CHUBB®

Chubb Life Insurance New Zealand Limited

(Previously Cigna Life Insurance New Zealand Limited)

Annual Report
For the year ended 31 December 2022

Chubb Life Insurance New Zealand Limited

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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ANNUAL REPORT

The address for service for Chubb Life Insurance New Zealand Limited (the **Company**) is Level 24, Majestic Centre, 100 Willis Street, Wellington.

Pursuant to section 211(3) of the Companies Act 1993 (the Act), the shareholder of the Company has agreed that the Annual Report need not comply with any of the paragraphs (a), and (e) to (j) of subsection (1) and subsection (2) of section 211.

Accordingly, there is no information to be provided in this Annual Report other than the corporate governance statement, Appointed Actuary's report and the financial statements for the year ended 31 December 2022 and the audit report on those financial statements.

Signed for and on behalf of the Board of Directors:

Steven Fyfe
Director
19 April 2023

Stephen Moir
Director
19 April 2023

Chubb Life Insurance New Zealand Limited

Corporate Governance Statement
For the year ended 31 December 2022

ABOUT THE COMPANY

Chubb Life Insurance New Zealand Limited (the Company) is wholly-owned by Chubb New Zealand Holdings Limited (the Holding Company).

The shareholding of the Holding Company changed on 1 July 2022, when sole shareholder Cigna Hong Kong Holdings Company Limited finalised the sale of its shares to Chubb International Investments Limited, and Chubb Limited became the Company's ultimate parent company (the Shareholder). During March 2023, the Company and the Holding Company rebranded and formally changed their names to reflect the ownership change from the Cigna Corporation to the Chubb Group.

The Company is licenced to underwrite and issue insurance products to the New Zealand market under the Insurance (Prudential Supervision) Act 2010 (IPSA). It also provides financial adviser services as a Financial Advice Provider (FAP) under the Financial Markets Conduct Act 2013 pursuant to a transitional licence.

The Company offers a range of life, income protection, trauma, travel and funeral cover insurance products in accordance with the terms of its licences and approved risk appetite to provide good customer outcomes and a profitable return to the Shareholder.

THE BOARD AND ITS ROLE

The Company is governed by its Board of Directors who collectively exercise effective oversight of the Company's activities through the implementation of its Board and Committee Charters and workplans and ongoing, regular dialogue with the Chief Executive Officer, Senior Management, key personnel and consultation with the Shareholder.

The role of the Board is to provide leadership, strategic guidance and effectively represent the interests of the stakeholders, including customers, employees and the Shareholder, with the intention of achieving the Company's goals in a manner best serving the stakeholders as a whole. The Board Chair is responsible for the governance relationship with the Shareholder.

The Board operates in accordance with applicable law, the Company's Constitution and its Board Charter. The Board Charter describes the Board's role, powers, responsibilities and relationship with management, the Shareholder and other stakeholders.

Key Board Responsibilities	
• approving and monitoring the Company goals, strategies and plans • ensuring the Company adheres to high standards of ethics and corporate behaviour, and the Company seeks good customer outcomes • ensuring the Company has effective conduct and culture policies and practices, and monitoring performance and outcomes against these policies • appointing the Chief Executive Officer (CEO), setting the terms of his or her employment contract • assessing and reviewing the performance of the Board, its Board Committees, the CEO, Appointed Actuary, and other Senior Managers • ensuring the Company has appropriate health and safety policies and practices	• overseeing the financial position of the Company, including capital management and solvency • ensuring that the Company's financial statements are true and fair and otherwise conform with law • ensuring the Company meets the Conditions of its Licences and complies with IPSA • ensuring organisational readiness for the Financial Markets (Conduct of Financial Institutions) Amendment Act 2022 (CoFI) regime • ensuring all appropriate policies, controls, systems and procedures are in place, reviewed regularly, and embedded to manage business risks and to ensure compliance with all regulatory and prudential standards • communicating and consulting with the Shareholder

The day-to-day management of the Company is delegated to the CEO and the CEO can sub-delegate to other management. Decisions reserved for the Board and Shareholder, and delegations to the CEO and management are set out in the Company's Delegated Authorities policy and schedule. The CEO reports to the Board for governance matters and to the Chief Operating Officer, Chubb Life Global for operational matters.

GOVERNANCE

The Company and its Board are committed to good governance practices to ensure the best outcome for the Company's wide group of stakeholders.

