



**nib nz insurance limited**

**(Previously Kiwi Insurance Limited)**

**Annual Report  
30 June 2022**

# Financial Statements

For the year ended 30 June 2022

nib nz insurance limited

## CONTENTS

Page

Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements:	
1. Summary of Significant Accounting Policies	7
2. Critical Accounting Judgements and Estimates	9
3. Risk Management	10
4. Fair Value Measurement	15
5. Revenue and Other Income	16
6. Expenses	17
7. Taxation	18
8. Cash and Cash Equivalents	21
9. Receivables	22
10. Financial Assets at Fair Value through Profit or Loss	23
11. Property, Plant and Equipment	24
12. Intangible Assets	25
13. Payables	26
14. Policy Liabilities	27
15. Share Capital and Distributions	33
16. Capital Management	34
17. Contingent Liabilities	35
18. Events Occurring after the Reporting Period	35
19. Remuneration of Auditor	35
20. Related Party Transactions and Balances	36
21. Insurer Financial Strength Rating	37
Directors' Declaration	38
Independent Auditor's Report	39

# Statement of Comprehensive Income

For the year ended 30 June 2022

nib nz insurance limited

	Notes	2022 \$000	2021 \$000
Premium revenue from insurance	5	19,211	18,944
Outwards reinsurance premium expense	5	(6,281)	(6,108)
<b>Net premium revenue</b>		<b>12,930</b>	<b>12,836</b>
Inwards reinsurance income	5	131	150
Investment income	5	(404)	47
<b>Total operating income</b>		<b>12,657</b>	<b>13,033</b>
Claims expense		(8,853)	(5,232)
Reinsurance recovery		5,227	2,074
<b>Net claims expense</b>		<b>(3,626)</b>	<b>(3,158)</b>
Other operating expenses	6	(7,034)	(6,206)
Change in policy liabilities		(532)	(424)
		<b>(11,192)</b>	<b>(9,788)</b>
<b>Profit before income tax</b>		<b>1,465</b>	<b>3,245</b>
Income tax expense	7	(504)	(910)
<b>Profit for the year</b>		<b>961</b>	<b>2,335</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of nib nz insurance limited		961	2,335
		<b>961</b>	<b>2,335</b>

# Statement of Financial Position

As at 30 June 2022

nib nz insurance limited

	Notes	2022 \$000	2021 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	1,641	2,418
Receivables	9	4,496	3,178
Financial assets at fair value through profit or loss	10	17,974	17,380
<b>Total current assets</b>		<b>24,111</b>	<b>22,976</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	80	-
Intangible assets	12	371	528
<b>Total non-current assets</b>		<b>451</b>	<b>528</b>
<b>Total assets</b>		<b>24,562</b>	<b>23,504</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	4,927	4,795
Current tax liabilities		57	530
<b>Total current liabilities</b>		<b>4,984</b>	<b>5,325</b>
<b>Non-current liabilities</b>			
Policy liabilities	14	(8,043)	(8,575)
Deferred tax liabilities	7	2,497	2,591
<b>Total non-current liabilities</b>		<b>(5,546)</b>	<b>(5,984)</b>
<b>Total liabilities</b>		<b>(562)</b>	<b>(659)</b>
<b>Net assets</b>		<b>25,124</b>	<b>24,163</b>
<b>EQUITY</b>			
Contributed equity	15	13,898	6,638
Retained profits		11,226	17,525
<b>Total equity</b>		<b>25,124</b>	<b>24,163</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2022

nib nz insurance limited

	Contributed Equity	Retained Profits	Total Equity
Notes	\$000	\$000	\$000
<b>Balance at 1 July 2020</b>	<b>6,638</b>	<b>15,190</b>	<b>21,828</b>
Profit for the year	-	2,335	2,335
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,335</b>	<b>2,335</b>
<b>Balance at 30 June 2021</b>	<b>6,638</b>	<b>17,525</b>	<b>24,163</b>
<b>Balance at 1 July 2021</b>	<b>6,638</b>	<b>17,525</b>	<b>24,163</b>
Profit for the year	-	961	961
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>961</b>	<b>961</b>
<b>Transactions with owners in their capacity as owners:</b>			
Bonus share issue	15 7,260	(7,260)	-
	<b>7,260</b>	<b>(7,260)</b>	<b>-</b>
<b>Balance at 30 June 2022</b>	<b>13,898</b>	<b>11,226</b>	<b>25,124</b>

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

# Statement of Cash Flows

For the year ended 30 June 2022

nib nz insurance limited

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
Premiums received		21,364	19,853
Receipts from outwards reinsurance contracts		4,094	2,513
Other income		4	85
Claims expenses paid		(9,319)	(5,471)
Payments for outwards reinsurance contracts		(6,281)	(6,132)
Payments to suppliers and employees		(8,409)	(7,128)
Income taxes paid		(1,070)	(239)
<b>Net cash inflow from operating activities</b>	8	<b>383</b>	<b>3,481</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets at fair value through profit or loss		(999)	(4,082)
Payments for property, plant and equipment	11	(84)	-
Payments for intangible assets	12	(77)	(118)
<b>Net cash (outflow) from investing activities</b>		<b>(1,160)</b>	<b>(4,200)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(777)</b>	<b>(719)</b>
Cash and cash equivalents at the beginning of the year		2,418	3,137
<b>Cash and cash equivalents at the end of the year</b>		<b>1,641</b>	<b>2,418</b>
<b>Reconciliation to Balance Sheet</b>			
Cash and cash equivalents	8	1,641	2,418
		<b>1,641</b>	<b>2,418</b>

# Notes to the Financial Statements

For the year ended 30 June 2022

nib nz insurance limited

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Reporting entity

nib nz insurance limited (the Company) is incorporated in New Zealand under the *Companies Act 1993*. The financial statements are for the Company. The registered office of the Company is:

Level 10, 48 Shortland Street  
Auckland Central  
Auckland 1010  
New Zealand

The principal activity of the Company is providing life and living benefits insurance products and services. The Company also acts as a reinsurer for certain credit card insurance contracts.

The financial statements were authorised for issue by the Board of Directors on 18 August 2022.

### i) Change in ownership

nib nz holdings limited purchased 100% of the shares of Kiwi Insurance Limited from Kiwi Group Holdings Limited on 29 April 2022.

The Company was renamed to nib nz insurance limited. There have been no material changes in accounting policies.

### b) Basis of preparation

The Company has adopted External Reporting Board Standard A1 "Application of the Accounting Standards Framework" (XRB A1). The Company applies Tier 1 as is deemed to have public accountability as a result of being an insurance company.

The financial statements of the Company have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (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 entities that apply NZ IFRS. They also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss. They are presented in New Zealand dollars, which is the Company's functional and presentation currency, and are rounded to the nearest thousand dollars.

The financial statements for the year ended 30 June 2022 are audited by our independent auditor.

### 1. Accounting policies

Accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Other relevant policies are provided as follows:

All revenues, expenses, certain assets and liabilities 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 income, liability, 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 Statement of Financial Position.

Cash flows are presented on a gross basis. The amount of GST paid and received is included in the Statement of Cash Flows, classified with the relevant receipt or payment.

### ii) Foreign exchange

In preparing the accounts of the Company, transactions denominated in foreign currencies are translated into the reporting currency using the exchange rates in effect at the transaction dates. Monetary items receivable or payable in a foreign currency are translated at reporting date at the closing exchange rate.

Translation differences on non-monetary items are reported as part of their fair value gain or loss. Exchange differences arising on the settlement or retranslation of monetary items at year end exchange rates are recognised in the Statement of Comprehensive Income.

### iii) Comparatives

Given the change in ownership, presentation of the information has been updated to realign with the rest of the nib group and for ease of comparison. There are no material changes requiring additional disclosure.

