructured into the new entity following completion of the reorganisation. SGL SE NZ will not exist independently following completion of the reorganisation, when SCOR SE will have its own licence.

## Risk management

The Branch takes a proactive approach to risk management and provides regular reporting of any key issues or risks relating to the New Zealand business to the SCOR Group's Risk Management team.

## Significant events after the balance date

In the interval between the end of the financial year and the date of this report, other than as disclosed, no item, transaction or event of a material nature has arisen that, in the opinion of the Directors of the Company, is likely to significantly affect the operations of the Branch or the state of affairs of the entity in future financial periods.

## Indemnification and insurance of directors and officers

SGL SE has entered into a deed of access, indemnity and insurance with each Director to indemnify the Director to the extent permitted by law against certain liabilities incurred by the Director as an officer of the Company. Otherwise, no indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer or auditor of the Company.

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervened in any proceedings to which the Company is a party, or taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the year ended 31 December 2018.

### Non-audit services provided by the Auditor (Ernst & Young - EY)

The Branch may decide to employ its auditor on assignments additional to their statutory audit duties, where the auditor's expertise and experience with the Branch is important.

The Board is satisfied that the provision of the non-audit services by the Branch auditor is compatible with the general standard of independence for auditors. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

## Rounding

All amounts are in New Zealand dollars, unless otherwise specified. The amounts contained in the financial report have been rounded to the nearest $1,000, unless stated to be otherwise and where noted ($'000).

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| Life Reinsurance Premium Revenue | | 138,015 | 117,719 |
| Retrocession Expense - Premium | | (138,015) | (117,719) |
| **Net Reinsurance Premium Revenue** | | **-** | **-** |
| Investment Revenue | **5** | 10 | 11 |
| **Net Revenue** | | **10** | **11** |
| Life Reinsurance Claims Expense | | (50,950) | (33,831) |
| Retrocession Recoveries - Claims | | 50,950 | 33,831 |
| **Net Claims Expense** | | **-** | **-** |
| Life Reinsurance Commission Expense | | (39,119) | (62,057) |
| Retrocession Recoveries - Commission | | 39,119 | 62,057 |
| **Operating Expenses** | | **-** | **-** |
| Movement in net Life Reinsurance Contract Liabilities | **6** | - | - |
| **Profit before Income Tax** | | **10** | **11** |
| Income Tax Expense | **7** | (3) | (3) |
| **Profit after Income Tax** | | **7** | **8** |
| Other Comprehensive Income net of Tax | | - | - |
| **Total Comprehensive Profit for the year** | | **7** | **8** |

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | **8** | 2,922 | 2,915 |
| Receivables | **9** | 9,726 | 133,103 |
| Ceded Life Reinsurance Contract Liabilities | **6** | (179,431) | (214,475) |
| **TOTAL ASSETS** | | **(166,783)** | **(78,457)** |
| **LIABILITIES** | | | |
| Payables | **10** | 9,726 | 133,103 |
| Assumed Life Reinsurance Contract Liabilities | **6** | (179,431) | (214,475) |
| **TOTAL LIABILITIES** | | **(169,705)** | **(81,372)** |
| **NET ASSETS** | | **2,922** | **2,915** |
| **EQUITY** | | | |
| Contributed Equity | | 2,740 | 2,740 |
| Retained Earnings | | 182 | 175 |
| **TOTAL EQUITY** | | **2,922** | **2,915** |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**Director of SGL SE**

Name in print: Mark KOCIANCIC

Date: 26 April 2019

**Director of SGL SE**

Name in print: Romain LAUNAY

Date: 26 April 2019

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

| 2018 | Contributed Equity $'000 | Retained Earnings $'000 | Total for the year $'000 |
|---|---|---|---|
| **At 1 January 2018** | 2,740 | 175 | 2,915 |
| Contributed Equity | - | - | - |
| Profit for the year | - | 7 | 7 |
| **At 31 December 2018** | 2,740 | 182 | 2,922 |

| 2017 | Contributed Equity $'000 | Retained Earnings $'000 | Total for the year $'000 |
|---|---|---|---|
| **At 1 January 2017** | 2,740 | 167 | 2,907 |
| Contributed Equity | - | - | - |
| Profit for the year | - | 8 | 8 |
| **At 31 December 2017** | 2,740 | 175 | 2,915 |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| **Cash flow from Operating Activities** | | | |
| Interest received | | 10 | 11 |
| Income Tax paid | | (3) | (3) |
| **Net cash flow from Operating Activities** | **8** | **7** | **8** |
| **Net increase in cash held** | | **7** | **8** |
| **Cash at the beginning of the year** | | **2,915** | **2,907** |
| **Cash at the end of the year** | **8** | **2,922** | **2,915** |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

## NOTE 1. Corporate Information

SGL SE is a profit-oriented entity incorporated as a French overseas company, under the New Zealand Companies Act 1993, and operating in New Zealand as a Branch. The direct and ultimate parent of SGL SE is SCOR SE, a company incorporated in France and listed on the Euronext Paris.