The Company adheres to the published requirements, standards and guidelines of the Reserve Bank of New Zealand (RBNZ), including the RBNZ's Governance Guidelines (the RBNZ Guidelines) for licensed insurers issued under IPSA. The Company also endeavours to embrace relevant non-mandatory governance guidelines or recommendations of the RBNZ, Financial Markets Authority and other relevant regulatory and governmental bodies.

The Company's corporate governance framework includes its Constitution plus the Board and Committee Charters and workplans which set out membership rules, the responsibilities, obligations, delegations and the reporting expectations between management and the Board. The corporate governance framework also includes a range of governance policies such as Conflicts of Interest, Fit & Proper, Delegated Authorities, Code of Conduct, the Risk and Compliance Management Framework and a broader suite of policies to support the achievement of the Company's objectives.

The Company's corporate governance framework is enhanced by the governance processes and policies of the Shareholder, a New York Stock Exchange listed company (NYSE: CB).

The corporate governance framework is reviewed annually when the Board and Committee charters, work programmes, composition and delegations are reviewed, and the Board assessment framework is updated.

BOARD COMPOSITION AND MEMBERSHIP

As at the date of this report, the Board's membership consisted of seven directors: four independent non-executive directors, one non-executive director, and two executive directors.

All current directors have been assessed by the Board in accordance with the Company's Fit and Proper Policy to have the appropriate fitness and propriety to properly discharge their responsibilities as a director and have been certified as meeting the RBNZ's Fit and Proper Standard for directors of licensed insurers.

Directors are appointed (and can be retired by) the Shareholder after recommendation by the Board, and the Chair is appointed annually by the directors. The Board's Human Resources and Remuneration Committee manages the Independent Director recruitment process and utilises the professional services of specialist recruitment firms when required.

After three terms, and successfully transitioning the Company to Chubb ownership, Steven Fyfe is retiring from the Board in mid-2023. Brad Bennett has also signalled his intention to retire from the Board when he retires from Chubb in June 2023. The plans to fill the director vacancies are well advanced as at the date of this report.

Chubb Life Insurance New Zealand Limited

Corporate Governance Statement
For the year ended 31 December 2022

Information about each of the directors on the Board as at the date of this report is set out in the table following.

<table>
<tr><th colspan="2">Directors as at the date of this report</th></tr>
<tr>
<td>Steven Fyfe

• BCA, CA, IOD (Chartered Member)
• Board Chair and Independent Non-Executive Director

Steven has considerable senior leadership and governance experience in the banking and insurance sectors, and currently holds governance roles in a wide range of sectors including insurance, property, public services, charitable and the arts.
Director since July 2012</td>
<td>Brad Bennett

• BA
• Non-Executive Director

Brad is based in Hong Kong and is the Chief Operating Officer for Chubb Life and Senior Vice President of Chubb Group. He has nearly 35 years of Life and General Insurance experience, 25 of which have been in the international market place.
Director since July 2022</td>
</tr>
<tr>
<td>Paul Brock

• BBS
• Independent Non-Executive Director

Paul is a former Chief Executive of Kiwibank Group and was an integral part of the small team that established Kiwibank in 2002. Paul is currently Chair of the New Zealand Story Group, Chair of Foley Wines, Chair of the Massey University Business School Advisory Board and an Independent Director of Southern Sky Dairies Ltd.
Director since December 2020</td>
<td>Gail Costa

• BCA, CA
• CEO and Executive Director

Gail is the Chief Executive Officer of Chubb Life Insurance New Zealand, and has over 30 years' experience in the insurance industry in senior leadership and governance roles in New Zealand, Turkey, the Hong Kong Special Administrative Region and the United Kingdom.
Director since September 2003</td>
</tr>
<tr>
<td>Rob Ellis

• CSEP, IOD Member (MInstD)
• Independent Non-Executive Director

Rob is the current Chief Executive of Sentro – a group insurance platform provider. As an entrepreneur and director, Rob has significant international experience, successfully leading and directing companies in technology, media, financial services and digital. He is also a director of Sentro Group and Spoke in London, and Trustee of The New Zealand Hi-Tech Foundation and Hi-Tech Awards Trust.
Director since August 2020</td>
<td>Debbie Eyre

• MBA
• Executive Director

Debbie is the Chief Operating Officer for Chubb Life Insurance New Zealand, with considerable experience in both leadership and governance roles in sectors including insurance, banking and financial services.
Director since July 2020</td>
</tr>
</table>