# Notes to the Financial Statements

For the year ended 30 June 2022

nib nz insurance limited

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### 2. New and amended standards adopted by the Company

The Company has adopted all of the amended accounting standards and interpretations issued by the External Reporting Board (XRB) that are mandatory for the current reporting year, which has no material impact.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

### 3. New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published but are not yet effective and have not been adopted early by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	Nature of change and impact	Mandatory application date
NZ IFRS 17 Insurance Contracts	<p>The standard NZ IFRS 17 introduces a General Model Method (GMM) for the recognition and measurement of insurance contracts. The GMM involves estimating future cash flows and risks from existing policies and taking profit to account over the policy period, adjusting the profit over the life of the contract when actual experience varies from expected.</p> <p>IFRS 17 permits the use of the simplified Premium Allocation Approach (PAA) where either:</p> <ul style="list-style-type: none"><li>• the contract boundary of each contract within the portfolio is one year or less; or</li><li>• the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM.</li></ul> <p>The nib Group, being the Ultimate Parent nib holdings limited and its subsidiaries, has formed a project team to assess the impact of this change on the operations and financial statements of the business.</p> <p>Market developments also continue to be monitored in order to assess the impact of evolving interpretations and other changes. The financial impact of adopting NZ IFRS 17 cannot be reasonably estimated at the date of this report. Whilst a final decision has not yet been made, the Company is considering adopting the expense as incurred approach which would result in the write-off of any Deferred Acquisition Costs and associated tax liabilities to retained profits on implementation.</p>	Mandatory for financial years commencing on or after 1 January 2023. The Company does not intend to adopt the standard before its effective date.



# Notes to the Financial Statements

For the year ended 30 June 2022

nib nz insurance limited

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas in which critical estimates are applied are:

<b>Note 14</b>	Policy liabilities
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# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 3. RISK MANAGEMENT

The financial condition and operation of the Company are affected by a number of key risks including:

<b>Insurance risk</b>	Insurance risk
<b>Financial risks</b>	Interest rate risk (market risk) Credit risk Liquidity risk
<b>Non-financial risks</b>	Operational risk including conduct and culture (reputational risk) Strategic risk

The Company's Board of Directors determines the Company's overall risk appetite and approves the risk management strategies, policies and practices to ensure that risks are identified and managed within the context of this appetite.

The Board has delegated to the Board Audit, Risk & Compliance Committee the responsibility to review the system of risk management, including:

- the effectiveness of the Company's risk management framework having regard to the Company's risk management culture;
- the identification and assessment of the material risks facing the Company considered against the Company's risk appetite;
- the appropriate level of reporting on the performance and application of the risk management system throughout the Company; and
- reviews of customer complaints, having regard to the nature and reason for the complaints.

The Company's objective is to satisfactorily manage the Company's risks in line with the Board-approved Risk Management Strategy. Various procedures are in place to identify, mitigate and monitor the risks faced by the Company. Management are responsible for understanding and managing risks, including insurance, financial and non-financial risks. The Company's exposure to all high and critical risks, and other Key Enterprise Risks, is reported quarterly to the Board Audit, Risk & Compliance Committee.

The Company's Risk Management Strategy is based on a three lines of defence model. The three lines of defence model provides defined risk ownership responsibilities with functionally independent oversight and assurance.

### a) Insurance risk

Description	Exposure	Mitigation
Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Company to financial loss from claims expenditure exceeding the amount implicit in premium income.	The Company's insurance policies provide cover for life insurance. The extent of cover is dependent on the individual policy terms and conditions and the schedule of benefits. The company issues contracts that transfer significant insurance risk from the policyholder, covering death, disability and redundancy of the insured.	The methods used to manage risks arising from insurance contracts include: <ul style="list-style-type: none"> <li>• adequate controls and guidelines covering insurance processes;</li> <li>• ongoing monitoring of the insurance market and identification of trends;</li> <li>• ensuring robust claims handling processes and controls which are well documented;</li> <li>• ongoing review of pricing models and retention levels;</li> <li>• clearly defined underwriting processes and ongoing development of those involved in the underwriting process; and</li> <li>• robust new product development processes and controls to ensure that appropriate research and analysis has been done which ensure the anticipated claims liabilities are well understood; and</li> <li>• reinsurance programs are put in place to mitigate the impact on the Company's exposure to risk and to ensure the achievement of the optimal choice of type of reinsurance and retention levels</li> </ul>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 3. RISK MANAGEMENT continued

### a) Insurance risk continued

In addition to the risk management policies and procedures adopted to manage insurance risk, the provision of insurance is governed by the *Insurance (Prudential Supervision) Act 2010* which requires an insurer to be licenced and requires a licenced insurer to:

- maintain and disclose a financial strength rating;
- maintain a fit and proper policy, which apply to Directors and other relevant officers;
- maintain a risk management programme;
- have an appointed actuary and ensure the actuarial information contained in or used in the preparation of financial statements is reviewed by the appointed actuary; and
- maintain a solvency margin over the minimum solvency capital required under *Solvency Standard for Life Insurance Business* issued by the Reserve Bank of New Zealand.

### b) Financial risks

#### i) Interest rate risk

The main market risk is interest rate risk which is indirectly through the Company's investments in managed funds.

Description	Exposure	Mitigation
Interest rate risk is the risk that fluctuations in interest rates impact the Company's financial performance or the fair value of its financial instruments.	The Company's main interest rate risk arises from the Company's investment in managed funds (financial assets at fair value through profit or loss), and cash and cash equivalents.	<p>The Company has adopted an investment strategy that delivers a diversified portfolio of defensive assets. Defensive assets consist of New Zealand dollar denominated New Zealand and overseas fixed interest investments and cash and cash equivalents.</p> <p>The Company receives advice from its asset management consultant, Kiwi Wealth Investments Limited Partnership.</p>

The table below summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

Interest Rate Risk	2022			2021		
	Carrying amount \$000	-100bps Profit \$000	+100bps Profit \$000	Carrying amount \$000	-100bps Profit \$000	+100bps Profit \$000
<b>Financial assets</b>						
Cash and cash equivalents	1,641	(12)	12	2,418	(17)	17
Financial assets at fair value through profit or loss	17,974	(129)	129	17,380	(125)	125
<b>Total increase/(decrease)</b>		<b>(141)</b>	<b>141</b>		<b>(142)</b>	<b>142</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 3. RISK MANAGEMENT continued

### b) Financial risks continued

#### ii) Credit risk

Description	Exposure	Mitigation
Credit risk is the risk that a counterparty will default on its contractual obligations, or from the decline in the credit quality of a financial instrument, resulting in financial loss to the Company.	The Company's exposure to credit risk arises from cash and cash equivalents, financial assets and deposits with banks and financial institutions, as well as credit exposure to policyholders or other counterparties.	For banks and financial institutions, the minimum credit rating accepted by the Company is 'AA-'. For policyholders with no external ratings, internally developed minimum credit quality requirements are applied, which take into account financial position, past experience and other relevant factors. There have been no expected credit losses recognised during the year (2021 nil). Overall exposure to credit risk is monitored on a Company basis in accordance with limits set by the Company's Board.

The Company has reinsurance agreements with the following financial institutions with credit ratings as follows:

	2022	2021
	Rating	Rating
Munich Reinsurance Company of Australasia (For Home Loan and Life and Living 2012 products)	S&P (AA-)	
General Reinsurance Corporation Limited (Fof Life & Living 2016 and Kiwicover products)	AM Best (A++), S&P (AA+), Moody's (Aa1)	
Cigna Life Insurance New Zealand Limited (For Cigna Term Life)	AM Best (A)	
Tokio Marine Kiln, Lloyds syndicate (For Catastrophe cover)	AM Best (A), S&P (A+), Finch (AA-)	

The Company's maximum exposure to credit risk without taking account of any collateral or any other credit enhancements, is as follows:

	2022	2021
	\$000	\$000
Cash and cash equivalents	1,641	2,418
Reinsurance premiums receivable	12	14
Reinsurance recoveries	3,004	1,872
Premium receivables	955	10
Other receivables	526	1,282
Investments	17,974	17,380
<b>Total credit risk</b>	<b>24,112</b>	<b>22,976</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 3. RISK MANAGEMENT continued

### b) Financial risks continued

	2022	2021
	\$000	\$000
<b>Premium and other receivables</b>		
Counterparties with external credit rating	-	-
Counterparties without external credit rating		
Group 1 - new debtors (relationship less than 6 months)	-	-
Group 2 - existing debtors with no defaults in the past	4,496	3,178
Group 3 - existing debtors with some defaults in the past	-	-
<b>Total premium and other receivables</b>	<b>4,496</b>	<b>3,178</b>
<b>Cash at bank and short-term bank deposits</b>		
AA-	1,641	2,418
<b>Total cash at bank and short-term bank deposits</b>	<b>1,641</b>	<b>2,418</b>
<b>Financial assets at fair value through profit or loss</b>		
Investments		
AA-	-	-
AA	17,974	17,380
AA+	-	-
AAA	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>17,974</b>	<b>17,380</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 3. RISK MANAGEMENT continued

### b) Financial risks continued

#### iii) Liquidity risk

Description	Exposure	Mitigation
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, because of lack of liquid assets or access to funding on acceptable terms.	The tables below show the Company's financial liabilities by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows.	Prudent liquidity risk management requires maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and holds a high percentage of highly liquid investments.