The life reinsurance operations of the Branch consist solely of non-investment-linked business.

Non-investment-linked business is business in which a licensed entity issues a contract where the reinsured benefit is not directly linked to the market value of investments held. These benefits are payable on death, or on the occurrence of an insured event such as injury, illness or disability. The risk of the occurrence of the event, which crystallises the payment of the insured benefit, is borne by the reinsurer.

## NOTE 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. There have been no significant changes to accounting policies during the financial year.

### a) Statement of Compliance

The financial statements of the Branch comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for profit-oriented entities.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### b) Basis of preparation

The financial statements have been prepared on an ongoing concern basis and in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, Companies Act 1993, Financial Reporting Act 2013, and the Insurance (Prudential Supervision) Act 2010.

For the purposes of complying with NZ GAAP, the entity is a for-profit entity.

The financial report is presented in New Zealand dollars, which is the Branch's functional and presentation currency, and all values are rounded to the nearest thousand ($000) unless otherwise stated.

The accompanying Statement of Financial Position has been prepared using the liquidity format of presentation. The financial statements provide comparative information in respect of the previous period. Certain previous period comparative information has been revised in this financial report to conform with the current period's presentation.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### c) Early adoption of standards

The Branch has not elected to early adopt, in this financial report, any new standards, amendments or interpretations that are issued but not yet effective, including improvements to NZ IFRSs, for the year ended 31 December 2018.

The Branch will apply the standards and amendments detailed below for the reporting periods beginning on the operative dates set out below. An assessment of the financial impact of the standards and amendments has been undertaken and they are not expected to have a material impact on the Branch's financial statements or accounting policies except for NZ IFRS 17. The impact of this standard is still being assessed as it is not applicable until 1 January 2021. Projects have been initiated to evaluate the standard and its impact on the Branch.

*New accounting standards and amendments issued but not yet effective*

| Title | Operative Date |
|---|---|
| Amendments to NZ IFRS 9<br>Prepayment Features with Negative Compensation | 01-Jan-19[i] |
| NZ IFRS 10 and NZ IAS 28<br>2017 Omnibus Amendments to NZ IFRS | 01-Jan-19 |
| NZ IFRS 16<br>Leases | 01-Jan-19[ii] |
| NZ IFRIC 23<br>Uncertainty over Income Tax Treatments | 01-Jan-19 |
| Amendments to NZ IAS 28<br>Long-term Interests in Associates and Joint Ventures | 01-Jan-19 |
| Amendments to NZ IFRS 3, NZ IFRS 11, NZ IAS 12, NZ IAS 23<br>Annual Improvements to NZ IFRSs 2015 - 2017 Cycle | 01-Jan-19 |
| Amendments to NZ IAS 19<br>Plan amendment, curtailment or settlement | 01-Jan-19 |
| Amendments to the Scope of FRS 42<br>Prospective Financial Statements | 01-Jan-19 |
| Amendments to NZ IFRS 3<br>Definition of a Business | 01-Jan-20 |
| Amendments to NZ IAS 1 and NZ IAS 8<br>Definition of Material | 01-Jan-20 |
| 2018 NZ Conceptual Framework<br>New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting | 01-Jan-20 |
| NZ IFRS 17<br>Insurance Contracts | 01-Jan-21 |
| NZ IFRS 10 and NZ IAS 28<br>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred indefinitely |

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### i. NZ IFRS 9 Financial Assets

The Group applies the temporary exemption from NZ IFRS 9 as permitted by the amendments to NZ IFRS 4 Applying NZ IFRS 9 Financial Instruments with NZ IFRS 4 Insurance Contracts issued in September 2016. The temporary exemption permits the Group to continue applying NZ IAS 39 rather than NZ IFRS 9 for annual periods beginning before 1 January 2021.

The Group concluded that it qualified for the temporary exemption from NZ IFRS 9 because its activities are predominantly connected with insurance. As at 31 December 2015, the Group's gross liabilities arising from contracts within the scope of NZ IFRS 4 represented 95% of the total carrying amount of all its liabilities. Since 31 December 2015, there has been no change in the activities of the Group that requires reassessment of the use of the temporary exemption.