<table>
<tr>
<td rowspan="2">
Stephen Moir

Independent Non-Executive Director
Stephen has an extensive background in Institutional Banking and Financial Markets across New Zealand, Singapore, Thailand and Australia. He has previously been a Non-Executive Director and Chair of a New Zealand bank's life insurance company.
Stephen is currently a director of Port of Napier Limited and the Todd Family Office. He is also an advisor to the ASB Investment committee.
Director since June 2022
</td>
<td colspan="2">The following directors retired from the Board in 2022</td>
</tr>
<tr>
<td>
Patrick Graham)
BA (Hons)
Non-Executive Director
Appointed: April 2018
Retired: July 2022
</td>
<td>
Anne Urlwin
BCom, FCA, CFInstD, MAICD, FNZIM, ACIS
Independent Non-Executive Director
Appointed: January 2020, but was a director of related entity OnePath Life (NZ) Limited from Sep 2012 until appointment to the Company in 2020.
Retired: February 2022
</td>
</tr>
</table>

INDEPENDENT DIRECTORS

The Company seeks to ensure it demonstrates independence and exercises objective and impartial judgement. The Board Charter requires the majority of directors to be Independent Directors.

The Board assesses independence of independent directors on appointment and annually, and each director is asked to confirm their independence annually.

Those directors identified as independent are considered to meet the criteria for independence as set out in the RBNZ Guidelines, the Board Charter and the Company's Fit & Proper policy.

This criteria includes ensuring independent directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

BOARD SKILLS, KNOWLEDGE & EXPERIENCE

The Company ensures its Board has the full range of skills, knowledge and experience necessary to provide effective, independent governance over the affairs and operations of the Company. To monitor these areas, the Board maintains a Board Skills, Knowledge and Experience Matrix.

The Board also annually assess themselves against a range of personal attributes and other non-essential skills, knowledge and experiences.

The Board is considered to be of sufficient size and, collectively, considered to hold the full range of skills, knowledge and experience necessary to provide effective, independent governance over the affairs and operations of the Company.

Each director is expected to undergo continuous training to educate and update themselves on how to appropriately and effectively perform their duties as directors.

BOARD PROGRAMME AND SCHEDULE

The Board meets formally on a regular scheduled basis, at least six times a year, and holds additional meetings as required. In between meetings the Board can make decisions by Circular Resolution.

The Board approves for both itself and its Committees, an annual work programme for each calendar year that acts as a guide to the preparation of the agenda for each scheduled Board meeting. Agenda items may be added, deferred, brought forward or removed as necessary for each scheduled meeting. The Board also participates in workshops and other sessions on various subjects as the circumstances require.

Each year the directors attest to their capacity to appropriately attend to Board and Committee requirements. The Board reviews its own performance against its objectives annually, including the performance of its established Committees.

Attendance at Board Meetings in 2022	
	Board Scheduled
Brad Bennett	**3 of 3**
Paul Brock	**6 of 6**
Gail Costa	**5 of 6**
Rob Ellis	**6 of 6**
Debbie Eyre	**6 of 6**
Steven Fyfe	**6 of 6**
Patrick Graham	**2 of 3**
Stephen Moir	**4 of 4**
Anne Urlwin	**1 of 1**

In addition, the Board held seven unscheduled meetings during 2022 to address issues that arose between scheduled meetings.

CONDUCT OF DIRECTORS AND MANAGEMENT

The Board seeks to set a high ethical standard, and to hold management to that same level. Directors abide by and attest to Chubb's Code of Conduct, as do management and staff.

In exercising their powers and performing their responsibilities, directors are required to act at all times:

- Honestly, ethically and diligently
- In a lawful manner and use reasonable endeavours to ensure the Company conducts its business in accordance with the law and with a high level of commercial integrity
- In accordance with section 105 of the Insurance (Prudential Supervision) Act 2010 in relation to Statutory Funds; noting, in particular, that the Board must give priority to the interests of policyholders as a whole in the event of conflict between those interests and those of the Shareholder of the Company
- In accordance with section 131 of the Companies Act 1993 in relation to acting in good faith and in what each director believes to be the best interests of the Company.

Chubb Life Insurance New Zealand Limited

Corporate Governance Statement
For the year ended 31 December 2022

BOARD COMMITTEES

To enhance the effectiveness of the Board, the Board utilises Board Committees. In February 2022, the Board changed the structure of the Board Committees with effect from 1 April 2022. In recognition of its significant workload, the Audit & Risk Committee was dissolved and its responsibilities shared between two new standalone committees, a Risk Committee and an Audit Committee.

At the same time, and to recognise the ongoing importance of conduct and culture beyond the original purpose of the Conduct & Culture Committee, that committee was dissolved and its responsibilities incorporated as a permanent component of the new Risk Committee. Charters and workplans were developed for the new Committees.