	≤ 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total Contractual Cash flows	Carrying amount
<b>As at 30 June 2022</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Financial Liabilities</b>							
Trade payables	4,239	-	-	-	-	4,239	4,239
Other payables	546	-	-	-	-	546	546
Intercompany payables	142	-	-	-	-	142	142
	<b>4,927</b>	-	-	-	-	<b>4,927</b>	<b>4,927</b>

	≤ 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total Contractual Cash flows	Carrying amount
<b>As at 30 June 2021</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Financial Liabilities</b>							
Trade payables	3,233	-	-	-	-	3,233	3,233
Other payables	562	-	-	-	-	562	562
Intercompany payables	1,000	-	-	-	-	1,000	1,000
	<b>4,795</b>	-	-	-	-	<b>4,795</b>	<b>4,795</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 4. FAIR VALUE MEASUREMENT

### a) Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

NZ IFRS 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

<b>Level 1</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities
<b>Level 2</b>	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
<b>Level 3</b>	Inputs for the asset or liability that are not based on observable market data

The following tables present the Company's assets measured and recognised at fair value:

	Level 2	Level 3	Total
<b>As at 30 June 2022</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Managed funds	17,974	-	17,974
<b>Total assets</b>	<b>17,974</b>	<b>-</b>	<b>17,974</b>

	Level 2	Level 3	Total
<b>As at 30 June 2021</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Managed funds	17,380	-	17,380
<b>Total assets</b>	<b>17,380</b>	<b>-</b>	<b>17,380</b>

There were no transfers between levels during the year ended 30 June 2022 or the year ended 30 June 2021.

There is no offsetting between financial assets and financial liabilities.

### b) Valuation techniques used to determine fair values

**Level 1:** The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

**Level 2:** The fair value of Level 2 investments in managed funds is based on the redemption price determined and published for the funds which is determined by bonds and securities being based on prices supplied by the Intercontinental Exchange, an independent specialist international valuer of financial securities. The Intercontinental Exchange uses pricing methodology based on market data they are able to access as an operator of global exchanges in the bonds, securities and swaps markets. This measurement basis falls within Level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

**Level 3:** In the circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, those instruments are included in level 3.

### c) Fair values of other financial instruments

The carrying value less impairment provision of other receivables and payables, and cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 5. REVENUE AND OTHER INCOME

	2022	2021
	\$000	\$000
<b>Net premium revenue</b>		
Premium revenue	19,211	18,944
Outwards reinsurance premium expense	(6,281)	(6,108)
<b>Total net premium revenue</b>	<b>12,930</b>	<b>12,836</b>
<b>Other income</b>		
Inwards reinsurance income	131	150
<b>Total other income</b>	<b>131</b>	<b>150</b>
<b>Investment income</b>		
Interest income	3	-
Net unrealised gain (loss) on financial assets at fair value through profit or loss	(407)	47
<b>Total investment income</b>	<b>(404)</b>	<b>47</b>

### a) Accounting Policy

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

<b>i) Premium revenue</b>	Premium revenue is earned on life insurance contracts. Premiums with a regular due date are recognised as revenue on a due basis for these contracts.
<b>ii) Investment income</b>	Interest income is recognised using the effective interest method.  Net realised/unrealised fair value gains or losses on financial assets at fair value through profit or loss are recognised through the Statement of Comprehensive Income in the period in which they arise.
<b>iii) Reinsurance expense and recoveries</b>	Reinsurance premiums and recoveries are recognised separately in the Statement of Comprehensive Income when they become due and payable.  Premiums paid to reinsurers under reinsurance treaties are recorded as an outwards reinsurance expense and are recognised in the Statement of Comprehensive Income over the period of indemnity of the reinsurance contract.  Amounts received from reinsurers, under reinsurance treaties, are recognised as reinsurance recoveries in the Statement of Comprehensive Income when they become due and payable in accordance with reinsurance agreements.



# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 6. EXPENSES

	Notes	2022 \$000	2021 \$000
<b>Expenses by function</b>			
Marketing and other acquisition costs		2,312	2,432
Other underwriting expenses		4,488	3,466
Amortisation of intangible assets		234	308
<b>Total expenses (excluding direct claims expenses)</b>		<b>7,034</b>	<b>6,206</b>
<b>Expenses by nature</b>			
Depreciation and amortisation	11,12	238	308
Employee costs		2,493	2,149
Information technology expenses		433	887
Marketing expenses - excluding commissions		324	107
Marketing expenses - commissions		2,312	2,325
Professional fees		1,056	239
Other		178	191
<b>Total expenses (excluding direct claims expenses)</b>		<b>7,034</b>	<b>6,206</b>
<b>Actuarial classification</b>			
Policy acquisition expenses		1,407	1,049
Policy maintenance expenses		5,627	5,157
<b>Total expenses (excluding direct claims expenses)</b>		<b>7,034</b>	<b>6,206</b>

### a) Accounting Policy

#### Basis of expense apportionment

All operating expenses in respect of life insurance contracts have been apportioned between policy acquisition (including commission), one-off and policy maintenance expenses with regard to the objective when incurring the expense and the outcome achieved.

A general indication of the apportionment process follows:

- Expenses that can be directly identifiable and attributable to a particular class of business are not apportioned. Expenses directly attributable to the business are apportioned based on appropriate cost drivers.
- Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units in-force, mean balances of assets under management, average number of policies in-force and time and activity-based allocations.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 7. TAXATION

### a) Income tax

	2022	2021
	\$000	\$000
<b>i) Income tax expense</b>		
<b>Recognised in the Statement of Comprehensive Income</b>		
Current tax expense	598	967
Deferred tax expense	(94)	(57)
	<b>504</b>	<b>910</b>
<b>Deferred income tax expense included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	7(c) 41	22
(Decrease) / increase in deferred tax liabilities	7(d) (135)	(79)
	<b>(94)</b>	<b>(57)</b>
<b>ii) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
<b>Profit before income tax expense</b>	<b>1,465</b>	<b>3,245</b>
Tax at the New Zealand tax rate of 28% (2021: 28%)	410	909
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible expenses	94	1
<b>Income tax expense</b>	<b>504</b>	<b>910</b>

### b) Imputation credits

	2022	2021
	\$000	\$000
Imputation credits available for use in subsequent reporting periods	-	2,290

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- imputation credits that will arise from the payment of the amount of the provision for income tax; and
- imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date.
- imputation credits totalling \$2,823k were used as a result of the taxable bonus issue on 22 March 2022 referred to in note 15.
- imputation credit account balance was nil at acquisition date.

These amounts include imputation credits that are available to the Company.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 7. TAXATION continued

### c) Deferred tax assets

	2022	2021
	\$000	\$000
<b>The balance comprises temporary differences attributable to:</b>		
Other provisions	11	52
<b>Total deferred tax assets</b>	<b>11</b>	<b>52</b>

Movements	Other provisions	Total
	\$000	\$000
<b>At 1 July 2020</b>	<b>74</b>	<b>74</b>
(Charged) credited to the Statement of Comprehensive Income	(22)	(22)
<b>At 30 June 2021</b>	<b>52</b>	<b>52</b>
<b>At 1 July 2021</b>	<b>52</b>	<b>52</b>
(Charged) credited to the Statement of Comprehensive Income	(41)	(41)
<b>At 30 June 2022</b>	<b>11</b>	<b>11</b>

### d) Deferred tax liabilities

	2022	2021
	\$000	\$000
<b>The balance comprises temporary differences attributable to:</b>		
Policy liabilities	2,508	2,643
<b>Total deferred tax liabilities</b>	<b>2,508</b>	<b>2,643</b>
<b>Net deferred tax (assets)/liabilities</b>	<b>2,497</b>	<b>2,591</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 7. TAXATION continued

### d) Deferred tax liabilities continued

Movements	Policy liabilities	Total
	\$000	\$000
<b>At 1 July 2020</b>	<b>2,722</b>	<b>2,722</b>
Charged (credited) to the Statement of Comprehensive Income	(79)	(79)
<b>At 30 June 2021</b>	<b>2,643</b>	<b>2,643</b>
<b>At 1 July 2021</b>	<b>2,643</b>	<b>2,643</b>
Charged (credited) to the Statement of Comprehensive Income	(135)	(135)
<b>At 30 June 2022</b>	<b>2,508</b>	<b>2,508</b>