On adoption of NZ IFRS 9, the Company has assessed the impact to be not material.

### ii. NZ IFRS 16 Leases

The new lease standard will become effective for the Company from the annual reporting period commencing 1 January 2019. The Company does not have any leases, nor does it expect to have any leases in the future, and as such the Company expects the impact of adoption to be immaterial.

## d) Accounting Policies

### i. Life Reinsurance Premium

Premiums are recognised as revenue on an accruals basis. A provision for unearned premiums is included in the actuarial valuation of liabilities. Outstanding premiums are included as an asset in the Statement of Financial Position.

### ii. Investment Revenue

All investment income is recognised as revenue on an accruals basis. Consistent with the principles of fair value accounting for investment assets, movements in the valuation of investment assets are recognised in the Statement of Comprehensive Income.

Interest income is brought to account on an accruals basis when the entity obtains the right to receive the interest income.

### iii. Life Reinsurance Claims

Claims are recognised when the liability to the cedant under the reinsurance contract has been established or upon notification of the reinsured event.

Claims are treated directly as an expense when a liability to the cedant is estimated and reported to the branch.

Reserves for claims incurred but not reported, claims reported but not admitted and claims considered likely to arise are included in the actuarial valuation of reinsurance contract liabilities.

### iv. Expenses

All costs are charged to operating expenses as incurred.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### v. Retrocession Expense

Premiums ceded to reinsurers under retrocession contracts are recorded as an outwards reinsurance expense and are recognised over the period of indemnity of the retrocession contract in accordance with the expected pattern of the incidence of risk.

### vi. Retrocession Recoveries

Reinsurance recoveries reduce gross claims and commissions expense to determine net positions. Amounts recoverable are assessed in accordance with the terms of the retrocession contracts, which is in a manner similar to the assessment of outstanding claims or commissions.

Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the provision for outstanding claims or commissions.

### vii. Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value, being the principal amount.

*Statement of cash flows*

The following are the definitions of the terms used in the statement of cash flows:

i. Operating activities include all transactions and other events that are not investing or financing activities.
ii. Investing activities are those activities relating to the acquisition, holding, and disposal of property, plant, and equipment and of investments.
iii. Financing activities are those activities relating to changes in the equity and debt structure of the Branch.

### viii. Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

The Branch has determined that all assets held within the Branch are assets backing policy liabilities of the life reinsurance business. As these assets are managed on a fair value basis and are reported on this basis, they have been valued at fair value through profit or loss wherever the applicable standard allows.

Investments in financial assets are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs.

Subsequent to initial recognition, the fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

Such techniques include:

- using recent arm's length market transactions;
- reference to the current market value of another instrument that is substantially the same;
- discounted cash flow analysis; and
- option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

### ix. Receivables

Receivables are recognised initially at fair value. Receivables related to technical operations are recognised and carried at billed amount. No amounts have been provided for any uncollectible amounts.

Interest income is brought to account on an accruals basis when the entity obtains the right to receive the interest income.

### x. Payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of the year, which are unsettled. Payables are generally recognised at fair value.

### xi. Life Reinsurance Contract Liabilities

Life Reinsurance Contract Liabilities in the Statement of Financial Position and the increase or decrease in policy liabilities in the Statement of Comprehensive Income have been calculated in accordance with the New Zealand Society of Actuaries Professional Standard No. 20 – Determination of Life Insurance Policy Liabilities ('PS20'). Life reinsurance contracts are accounted for in accordance with the requirements of NZ IFRS 4 Insurance Contracts.

The policy liabilities are calculated on a best estimate basis. Under PS20 the policy liability is required to provide for:

i. Best Estimate Liabilities
ii. The value of future expected profit margins to be released as services are provided

The policy liability is calculated using an accumulation approach as permitted under PS20 and comprises the following:

i. Unearned premium reserve
ii. Outstanding claim reserves
iii. Deferred acquisition costs (asset or negative liability)

Deferred Acquisition Costs (DAC) are determined from initial commission payments using a methodology that amortises the DAC according to the present value of future gross margins (premiums less renewal commissions, claims and maintenance expenses).

The measurement of life reinsurance contract liabilities is subject to actuarial assumptions. Assumptions made in the calculation of the life reinsurance contract liability at each reporting date are based on best estimates at that date. Best Estimate Assumptions must be made about the future cost of the risks accepted and services provided, including probabilities of occurrence, having regard to available statistical and other evidence subject to any requirements in PS20. The assumptions used in the calculation of the life reinsurance contract liabilities are reviewed at each reporting date. The assumptions are reviewed against the entity's own experience and management practices, published information on industry experience and

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

emerging trends (both in New Zealand, and where relevant, overseas) and professional standards. A summary of the significant actuarial methods and assumptions used is contained in 0

### xii. Taxes

*Current tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position balance date.

*Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

Deferred tax, including amounts in respect of life reinsurance contracts, is not discounted to present value.

*Income tax expense*

The income tax expense is the tax payable on taxable income for the current period, based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

### xiii. Other Taxes

All revenues, expenses and certain assets are recognised net of goods and services taxes (GST) except where the GST is not recoverable. In these circumstances, the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. The net GST payable to or recoverable from the tax authorities as at balance date is included as a receivable or payable in the balance sheet.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### xiv. Allocation of Operating Results

All of the operating result is allocated to the Branch. There are no participating policy owners.

## NOTE 3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Policy liabilities arising from life reinsurance contracts are calculated at each reporting date using mathematical and statistical models. The valuations are prepared by appropriately qualified and experienced actuaries based on internationally recognised actuarial methods set out in Professional Standards issued by the New Zealand Society of Actuaries, a full member of the International Actuarial Association. The methodology considers the risks and uncertainties of the particular classes of business written.

The key factors that affect the estimation of these liabilities are:

- The cost of providing benefits and administering these contracts;
- Mortality and morbidity experience on life reinsurance products;
- Persistency experience, which affects the entity's ability to recover the cost of acquiring new business over the lives of the contracts;
- Retrocession arrangements in place;
- Other factors such as regulation, competition, interest rates, the performance of the capital markets and general economic conditions affect the level of these liabilities.

The uncertainties surrounding these assumptions mean that it is likely that the actual observed claims incidence will vary from the liability estimated at the reporting date.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

## NOTE 4. Significant actuarial methods and assumptions

According to section 77(1) of the Insurance (Prudential Supervision) Act 2010, the Appointed Actuary, Mr James Hickey, Deloitte, must review the actuarial information in, or used in the preparation of, the financial statements. The Appointed Actuary is satisfied as to the accuracy of the data from which the policy liabilities have been determined. The effective date of the Appointed Actuary's advice and of the policy liabilities and solvency reserves calculation is 31 December 2018.

### a) Appointed Actuary's opinion

Senior management receives a Financial Condition Report (FCR) annually from the Appointed Actuary of the Branch in accordance with the Insurance (Prudential Supervision) Act 2010. The purpose of the FCR is to provide the Appointed Actuary's objective assessment of the Branch's overall financial condition. It considers, among other things, the material risks facing the Branch that, in the Appointed Actuary's opinion, pose a threat to its ability to remain financially solvent now and in the future.

### b) Actuarial Assumptions

The Accumulation method of valuation is used for SGL SE NZ product groups (i.e. Retail Lump Sum Risk and Retail Disability Income).

Systematic release of planned margin is achieved through the calculation of Deferred Acquisition Costs. Profit carriers are implicit in the Accumulation method used.

Allowance has been made for Incurred But Not Reported claims (IBNR), Reported But Not Admitted claims (RBNA), Admitted But Not Paid claims (ABNP), Disability income Claims In the Course of Payment (CICP), and Unearned Premium Reserves (UPR).

Best estimate claim assumptions are primarily based on actual experience observed on the reinsured portfolio.

Best estimate lapse assumptions are primarily based on actual experience observed by underwriting year and policy duration with adjustments to recognise the lapse experience is not yet fully developed for all policy years.

### c) Impact of Changes in Assumptions

The 31 December 2018 claim assumption has increased from a loss ratio of 36.6% to 38.7%.

### d) Sensitivity Analysis

The Branch conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables that affect profits. The valuations included in the reported results are the Branch's best estimate of future performance and are calculated using certain assumptions about these variables. The movement in any key variable will affect the performance and net assets of the Branch and as such represents a risk.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

The following table illustrates the sensitivity of the current year possible changes in key assumptions as at 31 December 2018.

| Assumption | Impact on Gross Future Profits $'000 | Impact on Gross Policy liability $'000 | Impact on Profit after Tax and Equity $'000 |
|---|---|---|---|
| 10% Increase in Mortality and Morbidity | Decrease of 30,077 | Increase of 1,331 | - |
| 10% Increase in Lapses | Increase of 3,509 | - | - |
| 10% Increase in Maintenance Expenses | Increase of 517 | - | - |

## NOTE 5. Investment Revenue

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Interest, Dividend and Other Revenue: | | |
| Interest Income from Cash and Cash Equivalents | 10 | 11 |
| **Total Investment Revenue** | **10** | **11** |