As at 31 December 2022, the Board Committees are: Audit Committee, Risk Committee, and Human Resources & Remuneration (HR&R) Committee.
Committee membership and Committee Chairs are determined by the Board. All Committees are required by to be chaired by an Independent Director and the Audit Committee Chair cannot be the Board Chair. Committees are accountable to the Board and proceedings of each Committee are reported back to the Board, and Committee recommendations are considered by the Board for approval. Committee Charters and workplans are reviewed at least annually in conjunction with the Board, as is the performance of each Committee.

Board Committees during 2022				
Committee name	***From***	***To***	***Independent Chair***	***Committee Members***
Conduct & Culture	1 Jan 22	31 Mar 22	Paul Brock	All directors
Audit & Risk	1 Jan 22	31 Mar 22	Anne Urlwin to 21 Feb 22 Paul Brock from 21 Feb 22	All directors
HR&R	1 Jan 22	31 Dec 22	Rob Ellis	All Non-Executive Directors, plus Gail Costa.
Audit	1 Apr 22	31 Dec 22	Paul Brock to 18 Aug 22 Stephen Moir from 18 Aug 22	All directors
Risk	1 Apr 22	31 Dec 22	Paul Brock	All directors

<table>
<tr><th colspan="3">Board Committee Key Responsibilities</th></tr>
<tr><th>Audit Committee</th><th>Risk Committee</th><th>HR&R Committee</th></tr>
<tr>
<td>overseeing external reporting of financial information, including reviewing significant policies and practices, and overseeing compliance with statutory responsibilities relating to solvency and financial reporting
monitoring the solvency and liquidity position
overseeing the internal control framework
overseeing the internal audit function, including approving the internal audit plan and monitoring internal audit reports and responses
managing the external audit relationship, including reviewing the scope, fees and terms of the external audit, reviewing and monitoring responses to External Auditor reports, and assessing Auditor independence</td>
<td>overseeing the design, implementation and operation of the Risk & Compliance Management Framework and Approach
setting and monitoring the Company’s risk appetite
monitoring risk culture
overseeing conduct & culture governance
championing delivery of Good Customer Outcomes
overseeing remediation issues
ensuring current and future regulatory requirements and expectations are met</td>
<td>establishing remuneration and incentive policies and practices
overseeing HR strategy, policies and practices including, organisational structure, succession planning, people development, diversity, inclusiveness and equal opportunities policies, employee wellbeing, and culture
managing CEO recruitment, performance monitoring and remuneration
providing advice to the Shareholder on Independent Non-Executive Directors appointment and fees
managing director recruitment
overseeing Health, Safety and Wellbeing practices
performing an annual review of the HR Scorecard</td>
</tr>
<tr>
<td>Audit Committee Composition:
Majority of members must be Independent Directors. CEO as an Executive Director will be a member. The External Auditor is invited to attend all Audit Committee meetings. Regular Committee-only sessions are held with the External Auditors to allow for open and transparent discussion.</td>
<td>Risk Committee Composition:
Majority of members must be Independent Directors. CEO as an Executive Director will be a member.</td>
<td>HR&R Committee Composition:
At least three Independent Directors, any Non-Executive Director of the Board and the CEO as an Executive Director.</td>
</tr>
<tr>
<td>Management interaction
The Chief Financial Officer (CFO), Appointed Actuary and Head of Internal Audit have a reporting line to the Audit Committee, the CFO meets monthly with the Chair and the Appointed Actuary and Head of Audit have scheduled alone time with the Committee.</td>
<td>Management interaction
The Chief Risk Officer (CRO) has a reporting line to the Risk Committee, and has scheduled alone time with the Committee as well as a monthly meeting with the Chair.</td>
<td></td>
</tr>
</table>

GOVERNANCE POLICIES

Policies aid the achievement of quality outcomes, reduce institutional risk and support the achievement of the Company's objectives.

The Board regularly reviews and assesses its governance policies, processes and practices to identify opportunities for enhancement and to ensure they reflect the Company's operations, culture and stakeholder environment. In 2022, the Board adopted a new Policy Governance Framework that outlines the development, approval, implementation and review of policies, standards and procedures.

The following table shows the key policies the Board approves, after recommendation from the appropriate Committee.