### e) Accounting Policy

- i) Income tax expense** The income tax expense is the tax payable on taxable income for the reporting period, based on the income tax rate and adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.
- ii) Current tax** Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
- iii) 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 and the corresponding tax base of those items.
- Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
- Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 8. CASH AND CASH EQUIVALENTS

	2022	2021
	\$000	\$000
Cash at bank and cash on hand	1,641	2,418
	<b>1,641</b>	<b>2,418</b>

### a) Accounting Policy

Cash and cash equivalents, and bank overdrafts are carried at face value of the amounts deposited or drawn. For the purpose of the presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### b) Reconciliation of profit after income tax to net cash inflow from operating activities

	2022	2021
	\$000	\$000
Profit for the year	961	2,335
Fair value loss/(gain) on other financial assets through profit or loss	406	12
Depreciation and amortisation	238	308
Change in operating assets and liabilities		
(Increase) in receivables	(1,318)	1,087
Decrease in policy liabilities	532	424
(Decrease) in deferred tax liabilities	(94)	(57)
(Decrease) in current tax liabilities	(473)	723
Increase in trade payables	131	(1,351)
<b>Net cash flow from operating activities</b>	<b>383</b>	<b>3,481</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 9. RECEIVABLES

	2022	2021
	\$000	\$000
Other receivables	127	1,259
Reinsurance premiums receivable	12	14
Reinsurance recoveries	3,004	1,872
Premiums receivable	955	10
Prepayments	398	23
	<b>4,496</b>	<b>3,178</b>

### a) Accounting Policy

- i) Premium receivables** Amounts due from policyholders are initially recognised at fair value, being the amounts due. They are subsequently measured at amortised cost which is approximated by taking this initially recognised amount and reducing it for an allowance for expected credit losses.

The Company has elected to apply the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, premium receivables have been grouped based on payment frequency, days overdue, and considered a number of factors including cancellation rates and concentration risks.

- ii) Other receivables (excluding premium receivables and reinsurance recoveries)** Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Other receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, other receivables have been grouped based on days overdue.

Where applicable the amount of expected credit losses is recognised in the Statement of Comprehensive Income.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	\$000	\$000
Interest-bearing securities - Managed funds	17,974	17,380
	<b>17,974</b>	<b>17,380</b>

### a) Accounting Policy

#### i) Classification

The Company classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the relevant cash flows. The Company has determined that all financial assets are classified as fair value through profit or loss as they are held to back insurance liabilities. These assets are managed in accordance with agreed investment mandate agreements on a fair value basis and are reported to the Board on this basis.

#### ii) Recognition and derecognition

A financial asset is recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, which is generally at trade date.

A financial asset is derecognised when the contractual cash flows from the asset expire or the rights to receive contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of the ownership are transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

#### iii) Measurement

Changes in fair values of financial assets at fair value through profit or loss are recorded as investment income in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to the initial recognition, for financial assets measured at fair value through profit or loss, gains and losses are recorded in profit or loss.





# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 12. INTANGIBLE ASSETS

	Software \$000	Total \$000
<b>At 1 July 2020</b>		
Cost	4,411	4,411
Accumulated amortisation	(3,693)	(3,693)
<b>Net book amount</b>	<b>718</b>	<b>718</b>
<b>Year ended 30 June 2021</b>		
Opening net book amount	718	718
Additions (internally developed)	118	118
Amortisation charge for the year	(308)	(308)
<b>Closing net book amount</b>	<b>528</b>	<b>528</b>
<b>At 30 June 2021</b>		
Cost	4,529	4,529
Accumulated amortisation	(4,001)	(4,001)
<b>Net book amount</b>	<b>528</b>	<b>528</b>
<b>Year ended 30 June 2022</b>		
Opening net book amount	528	528
Additions (internally developed)	77	77
Amortisation charge for the year	(234)	(234)
<b>Closing net book amount</b>	<b>371</b>	<b>371</b>
<b>At 30 June 2022</b>		
Cost	4,604	4,604
Accumulated amortisation	(4,233)	(4,233)
<b>Net book amount</b>	<b>371</b>	<b>371</b>

### a) Accounting Policy

#### ii) Software

Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from two and a half years to five years.

#### iii) Impairment

Intangible assets that have an indefinite useful life and are not subject to amortisation, are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 13. PAYABLES

		2022	2021
		\$000	\$000
<b>Current</b>			
Reinsurance payable		542	398
Claims accruals	14*	3,697	2,835
Other payables		546	562
Intercompany payable		142	1,000
		<b>4,927</b>	<b>4,795</b>

\* Refer to note 14 for accounting policy.

### a) Accounting Policy

#### i) Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. Payables are recognised initially at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Provisions are only recognised when the Company has a present legal or constructive obligation as a result of a past event or decision, and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are recognised as the best estimate of future cash flows discounted to present value where the effect is material.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 14. POLICY LIABILITIES

	2022	2021
	\$'000	\$'000
Future policy benefits	73,058	52,108
Balance of future expenses	58,646	42,696
Future cost of reinsurance	3,358	2,255
Planned margins of revenues over expenses	12,643	8,773
Balance of future revenues	(152,510)	(110,717)
Policy liability for products measured under the accumulation basis	(730)	(1,047)
<b>Net policy liabilities</b>	<b>(5,535)</b>	<b>(5,932)</b>
Deferred tax	(2,508)	(2,643)
<b>Gross policy liabilities net of reinsurance</b>	<b>(8,043)</b>	<b>(8,575)</b>

Movements in the policy liabilities are as follows:

	2022	2021
	\$'000	\$'000
Policy liabilities at beginning of the year	(8,575)	(8,999)
Change in policy liabilities recognised during the year	532	424
<b>Gross policy liabilities net of reinsurance</b>	<b>(8,043)</b>	<b>(8,575)</b>

The balance of future expenses and the balance of future revenues within total policy liabilities specifically relating to the future cost of reinsurance are included in the below reconciliation.

	2022	2021
	\$m	\$m
Opening Balance	2,255	2,123
Increase/(decrease) in future cost of reinsurance recognised during the year	1,103	132
<b>Closing Balance</b>	<b>3,358</b>	<b>2,255</b>

Sources of profit after tax are represented by the following:

	2022	2021
	\$'000	\$'000
Planned margins of revenues over expenses	763	1,090
Profit on unprojected products	830	1,251
Change in economic assumptions	(898)	(314)
Experience profit on projected business	515	259
Investment earnings on assets in excess of policy liabilities	(249)	49
<b>Profit after tax per Statement of Comprehensive Income</b>	<b>961</b>	<b>2,335</b>

### a) Accounting policy

#### i) Determination of policy liabilities

Life insurance liabilities (policy liabilities) in the balance sheet and the changes in policy liabilities in the income statement have been calculated using the Margin on Services ("MoS") methodology in accordance with New Zealand Society of Actuaries ("NZSA") Professional Standard 20, "Determination of Life Insurance Policy Liabilities" and NZ IFRS 4: Insurance Contracts.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 14. POLICY LIABILITIES continued

### a) Accounting policies continued

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#### ii) *Overview of MoS methodology*

MoS is designed to recognise profits on life insurance policies as services are provided to policyholders and income is received. Profits are deferred and amortised over the life of the policy, whereas losses are recognised immediately. Policy services used to determine profit recognition include the cost of expected claims, maintaining policies, and investment management. The profit margin is determined using a profit carrier, a measurable indicator of either the expected cost of the service provided to the policyholder or the expected income relating to the service. Policy liabilities are generally determined as the present value of all future expected payments, expenses, taxes and profit margins reduced by the present value of all future expected premiums, except in the case of some investment business and group-rated risk business, where policy liabilities are determined as the accumulated benefits to policyholders less any deferred acquisition expense.

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#### iii) *Claims expenses*

All claims are risk related and recognised as expenses in the Statement of Comprehensive Income. Death and all other claims are recognised when the liability to the policyholder under the policy contract has been established. Provision is made for both the estimated cost of all claims notified but not settled at the reporting date as well as a statistical reserve for claims that have occurred but are not yet reported.

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#### iv) *Policy acquisition expenses*

Acquisition costs are the fixed and variable costs of acquiring new business including commissions and similar distribution costs, costs of accepting, issuing and initially recording policies. Acquisition costs relate to the costs incurred in acquiring specific life insurance policies during the year. They do not include the general growth and development costs incurred by the Company.

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#### v) *Policy maintenance expenses*

Maintenance costs are the fixed and variable costs of administering policies subsequent to sale and maintaining the Company's operations such that they are sufficient to service in-force policies. There include general growth and development costs.

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# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 14. POLICY LIABILITIES continued

### b) Critical estimates

The Company makes judgements and estimates in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates and judgements are applied are noted below.