## NOTE 6. Life Reinsurance Contract Liabilities

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Assumed Life Reinsurance Contract Liabilities | (179,431) | (214,475) |
| **minus** Ceded Life Reinsurance Contract Liabilities | (179,431) | (214,475) |
| **Net Life Reinsurance Contract Liabilities** | **-** | **-** |

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Movement in Life Reinsurance Contract Liabilities | | |
| Assumed Life Reinsurance Contract Liabilities | (35,044) | 8,968 |
| **minus** Ceded Life Reinsurance Contract Liabilities | (35,044) | 8,968 |
| **Movement in Net Life Reinsurance Contract Liabilities** | **-** | **-** |

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

## NOTE 7. Income Tax

The following disclosures reflect the current and deferred tax movements on the results of the Branch for the reporting period.

| **(a) Income tax (balance sheet)** | **2018** | **2017** |
|---|---|---|
| | **$'000** | **$'000** |
| Income tax expense the year | (3) | (3) |
| Income tax paid during the year | 3 | 3 |
| **Current income tax movement** | **-** | **-** |

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

A reconciliation of the differences between prima facie tax, calculated as 28% of the profit before income tax for the period and the actual income tax expense recognised in the Statement of Comprehensive Income for the period is as follows:

| | **2018** | **2017** |
|---|---|---|
| | **$'000** | **$'000** |
| Profit before Income Tax | 10 | 11 |
| Tax (expense) at the New Zealand tax rate of 28% | (3) | (3) |
| Tax effect of non-taxable amounts | - | - |
| Tax effect of non-deductible amounts | - | - |
| **Income tax expense** | **(3)** | **(3)** |
| **Profit after Income Tax** | **7** | **8** |

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

**(c) Tax Losses**

There are no unused tax losses for which a deferred tax asset has not been recognised.

**(d) Taxation Basis**

The principal elements for the calculation of the taxable income are as follows:

(i) Investment earnings made up of interest received
(ii) Premiums Earned
(iii) Other Income

The allowable deductions for each taxable class of business in New Zealand include:

(i) Claims Payments
(ii) Renewal Commissions
(iii) General Management Expenses
(iv) Other Expenses referable to the business (such as Management Fees)
(v) The movement in the life reinsurance contract liabilities for the period (excluding deferred acquisition costs written off)

## NOTE 8. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents comprise cash available on demand and deposits held at call with financial institutions. Cash available on demand at the end of the financial period was $2.922 (2017: $2.915).

*Reconciliation of Net Profit after Income Tax to net Cash Flows from Operating Activities*

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| **Net Profit from Operating Activities after Income Tax** | **7** | **8** |
| Change in Assets and Liabilities during the year | | |
| Decrease in Sundry Debtors | 123,377 | 22,957 |
| (Increase) / Decrease in Ceded Life Reinsurance Contract Liab's | (35,044) | 8,968 |
| Decrease in Payables | (123,377) | (20,187) |
| (Decrease) in Provisions | - | (2,770) |
| Increase / (Decrease) in Assumed Life Reinsurance Contract Liab's | 35,044 | (8,968) |
| **Net Cash Flow from Operating Activities** | **7** | **8** |

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

## NOTE 9. Receivables

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Amounts due from SCOR Global Life SE - Singapore branch | | |
| For ceded transactions | - | 119,402 |
| For Goods & Services Tax refund | - | 11,016 |
| Outstanding Premiums | 9,726 | 2,685 |
| **Total Receivables** | **9,726** | **133,103** |
| Expected to be realised within 12 months | 9,726 | 2,685 |

## NOTE 10. Payables

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Amount owed to SCOR Global Life SE - Singapore branch | | |
| For Retrocession | 9,726 | 133,103 |
| **Total Payables** | **9,726** | **133,103** |
| Expected to be settled within 12 months | 9,726 | 2,685 |

## NOTE 11. Auditor's Remuneration

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| The auditor of the Branch is Ernst & Young.<br>Amounts received or due and receivable by Ernst & Young (Australia) for: | | |
| - An audit of the financial report of the entity | 23 | 19 |
| | **23** | **19** |

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

## NOTE 12. Related Party Disclosures

### a) The Directors of SGL SE during the year were:

- Denis KESSLER
- Mark KOCIANCIC
- Frieder KNÜPLING
- Romain LAUNAY

### b) Ultimate Controlling Entity:

SGL SE is a profit-oriented entity incorporated as a French overseas company, under the New Zealand Companies Act 1993, and operating in New Zealand as a Branch. The direct and ultimate parent of SGL SE is SCOR SE, a company both domiciled and incorporated in France and listed on the Euronext Paris.

The Branch has in place a retrocession agreement with SCOR Global Life SE Singapore Branch. SCOR's Insurer Financial Strength rating with Standard & Poor's (S&P) is AA- stable outlook and the Group counterparty credit ratings is AA-/A-1+.

*SCOR Group, intra-group reorganisation.* In September 2016 the SCOR Group disclosed its decision to implement an intra-group reorganisation resulting in the merge of its three Societas Europaea (SE) entities - SCOR SE, SCOR Global P&C SE (SGPC) and SCOR Global Life SE (SGL) - into a single SE. The merger was completed on March 31, 2019 (retroactive for tax and accounting purposes to January 1, 2019).

As part of the reorganisation, the New Zealand reinsurance business of the Branch will be transferred to SCOR SE. The Branch's liabilities under contracts of insurance in respect of its reinsurance business in New Zealand for the purposes of section 30(1)(b) will be liabilities of SCOR SE. Accordingly, the Branch will not be liable under any contracts of insurance in New Zealand.

### c) The following related party transactions occurred during the financial year:

| | 2018 | | |
|---|---|---|---|
| | | $'000 | |
| **Amounts owed** | **by related parties*** | **to related parties*** | **Revenue / (Expense)** |
| **SCOR Global Life SE - Singapore branch** | | | |
| Retrocession | - | 9,726 | (47,946) |
| Goods & Services Tax refund | - | - | - |
| Ceded transaction recoveries | - | - | - |
| | **-** | **9,726** | **(47,946)** |

* The amounts are classified as receivables and payables, respectively.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

| | 2017 | | |
|---|---|---|---|
| | $'000 | | |
| **Amounts owed** | **by related parties*** | **to related parties*** | **Revenue / (Expense)** |
| **SCOR Global Life SE - Singapore branch** | | | |
| Retrocession | - | 2,685 | (21,831) |
| Goods & Services Tax refund | 11,016 | - | - |
| Ceded transaction recoveries | 119,402 | - | - |
| | **130,418** | **2,685** | **(21,831)** |

* The amounts are classified as receivables and payables, respectively.

## NOTE 13. Events occurring after the Statement of Financial Position date

In the interval between the end of the financial year and the date of this report, other than as disclosed, no item, transaction or event of a material nature has arisen that is likely to significantly affect the operations of the Branch or the state of affairs of the entity in future financial periods.

## NOTE 14. Commitments, Contingent Liabilities and Contingent Assets

SCOR Global Life SE and its subsidiaries regularly take part in judiciary and arbitration procedures, within the normal framework of their activities. However, to the best of the knowledge of the Directors of the Branch, there does not exist, on the date of approval of these financial statements, any litigation likely to have or have had in the recent past significant impact on the financial situation, the activity and operating results of the Branch.

## NOTE 15. Other Life Reinsurance Disclosures

**Capital requirements of the Life Entity**

The Branch's main objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns and benefits for its stakeholders while maintaining the RBNZ solvency requirements.

The primary source of capital used is total equity attributable to owners. Total equity attributable to owners equates to capital as defined in the Solvency Standard. Regulatory capital is made up of two components, actual solvency capital, and minimum solvency capital with the difference representing the solvency margin. The calculation of the solvency margin for the Branch is detailed below.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

The Branch satisfied all externally imposed capital requirements that it was subject to during the year ended 31 December 2018. No changes were made in the objectives, policies, or processes for managing capital during the year.

**Solvency Information**

Solvency requirements established by the RBNZ are in place to reinforce safeguards for policyholders' interests and primarily relate to the Branch's ability to meet future claims payments. The Branch adheres to the Solvency Standard for Life Insurance Business issued by the RBNZ in August 2011 and guidance from the New Zealand Society of Actuaries ('NZSA')

Separate to policy liabilities recognised in the balance sheet, a life reinsurer shall disclose its regulatory solvency position.

The Solvency Margin is designed to give a reasonable expectation that an entity has sufficient assets:

- to meet its obligations to existing policyholders, including appropriate allowances for future bonuses and to creditors under a range of adverse conditions; and
- to meet its obligations to policyholders and creditors should all policies discontinue and current surrender values be paid.

These additional reserves provide a cushion against adverse experience in managing long-term risks.

The Branch's unaudited solvency return calculation results at 31 December 2018 were:

| | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Actual Solvency Capital | 2,922 | 2,915 |
| Minimum Solvency Capital | 1,804 | 1,310 |
| Solvency Margin | 1,119 | 1,605 |

| | 2018 | 2017 |
|---|---|---|
| Solvency ratio | 1.62 | 2.22 |

## NOTE 16. Risk Management

**Risk Management Framework**

The Branch's activities expose it to a variety of financial and non-financial risks. As the Branch is an entity within the SCOR Group, it works within the context of the SCOR Group risk management objectives and structure.