#### vi) MoS profit

MoS profit comprised the following components:

- Planned margins of revenues over expenses

At the time of writing a policy and at each reporting date, best estimate assumptions are used to determine all expected future payments and premiums. Where actual experience replicates best estimate assumptions, the expected profit margin will be released to profit over the life of the policy.

- The difference between actual and assumed experiences

Experience profits/(losses) are realised where actual experience differs from best estimate assumptions. Instances giving rise to experience profits/(losses) include variations in claims, expenses, mortality, discontinuance and investment returns. An experience profit will emerge when the expenses of maintaining all in-force business in a year are lower than the best estimate assumption in respect of those expenses. The credit card repayment insurance is valued using an accumulation technique.

- Changes to underlying assumptions

Assumptions used for measuring policy liabilities are reviewed each year. Where the review leads to a change in assumptions, the change is deemed to have occurred from the end of the year, except for changes in discount and inflation rates which are recognised in the year that the rates are changed.

The financial effect of all other changes to the assumptions underlying the measurement of policy liabilities made during the reporting period is recognised in the statement of comprehensive income over the future reporting periods during which services are provided to policyholders.

- Loss recognition on groups of related products

If based on best estimate assumptions, written business for a group of related products is expected to be unprofitable, the total expected loss for that related product group is recognised in the income statement immediately. If loss making business becomes profitable previously recognised losses are reversed.

- Investment earnings on assets in excess of policy liabilities

Profits are generated from investment assets that are in excess of those required to meet policy liabilities. Investment earnings are directly influenced by market conditions and as such this component of MoS profit will vary from year to year.

There are no participating policies.

#### vii) Deferred acquisition costs

Acquisition costs represent all costs incurred at the time of writing a life insurance policy. The most significant component of such costs is usually commissions. Under MoS methodology, where product profitability can support the recovery of acquisition costs, these costs are deferred and amortised effectively over the expected life of the policy.

## 14. POLICY LIABILITIES continued

### b) Critical estimates continued

#### *viii) Policy liabilities*

Policy liabilities for life insurance contracts are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by a suitably qualified actuary on the basis of recognised actuarial methods, with due regards to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of insurance business written.

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

- The cost of providing benefits and administering these insurance contracts;
- Mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits; and
- Discontinuance experience, which affects the Company's ability to recover the cost of acquiring new business over the lives of the contracts.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities. Details of specific policies and methods are set out in c) Actuarial policies and methods.

#### *ix) Assets arising from reinsurance contracts*

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Company may not receive amounts due to it and these amounts can be reliably measured.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 14. POLICY LIABILITIES continued

### c) Actuarial policies and methods

The actuarial report on policy liabilities and solvency reserves for the current reporting period was prepared as at 30 June 2022.

The actuary who prepared the actuarial report for the Company is David Chamberlain BEc, FIAA, FNZSA.

The value of policy liabilities has been determined in accordance with NZSA Professional Standard 20. After making appropriate checks, the actuary was satisfied the data provided was satisfactory for the purposes of his valuation. There were no qualifications issued in the actuarial report. The key assumptions used in determining policy liabilities have been set after consideration of future expectations including the impact of COVID-19 and are for the main products as follows:

#### i) Home loan insurance and Life and living insurance

	2022	2021
Discount rate		
Gross	3.7%	1.1%
Net of tax	2.6%	0.8%
Inflation on maintenance expenses	1.5%	1.5%
Maintenance expenses (per policy)	240	240
Maintenance expenses (% of premium)	15	11
Discontinuance (rate % per annum)*	7-21	11-38

\* Additional discontinuances have been assumed after age 60.

<b>Discount rate</b>	The discount rate used is the 5-year government bond rate.
<b>Profit carriers</b>	The profit carrier is gross premium income.
<b>Investment and maintenance expenses</b>	Investment expenses have been included in the policy maintenance expense above. Maintenance expenses are based on estimated 2023 expenses.
<b>Taxation</b>	The corporate income rate of taxation in effect at the date of the valuation, 28% is assumed.
<b>Mortality and morbidity Home Loan insurance</b>	For the year ended 30 June 2022 the mortality assumption is 83% of NZSA table NZ10 for males and females (30 June 2021: 83%). An adjustment was made for smoking status. Selection, i.e. lower mortality in the period following underwriting, is allowed for in the first two years. The assumptions for permanent and temporary disablement were based on based on assumed rates used by the Company's reinsurers for these risks. These are the same assumptions as used last year.
<b>Mortality and morbidity Life and living insurance</b>	For the year ended 30 June 2022 the mortality assumption is 94% of NZSA table NZ10 for males and females (30 June 2021: 94%). Selection is allowed for in the first two years. An adjustment was made for smoking status. The assumptions for permanent and temporary disablement were based on the reinsurance.

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 14. POLICY LIABILITIES continued

### c) Actuarial policies and methods continued

#### ii) Term life insurance, credit card and group life insurance

Term life insurance, credit card and group life insurance are valued on an accumulation basis which takes the accumulation of past cash flows such as premiums received and benefits paid.

#### iii) Effect of changes in actuarial assumptions for the reporting period

The table below quantifies the changes in present value of future profit margins at 30 June 2022 due to the change in assumptions. The change in assumptions has no effect on policy liabilities except for discount and inflation rate assumption changes.

	2022		2021	
	Change in future profit margins	Change in current period policy liability	Change in future profit margins	Change in current period policy liability
	\$000	\$000	\$000	\$000
Discount rate	(1,089)	1,107	(454)	390
CPI change	151	(209)	-	-
Modelling changes	(504)	-	-	-
Premium rate changes	-	-	1,292	-
Expenses	(4,235)	-	(4,689)	-
Lapse rates	9,622	-	-	-

#### iv) Sensitivity analysis

The Company conducts sensitivity analysis to quantify the impacts of changes in the key variables driving profits. The valuation included in the reported results is the Company's best estimates of these variables. The analysis below is performed to gauge the impact on both profit and equity of reasonable possible movements in these best estimate assumptions for those variables. Some of the assumptions are correlated but for this analysis the assumptions were assessed on an individual basis to demonstrate the sensitivity of each variable. Note the response to changes in assumptions is not linear. None of the Company's related product groups is in "loss recognition" or would move into "loss recognition" upon the changes set out in the table.

Variable	Movement in variable	2022		2021	
		Change in future profit margins		Change in future profit margins	
		\$000	%	\$000	%
Discount rate	+10 basis points	(68)	(0.1%)	(51)	(0.1%)
Mortality	+10%	(2,025)	(16.2%)	(1,454)	(16.9%)
Morbidity/trauma	+10%	(1,129)	(8.9%)	(861)	(9.8%)
Lapses	+10%	(2,252)	(17.8%)	(2,080)	(23.7%)
Maintenance expenses *	+10%	(3,482)	(27.5%)	(1,608)	(18.3%)

\*2022: increasing the maintenance expenses by 10% would place the home loan insurance product into loss recognition which would have an impact on policy liabilities of \$206,000.



# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 15. SHARE CAPITAL AND DISTRIBUTIONS

### a) Share capital

	2022	2021
	\$000	\$000
<b>Ordinary shares</b>		
Fully paid	13,898	6,638
<b>Total contributed equity</b>	<b>13,898</b>	<b>6,638</b>

The total authorised number of ordinary shares is 7,847,643 with a par value of 100 cents per share (30 June 2021: 6,637,500). Ordinary shares do not have a par value. All shares have equal voting rights and share equally in dividends and surplus on winding up.

All issued shares are fully paid. There is one class of ordinary share. All shares issued carry equal voting rights.

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- i) Ordinary shares* Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs.
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### b) Distributions

There were no dividends paid or payable with the exception of the treatment of a taxable bonus issue made during the year ended 30 June 2022 (June 2021: Nil)

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- i) Dividends* Dividend distributions to the Company's parent company are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board.
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- ii) Bonus issue* A taxable bonus issue of 1,210,143 shares fully paid at an issue price of \$6.00 per share was made on 22 March 2022 of \$7,260,862. The taxable bonus issue was treated as a dividend.
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# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 16. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company has a number of levers, including adjusting the amount of dividends paid to the shareholder, returning capital to the shareholder, issuing new shares, selling assets, or raising or reducing debt.

Section 82 of the Insurance (Prudential Supervision) Act 2010 (IPSA) requires that a life insurer must at all times have at least one statutory fund in respect of its life business. The Company established a statutory fund on 1 July 2013. The statutory fund includes the whole Company such that the statutory fund and the Company are one and the same.