Day to day management of the Branch is the responsibility of the Branch's Chief Executive Officer (CEO). The CEO recommends changes in the business, performance, goals, strategies, and plans of the Branch. The CEO monitors aggregate risk data and make overall risk management decisions. The two risks with potentially the most serious outcomes are counter-party failure or inadequate capital funding. Both are deemed to be unlikely.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

SGL SE's Board of Directors (the Board) recognises that effective risk management is considered to be critical to the achievement of the Group's objectives. The Board has in place an integrated framework of controls designed to safeguard the Group's assets and interests and to ensure the integrity of its reporting. The Board requires and sets high standards of corporate governance and continually reviews its governance practices in the light of best practice. The Board has responsibility for ensuring an appropriate Risk Management Strategy is in place, for ensuring it is aligned with strategic business objectives, and for monitoring management's performance against this policy.

The Company's Risk Management Framework (RMF) is subject to periodical reviews, updated for material changes as they occur and is approved by the Board. The Branch is mainly exposed to the following categories of risks:

| Categories of market risk | Definition |
|---|---|
| Insurance Risk | Risk of financial loss and inability to meet liabilities due to inadequate/inappropriate reinsurance product design, pricing, underwriting, concentration risk, reserving, claims and/or retrocession management |
| Credit risk | The risk of loss to an insurer arising from a party to a contract or transaction with the insurer not being able to meet its obligations |
| Interest rate risk | The risk of a change in value caused by a deviation of the actual interest rates from the expected interest rates |
| Liquidity risk | The risk that that an insurer doesn't have access to cash at the time the need for cash arises. It can arise in relation to liabilities (e.g. claims) and assets (e.g. investments) |

**Insurance Risk**

The life reinsurance business undertaken by the Branch involves a number of risks concerned with the pricing, acceptance, and management of the mortality, morbidity, and longevity risks accepted from policyholders.

Key objectives in managing insurance risk are:

(i) To ensure sound business practices are in place for underwriting risks and claims management;

(ii) To ensure solvency and capital requirements are met.

Insurance risks are controlled through pricing controls, policies, and techniques, the use of underwriting procedures and adequate premium rates and policy charges. Tight controls are maintained over claims management practices to ensure the correct and timely payment of reinsurance claims.

The key processes in place to mitigate insurance risk include the following:

(i) the setting and adherence to pricing controls and policies that reflect the objective of avoiding poor risks and writing profitable business;

(ii) the setting and adherence to underwriting guidelines that determine policies and procedures for acceptance of risk;

(iii) the setting of formal claims acceptance limits and the regular review and updating of claims experience data;

(iv) the reduction in the concentration of insurance risk through diversification, the Branch aims to maintain a portfolio of policyholders with a broad spread of reinsurance risk types, ages, sexes, occupation classes and geographical locations for the individual and group risk business;

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

(v) the Branch enters into retrocession arrangements to manage earnings volatility from statistical variations or adverse deterioration;

(vi) the maintenance of appropriate actuarial reserves including reserves to cover claims incurred but not yet reported, reported but not admitted and reopened claims;

(vii) the identification and consistent monitoring against budget projections derived from the actuarial projections models of external variables which impact claims cash flow such as mortality and morbidity experience, claims frequency and persistency; and

(viii) managing of risk exposures using various analyses and valuation techniques to calculate the capital required under adverse risk scenarios.

Concentration of insurance risk is mitigated through diversification of risk, for example by benefit type, insurance business, and industry segments.

**Credit risk**

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time. The Branch is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Branch does not invest in derivatives.

Investments in financial instruments are only dealt with on recognised exchanges and via over-the-counter contracts. The counterparties to over-the-counter contracts are limited to companies and governments, with primarily investment grade credit ratings from a recognised credit rating agency, and are normally banks operating in New Zealand. Credit management (credit rating and credit limit controls) policies are in place to limit exposure to any one counterparty as a proportion of the investment portfolio.

Retrocession recoveries, credit risk with respect to retrocession programs is minimised by placement of cover with the Branch's parent entity or one of its branches.

There were no financial assets that are past due or impaired at balance date (2017: Nil). The credit quality of financial assets that are either past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Cash and cash equivalents are represented by current accounts with major New Zealand banks. The interest rate is variable and cash is available at call.