The Company is required to comply with the *Solvency Standard for Life Insurance Business* published by the RBNZ. The Solvency Standard determines the Minimum Solvency Capital (MSC) required. A requirement of the Company's insurance licence is that it maintains capital above the MSC.

The overriding objective underpinning the capital management approach is to operate with a level of capital judged to be commercially prudent and within the bounds of the Board's risk appetite, which achieves a balance between:	Maintaining a buffer above the RBNZ MSC;
	Maintaining a level of capital that supports an appropriate financial strength rating; and
	Avoiding holding an excessive level of capital.

nib nz insurance limited's internal solvency benchmark is to maintain capital over the MSC.

	2022	2021
	\$000	\$000
Actual Solvency Capital	24,753	23,635
Minimum Solvency Capital	11,174	11,231
<b>Solvency Margin</b>	<b>13,579</b>	<b>12,404</b>
Solvency Ratio %	222%	210%

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 17. CONTINGENT LIABILITIES

The Company has no material contingent liabilities as at the reporting date (30 June 2021: nil). The Company is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes when it is probable that an outflow of resources will be required to settle any obligations.

There are no capital commitments or contingent assets or liabilities at reporting date (30 June 2021: nil).

## 18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that occurred subsequent to the reporting date that require recognition or additional disclosure in these financial statements.

## 19. REMUNERATION OF AUDITOR

	2022	2021
	\$000	\$000
<b>a) PricewaterhouseCoopers New Zealand</b>		
<b>1. Audit services</b>		
Audit of financial statements including group reporting procedures	187	94
<b>Total remuneration for audit services</b>	<b>187</b>	<b>94</b>
<b>2. Non-audit services</b>		
<b>Audit-related services</b>		
Assurance engagement over regulatory return	11	8
<b>Total remuneration for non-audit services</b>	<b>11</b>	<b>8</b>
<b>Total remuneration of PricewaterhouseCoopers New Zealand</b>	<b>198</b>	<b>102</b>

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

Prior to the change in ownership on 29 April 2022, the Company was part of Kiwibank Group Holdings Limited. Following the change in ownership, the Company is controlled by nib holdings limited (incorporated in Australia), the "Ultimate Parent". nib nz holdings limited, the immediate parent owns 100% of the Company's shares.

The following transactions were carried out with related parties:

### a) Related party transactions

nib nz limited is a fellow subsidiary of nib nz holdings limited. The Company entered into transactions with their related parties in the normal course of business. No debts have been written off or forgiven during the year. Transactions during the year are shown below:

	2022 \$000	2021 \$000	Type of Transactions
nib nz limited	2,132	-	Reimbursement of expenses paid
<b>Total expenses paid or due to related parties</b>	<b>2,132</b>	-	

Up to the acquisition, Kiwibank Limited (Kiwibank), a common controlled entity, paid expenses on the Company's behalf and provided distribution and outsourcing services for which it was reimbursed by the Company. Kiwibank paid interest income on the Company's bank accounts held with Kiwibank. Kiwi Wealth Investment Limited Partnership (KWILP), a common controlled entity, are engaged by the Company as investment manager. Kiwi Asset Finance Limited and Kiwi Wealth Limited were also commonly controlled entities.

	Period ended 2022 \$000	Year ended 2021 \$000	Type of Transactions
<b>Revenue</b>			
Kiwibank	34	804	Premium revenue
Kiwi Asset Finance Limited	-	(5)	Premium revenue
Kiwi Wealth Limited	(6)	140	Premium revenue
Kiwibank	2	3	Investment revenue
<b>Total revenue received or due from related parties</b>	<b>30</b>	<b>942</b>	
<b>Expenses</b>			
Kiwibank	2,669	3,063	Expense reimbursement
Kiwibank	1,599	1,799	Personnel costs reimbursed
Kiwibank	2,054	2,432	Distribution and outsourcing
KWILP	28	31	Management fee
<b>Total expenses paid or due to related parties</b>	<b>6,350</b>	<b>7,325</b>	

### b) Related party balances

Related party receivable and payable balances of the Company at the reporting date were as follows. The receivable and payable balances are interest free and are payable on demand.

	2022 \$000	2021 \$000	Type of Balance
nib nz limited	142	-	Reimbursement of expenses paid
<b>Total payable to related parties</b>	<b>142</b>	-	

# Notes to the Financial Statements continued

For the year ended 30 June 2022

nib nz insurance limited

## 20. RELATED PARTY TRANSACTIONS AND BALANCES continued

### b) Related party transactions continued

	2022 \$002	2021 \$000	Type of Balance
<b>Related party balances</b>			
<b>Receivable</b>			
Kiwibank	-	1,828	Cash and cash equivalents
Kiwibank	-	788	Due from related parties
KWILP	-	99	Due from related parties
Kiwi Group Holdings Limited	-	262	Due from related parties
<b>Total receivable from related parties</b>	<b>-</b>	<b>2,977</b>	
<b>Investments managed by KWILP</b>			
Investments	-	17,380	Investments
<b>Total investments managed by related party</b>	<b>-</b>	<b>17,380</b>	
<b>Payable</b>			
Kiwibank	-	993	Due to related parties
Kiwi Asset Finance Limited	-	4	Due to related parties
KWILP	-	3	Due to related parties
<b>Total payable to related parties</b>	<b>-</b>	<b>1,000</b>	

### c) Key management personnel

Key management personnel are defined as being Directors and management of the Company. No compensation was paid by the Company to management during the year ended 30 June 2022 (30 June 2021: nil). Up to acquisition in April 2022, management of the Company were employed and compensated by Kiwibank and reimbursed by the Company. After acquisition, management of the Company are employed and compensated by nib nz limited and reimbursed by the Company.

No directors' fees were charged to the Company after acquisition. During this period, Directors' fees were paid by nib nz limited for the work carried out by Directors in carrying out their duties across the nib New Zealand Group.

Prior to the change in ownership, Directors' fees of \$158k were paid by Kiwibank and reimbursed by the Company during the year ended 30 June 2022 (30 June 2021: \$177k). No Directors' fees were charged to the Company after acquisition. During this period, Directors' fees were paid by nib nz limited for the work carried out by Directors in carrying out their duties across the nib New Zealand Group.

## 21. INSURER FINANCIAL STRENGTH RATING

nib nz insurance limited has an insurer financial strength rating of 'A-' (Strong) issued by S&P Global Ratings Australia Pty Ltd. The rating was issued in June 2022.

## Directors' Declaration

For the year ended 30 June 2022

nib nz insurance limited

The Directors of nib nz insurance limited ("the Company") present their report and financial statements of the Company for the year ended 30 June 2022.

During the year, the Company undertook its principal activity of providing life insurance services.

The after tax profit for the year was \$0.9 million (30 June 2021: \$2.3 million). Shareholders' equity at the end of the year totalled \$25.1 million (30 June 2021: \$24.2 million). The Directors consider the state of affairs of the Group to be satisfactory.

No disclosure has been made in respect of Section 211 (1)(a) and (e) to (j) of the *Companies Act 1993* following a unanimous decision by the shareholders in accordance with section 211 (3) of the Act.


The Group has arranged Directors' liability insurance for Directors and Officers of the Company which provide protection for Directors and Officers as a result of actions undertaken by them in the course of their duties, other than conduct involving wilful breach of duty.

The Directors in office at the date of this report are:

- Jacqueline Chow
- Alan Clarke
- Mark Fitzgibbon
- Hanne Janes
- Anne Loveridge
- Anthony Ryall
- Robert Hennin

The Board of Directors authorised these financial statements for issue on the date signed below.

For and on behalf of the Board



Anthony Ryall  
Director



Anne Loveridge  
Director

18 August 2022



## Independent auditor's report

To the shareholder of nib nz insurance limited

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### Our opinion

In our opinion, the accompanying financial statements of nib nz insurance limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

### What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

Our firm carries out other services for the Company in the provision of assurance over the annual solvency return. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the Company. The provision of these other services and relationships have not impaired our independence as auditor of the Company.

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of policy liabilities (net of reinsurance)</b></p> <p>As detailed within note 14, as at 30 June 2022, the Company had policy liabilities of negative \$8.0 million (30 June 2021: negative \$8.6 million).</p> <p>We consider the valuation of policy liabilities a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the complex and subjective judgements around key material assumptions required to be made by the Directors, and</li> </ul> <p>In determining the valuation of the policy liabilities, the key actuarial assumptions applied by the external actuarial expert represent best estimate assumptions at reporting date and include:</p> <ul style="list-style-type: none"> <li>Expected amount, timing and duration of all expected future payments and premiums, likely rates of discontinuance, mortality and morbidity rates, investment and maintenance expenses; and</li> <li>Long term economic assumptions including discount rates and inflation rates.</li> </ul> <p>Life insurance policy data, including reinsurance information, are used as key inputs to the actuarial estimates.</p> <p>Refer to note 14 for relevant accounting policies, critical estimates and actuarial policies and methods.</p>	<p>We used PwC actuarial experts to assist with the audit of this area. Specifically, together we:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the controls the Company has in place over key processes relating to the valuation. This includes the use of the actuarial models, the quality of oversight and controls over key assumptions within the actuarial models, and the preparation of the manually calculated components of the liability;</li> <li>Obtained an understanding of the methodology and the actuarial models used by the Company and compared them against those commonly applied in the industry and recognised by regulatory standards;</li> <li>Assessed the reasonableness of the sources of profit to consider whether assumption changes are consistent with experience and whether the movement in policy liabilities from the prior reporting period has been adequately explained;</li> <li>Assessed the reasonableness of the key assumptions including those for rates of lapse (cancellation), mortality and morbidity rates, expenses and economic assumptions, the impact of any COVID-19 implications, and any changes to these assumptions.</li> </ul> <p>Policy data, including the reinsurance information, is a key input to the actuarial estimates. Accordingly, we tested on a sample basis the completeness and accuracy of data flows between source and actuarial valuation systems.</p> <p>We also assessed the appropriateness of the disclosures against the requirements of NZ IFRS and IFRS.</p>





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## Our audit approach

### Overview

#### Materiality

Overall materiality: \$192,110, which represents approximately 1% of premium revenue from insurance contracts.

We chose premium revenue from insurance contracts as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark.

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#### Key audit matters

As reported above, we have one key audit matter, being:

- Valuation of policy liabilities (net of reinsurance)

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

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#### Other information

The Directors are responsible for the other information. The other information comprises the Directors' declaration and corporate governance statement included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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### **Responsibilities of the Directors for the financial statements**

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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 the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (NZ) and ISAs 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

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### **Who we report to**

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which 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 shareholder, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

Chartered Accountants  
18 August 2022

Auckland

## Corporate Governance Statement

### Board role & responsibilities

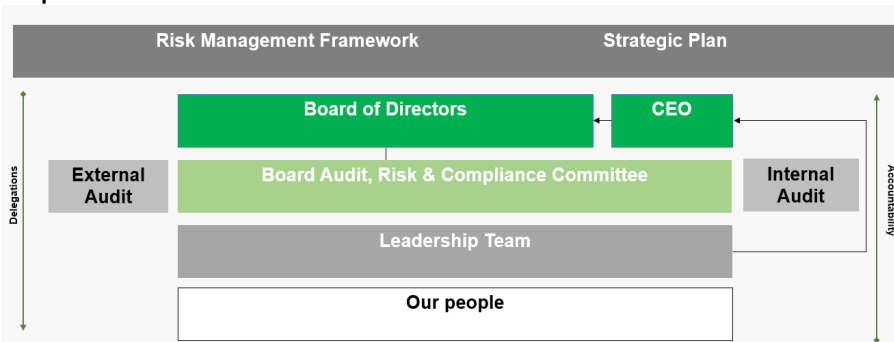
nib nz insurance limited's (**nib**) Board provides overall strategic guidance for the company and effective oversight of management. The Board ensures that the activities of the company comply with its Constitution, from which the Board derives its authority to act, and in accordance with all legal and regulatory requirements.

To achieve this role, the Board Charter reserves the following responsibilities to the Board:

- overseeing the development of nib's strategy and approving strategic plans;
- oversight of management;
- ensuring effective shareholder communication and the exercise of shareholder rights;
- monitoring environmental, employment and WHS policies, and policies governing nib's relationship with other stakeholders;
- approving the company values and reviewing the embedding of those values throughout the organisation;
- continually reinforcing the desired culture of acting lawfully, ethical business practices and responsible decision making;
- endorsing and supporting the nib Group Code of Conduct;
- monitoring nib's risk culture;
- oversight of financial and capital management; and
- overseeing nib's systems of audit, compliance and risk management.

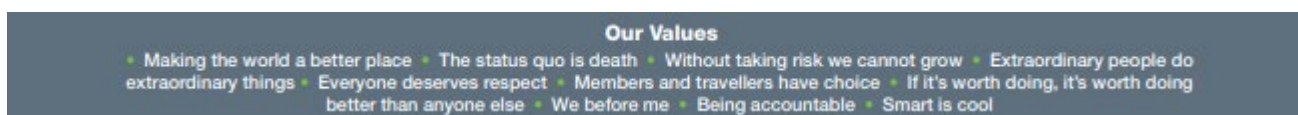
The Board has delegated to the Chief Executive Officer the authority to manage the day-to-day operations of the business in relation to all matters other than those responsibilities reserved to itself through formal Delegations of Authority. The CEO has authority to sub-delegate.

### Corporate Governance Framework



### Code of Ethics

The company operates under the nib Group Code of Conduct (available at [nib.com.au/shareholders](http://nib.com.au/shareholders)) which applies to all Directors, officers, employees, contractors, consultants and associates of nib. The Code of Conduct sets out nib's ethical standards and rules and provides a framework to guide compliance with legal and other obligations to stakeholders. To support the Code of Conduct, nib has a Group Ethics Framework weaving together its purpose, values and principles to establish a clear point of reference for employees when making decisions across the organisation.



### Committee of the Board

The Board Audit, Risk & Compliance Committee (**BARCC**) assists and makes recommendations to the Board on:

- nib's external audit function, including the competency, fees, independence and performance of the external auditors
- the adequacy of nib's corporate reporting processes and integrity of the financial statements and other material regulatory documents
- the competency, fees, independence and quality of services provided by nib's Appointed Actuary
- the competency, fees, independence and performance of the internal audit function, including ongoing monitoring of significant findings and management's responses
- the effectiveness of nib's system of risk management, including the appropriateness of risk policy, risk management strategy, risk management framework and management of conduct risk
- nib's systems and procedures for compliance with applicable legal and regulatory requirements
- monitoring solvency and compliance with nib's Capital Management Plan;
- the propriety of related party transactions
- the social, environmental and ethical impacts of nib's business practices

The BARCC Chair is Anne Loveridge, an independent, non-executive director who is not Chair of the Board. The other two members of the BARCC are Hanne Janes (independent, non-executive director) and Nick Freeman (nib Group CFO and executive Committee member). All Directors are invited to attend the BARCC meetings, as observers, and all receive the papers for the BARCC meetings.

## Board Composition & Independence

As at 30 June 2022, there are seven directors of the Board with five of these directors including the Chairperson, considered independent, in line with the Board Charter. Four of the directors are ordinarily resident in New Zealand. Details of the qualifications and experience of each Director and Committee Member are set out here.

### **Tony Ryall – Chairman and Independent Non-Executive Director**

*BBS (Massey University)*

Tony was appointed as Chairman of nib nz limited in July 2016 and nib nz insurance limited in April 2022. He took on the Chairman role for nib nz limited after serving as an Independent Director since February 2015.

Tony was a member of the New Zealand Parliament for 24 years. He served as a cabinet minister from 2008 until his retirement from public life in 2014 holding positions as Minister of Health, Minister of State Services and Minister of State Owned Enterprises.

Tony was appointed a Companion of the New Zealand Order of Merit for services as a Member of Parliament in the 2015 New Year Honours. He is the Chief Executive Officer of BestStart Educare, New Zealand's largest provider of early childhood education.

### **Rob Hennin – Chief Executive Officer and Executive Director**

*B.A. (University of Otago), GAICD*

Rob joined nib nz limited as Chief Executive Officer and a Director in May 2013 and nib nz insurance limited in April 2022. Rob is the Chairman of nib Travel Pty as well as nib's joint venture with Chinese pharmaceutical company, Tasly and Chairman of Auoha Insurance. He is also an Industry Representative for New Zealand's Insurance and Financial Services Ombudsman Commission.

Rob has held several senior management and Executive-level positions with American Express, Visa and Unilever - leading international teams to build global brands, create innovative platforms and develop new products.

Rob also has 10 years Non-Executive Director experience across a range of industries, including health, education and humanitarian aid and acts as an advisor on governance and strategy to not-for-profit organisations.

### **Anne Loveridge – Independent Non-Executive Director**

*BA (University of Reading), FCA, GAICD*

Anne was appointed to the Board of nib holdings limited in February 2017, has been a Director of nib nz limited since October 2017 and a Director of nib nz insurance limited since April 2022. She is also a Director of nib health funds limited.