The Branch has policies in place to ensure that services are performed for customers with an appropriate credit history and cash is held with financial institutions of high credit-worthiness.

The Branch trades only with recognised, creditworthy third parties, and therefore does not require collateral or other security to support credit risk exposures.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

*Concentration of credit risk*

Concentration of credit risk exists if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. The concentration of credit risk on financial assets is generally the carrying amount, net of any provisions for doubtful debts.

Credit concentration analysis is based on the counterparty, industry and geographical location of the financial assets the Branch holds.

**Interest rate risk**

Interest rate risk is the risk of loss of Branch's earnings or capital arising from unfavourable movements in interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

Management of risks associated with investments undertaken by the Branch, including interest rate risk is subject to the relevant regulatory requirements.

*Sensitivity Analysis*

The following analysis demonstrates the impact of a 100-basis point change in New Zealand interest rates, with all other variables held constant. Given the volatility experienced in the market during the last year, a movement of 100 basis points (2017:100 basis points) is considered reasonably possible and has been applied to the sensitivity analysis.

After tax profit and other comprehensive income would have been affected as follows:

| | | 2018 | 2017 |
|---|---|---|---|
| **Impact on the Branch's result after tax** | | **$'000** | **$'000** |
| **Change in interest rates of:** | + 1% (100 basis points) | 21 | 21 |
| | - 1% (100 basis points) | (21) | (21) |

The Branch does not hold any interest bearing financial liabilities.

**Liquidity risk**

Liquidity risk is the risk that the Branch will encounter difficulties in meeting its debt obligations, or other cash outflows, as they fall due because of a lack of liquid assets or access to adequate funding on acceptable terms.

Prudent liquidity risk management requires the maintenance of sufficient cash and access to funding to meet current and future obligations of the Branch. The Branch manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

*Economic Dependency.* The Branch is reliant on SGL SE to provide financial support to meet its business commitments. It is also noted that the Branch relies on SGL SE to comply with the solvency requirements under the RBNZ "Solvency Standard for Life Insurance Business".

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

There has been no material change in the liquidity risk faced by the Branch or the policies and processes for managing the risk during the period.

## NOTE 17. Fair Values of Financial Assets and Liabilities

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. Fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Refer below for details of valuation methods used for each category of financial assets and liabilities.

The carrying amounts of all financial assets and liabilities reasonably approximate their fair values. The following methods and assumptions were used by the Branch in estimating the fair values of financial instruments.

(i) Cash and cash equivalents: carrying amount reasonably approximates its fair value.

(ii) The carrying value of receivables and other financial liabilities, adjusted for impairment values when applicable, reasonably approximate their fair values.

| **Financial Instruments of the Branch** | 2018 | 2017 |
|---|---|---|
| | **$'000** | **$'000** |
| Cash and Cash Equivalents | 2,922 | 2,915 |
| Receivables | 9,726 | 133,103 |
| **Total Financial Assets** | **12,648** | **136,018** |
| | | |
| Payables | 9,726 | 133,103 |
| **Total Financial Liabilities** | **9,726** | **133,103** |

At balance date, the Branch had no material financial assets exposed to New Zealand variable interest rate risk (2017: nil).

*Fair value hierarchy*

The Branch uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

At balance date the Branch had no financial assets determined and disclosed using valuation techniques (2017: nil).

# INDEPENDENT AUDITOR'S REPORT

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## Independent Auditor's Report to the Shareholders of SCOR Global Life SE

### Opinion

We have audited the financial statements of the New Zealand Branch of SCOR Global Life SE on pages 4 to 26, which comprise the statement of financial position of the New Zealand Branch of SCOR Global Life SE as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the New Zealand Branch of SCOR Global Life SE, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 26 present fairly, in all material respects, the financial position of the New Zealand Branch of SCOR Global Life SE as at 31 December 2018 and its 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. 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 for our audit work, for this report, or for the opinions we have formed.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the New Zealand Branch of SCOR Global Life SE in accordance with Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) issued by the Australian 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.

Other than in our capacity as auditor we have no relationship with, or interest in, the New Zealand Branch of SCOR Global Life SE. Partners and employees of our firm may deal with the New Zealand Branch of SCOR Global Life SE on normal terms within the ordinary course of trading activities of the business of the New Zealand Branch of SCOR Global Life SE.

# INDEPENDENT AUDITOR'S REPORT

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### Information other than the financial statements and auditor's report

The directors of the company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

### Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the New Zealand Branch of SCOR Global Life SE'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 New Zealand Branch of SCOR Global Life SE 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 financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Louise Burns.

Louise Burns

Ernst & Young
Chartered Accountants
Sydney
30 April 2019