Anne is Chair of nib nz holdings limited's Audit Committee and nib nz limited and nib nz insurance limited's Board, Audit, Risk and Compliance Committee. She is also Chair of the nib holdings limited Audit Committee and member of the Risk and Reputation Committee, Nomination Committee and Investment Committee.

Anne has over 35 years' experience in banking, wealth management, private equity and property. She has extensive knowledge of financial and regulatory reporting, risk management controls and compliance frameworks.

Formally trained as a Chartered Accountant, Anne has a breadth of experience in financial reporting, auditing, risk, ethics and regulatory affairs following her 31 years with PwC Australia, where she retired as Partner and Deputy Chair in 2015. Anne is a Non-Executive Director of Platinum Asset Management (Chair of the Audit, Risk and Compliance Committee), a Non-Executive

Director of National Australia Bank Limited (Chair of the Remuneration Committee) and a Director of Destination NSW.

Anne is also a Fellow of the Chartered Accountants Australia and New Zealand.

### **Hanne Janes – Independent Non-Executive Director**

*BA (University of Auckland), LLB (Hons) (University of Auckland)*

Hanne was appointed as a Director of nib nz limited in November 2016 and nib nz insurance limited in April 2022.

For the past two decades Hanne has been a practicing barrister, prior to which she worked as a management consultant with Deloitte.

With more than 20 years' specialist expertise in the healthcare sector, Hanne brings a thorough understanding of the national health landscape, including Government policy and funding, healthcare delivery, as well as regulatory and compliance requirements. Hanne was appointed as Counsel Assisting the Government Inquiry into Mental Health and Addiction. She also has extensive experience in commercial and corporate law, together with a detailed knowledge of workplace health and safety.

### **Alan Clarke – Independent Non-Executive Director**

*BSc (Hons) (University of Otago), MBA (University of Otago), CFIInstD*

Alan was appointed as Director of nib nz limited in March 2013 and nib nz insurance limited in April 2022.

Alan was the National Chief Executive of multinational SGS in New Zealand and Australia for ten years then CEO and Managing Director of publicly listed Abano Healthcare Group for sixteen years. He then headed Hellaby Holdings as Managing Director prior to retiring from senior management positions to be appointed to the Independent Chair role of publicly listed Cavalier Corporation.

Alan has held both executive and independent director roles in several private and publicly listed companies and has over 30 years senior management and board experience in New Zealand and Australian-based health and medical companies.

### **Mark Fitzgibbon – Executive Director**

*MBA(UTS), MA(MGSM), ALCA(Charles Sturt University), FAICD*

Mark was appointed as a Director of nib nz limited in November 2012 and nib nz insurance limited in April 2022.

He joined nib health funds limited in October 2002 as Chief Executive Officer and led nib through its demutualisation and listing on the ASX in 2007 when he was appointed Managing Director of nib holdings limited.

Mark is a Director of nib health funds limited, as well as other nib holdings limited subsidiaries, including World Nomads Group Pty Limited. He is also a member of nib holding's Nomination Committee.

As Managing Director, Mark's strategic focus has been to grow and diversify nib's business and with that earnings by leveraging nib's capability, systems and people. This has seen nib grow significantly in recent years organically and inorganically, both in existing and new markets.

### **Jacqueline Chow – Independent Non-Executive Director**

*B.Sc (Hons)(University of New South Wales), MBA (Northwestern University, Chicago), GAICD*

Jacqueline was appointed to the Boards of nib nz limited and nib nz holdings limited in November 2021 and to the Board of nib nz insurance limited in April 2022. Jacqueline is also a Director of nib Group entities, nib holdings limited and nib health funds limited.

Jacqueline has more than 20 years' experience working with global blue-chip consumer product multinationals in a range of executive and non-executive positions in general management, strategy, marketing as well as technology and innovation. Her early career concentrated on business analytics, brand equity and marketing.

Jacqueline has significant global experience driving strategic growth and innovation across customer and consumer brands for the likes of Fonterra, Campbell Arnott's and the Kellogg Company.

Jacqueline was previously Deputy Chair of Global Dairy Platform and a Director of Fisher & Paykel Appliances in New Zealand, Dairy Partners Americas, the Riddet Institute (Massey University NZ) and The Arnott's Foundation.

Jacqueline is currently a Non-Executive Director of Coles Group Limited, Charter Hall Group, Boral Limited. Jacqueline is a Non-Executive Director of the Australia-Israel Chamber of Commerce and a senior advisor with McKinsey & Company RTS. She is also a member of Chief Executive Women.

### **Nick Freeman – Committee Member**

*BCom (University of Melbourne), GradDipMgt (Monash University)*

Nick joined nib holdings limited in 2020 as Group Chief Financial Officer (CFO) with responsibility for the Finance and Corporate Services Division across the nib Group. A Chartered Accountant with more than 25 years' experience in accounting and finance, Nick prior to joining nib was Group CFO and Company Secretary at ASX-listed Mayne Pharma, while also previously holding CFO roles for both Australia and New Zealand with ANZ Banking Group.

Nick has worked as an executive in a number of industries such as healthcare, financial services, consumer, retail and aviation. He has extensive experience in financial and management accounting, mergers and acquisitions, integration management, tax, financial planning and analysis, risk management, treasury and investor relations.

### **Board Policies**

The following policies have been approved by the Board:

- Capital Management Plan
- Statement of Investment Performance & Objectives
- Fit and Proper Policy
- Risk Management Strategy and related Procedures
- Delegations of Authority
- Conflicts of Interest and Related Party Transactions Policy
- Actuarial Advice Framework
- Work Health & Safety Charter
- Remediation Policy
- Vulnerable Members Policy

Additionally, as a member of the nib Group of companies the Company also operates under the Privacy Policy, Trading Policy, Whistleblower Policy and the other Corporate Governance policies available at [nib.com.au/shareholders](http://nib.com.au/shareholders).



**Section 78 report in respect of nib nz insurance limited for 30 June 2022**

- a) The Appointed Actuary is David Chamberlain, a Fellow of the New Zealand Society of Actuaries.
- b) The Appointed Actuary has:
- i. Reviewed the Policy Liabilities as at 30 June 2022.
    - The policy liabilities have been determined in accordance with the NZ Society of Actuaries Professional Standard for the determination of Life Insurance Policy Liabilities (PS20).
  - ii. Reviewed the Solvency Position as at 30 June 2022.
    - The solvency position has been determined in accordance with the “Solvency Standard for Life Insurance Business 2014”, dated December 2014, issued by the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010.
- c) The scope of the work was to provide a report in accordance with the NZ Society of Actuaries Professional Standard for the determination of Life Insurance Policy Liabilities and a solvency calculation determined in accordance with the “Solvency Standard for Life Insurance Business 2014”, dated December 2014, issued by the Reserve Bank of New Zealand, incorporating amendments to November 2018. There were no limitations placed on the work.
- d) The Appointed Actuary is a principal of Melville Jessup Weaver Limited, a firm of consulting actuaries. As a consultant, charges are made for time spent working for nib nz insurance limited in the Appointed Actuary role on a time and cost basis. The Appointed Actuary has no other financial interest in the insurer.
- e) The Appointed Actuary has obtained all information and explanations required by him.
- f) In the Appointed Actuary’s opinion and from an actuarial perspective:
- i. The actuarial information contained in the financial statements for the year end 30 June 2022 has been appropriately included in those statements;
  - ii. The actuarial information used in the preparation of the financial statements has been used appropriately in those financial statements for the year end 30 June 2022.
- g) In the Appointed Actuary’s opinion and from an actuarial perspective, nib nz insurance limited is maintaining the required solvency margin that applies under the “Solvency Standard for Life Insurance Business 2014” imposed under section 21(2)(b) of the Insurance (Prudential Supervision) Act 2010 as at 30 June 2022. This is reported on in Note 16 to the Financial Statements.
- h) For the purposes of this solvency calculation the company is treated as having, and being one, statutory fund.
- i) It is nib nz insurance limited’s policy to seek the advice of the Appointed Actuary in respect of actuarial information and to adopt that advice in nib nz insurance limited’s financial statements.

This report is provided solely in my capacity as nz insurance limited’s Appointed Actuary. To the fullest extent permitted by law, I do not accept responsibility to anyone for the contents of this report other than the Reserve Bank of New Zealand, nz insurance limited, its Directors and shareholders.

**David Chamberlain BEc, FIAA, FNZSA 18 August 2022**