Board level key policies		
Audit Committee	***Risk Committee***	***HR&R Committee***
• Capital Management Policy • Target Surplus Policy • Delegated Authorities Policy • Conflicts of Interest Policy • Tax Risk Management Policy • Reinsurance Policy • Investment Mandate • Internal Audit Policy	• AML, CFT, Economic Sanctions & Anti-Boycott Policy • Anti-Bribery & Corruption Policy • Customer, Conduct & Culture • Remediation Policy • Customer Complaints Policy • Good Customer Outcome Framework • Fraud Management Policy • Risk Management Policy & Framework • Risk Appetite Statement • Compliance Policy & Framework • Business Continuity Policy • Whistle-blower Policy	• Remuneration Policy • Health & Safety Policy • Bullying, Harassment and Discrimination Prevention Policy • Performance Management Framework • Code of Conduct Policy • Fit & Proper Policy

Following the sale to Chubb, the Company's policies, processes and practices are undergoing a review against Chubb global policies. As a wholly-owned subsidiary of its ultimate parent company, Chubb Limited, the Company seeks to comply with Chubb policies and requirements, except where they are inconsistent with New Zealand law or regulatory requirements.

Under Cigna Corporation ownership, the Company had adopted a number of Cigna Corporation's policies (amended or supplemented to meet or otherwise reflect New Zealand, and/or the Company's requirements) and adopted other policies specific to the Company where warranted or required. The same approach is being applied under Chubb ownership.

DIVERSITY, EQUITY AND INCLUSION (DE&I)

The Company is committed to diversity, equity and inclusion values and is proud to have been accredited with the Rainbow Tick for the 6th consecutive year.

In 2022 the Company created a staff led DE&I Committee to support the development of DE&I policies and initiatives, and created guidelines for changing gender identity. To recognise the diversity of the workforce, the Company marked a wide range of cultural events including Maori language week, Diwali, Ramadan and the Lunar New Year.

Goals for diversity on the Board, people leadership, and across the organisation are set and monitored by the HR&R Committee. “Bring your whole self to work” is a key DE&I component of the Company’s HR&R strategy, also set by the HR&R Committee.

As at the date of this report, 47% of people leaders were female.

RISK MANAGEMENT

The Board ensures the Company has appropriate risk management processes and controls through its role in the development, and subsequent monitoring of, the Risk and Compliance Management Framework, including Risk Appetite Statements. The framework includes processes for identifying, assessing, responding to, monitoring and reporting risks, controls and indicators relating to risks and compliance obligations and matters.

Implementation of the Risk and Compliance Management Framework ensures the Company meets its IPSA obligations and other relevant legal obligations and proactively manages its risks. This approach supports a company-wide philosophy where risk, compliance, and customer centricity through a Good Customer Outcomes Framework is “everyone’s responsibility” and is underpinned by a risk aware culture.

The Risk Committee receives a risk and compliance report from the CRO at each meeting, and the Board receives a separate report from the CRO at each Board meeting.

FINANCIAL REPORTING

The Board recognises its role in ensuring the Company’s financial, and related non-financial, reports are accurate, that material disclosures are made, and that all reports to stakeholders comply with relevant laws and standards while providing those stakeholders with the appropriate level of information.

The Audit Committee oversees the preparation of the half year and full year financial accounts, including solvency returns and actuarial reports. The Committee receives certificates from the CEO and the Appointed Actuary to state that to the best of their knowledge and belief, and after making appropriate enquiries, the reports have been prepared correctly, and provide a true and fair representation of the Company’s position. Once finalised, the Committee recommends to the Board the approval of the reports.

The Board receives a report from the CFO and Appointed Actuary at every Board meeting.

MANAGING CONFLICTS OF INTEREST

The Board is conscious of its obligations to ensure directors avoid conflicts of interest between their duty to act in the best interest of the Company and their own interests. Directors and staff are required to avoid or otherwise minimise any potential conflicts in line with the Company's Conflicts of Interest Policy. That policy imposes additional disclosure requirements on directors over and above other parties.

The Board maintains an Interests' Register for directors and senior executives which records their other interests. Directors and senior executives are required to notify any changes to that register. The Interests Register is presented at each Board Meeting, and at each Committee and Board meeting attendees are asked to disclose if they have any interest or conflict in relation to the meeting's agenda.

The Conflicts of Interest policy sets out the procedures for when an interest is, or warrants consideration as to whether it could be, a conflict.

ACCESS TO INFORMATION & ADVICE

Directors have access to all relevant Company information and have full access to Management.

The Board and any director is entitled to obtain independent professional advice relating to the affairs of the Company or to their other responsibilities as a director. If a director considers advice is necessary they must first discuss it with the Chair and, having done so, is free to proceed.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company indemnifies directors and senior managers for liability and costs arising from their acts or omissions as a director of the Company pursuant to a Deed of Access, Indemnity and Insurance dated 1 July 2020 which was amended and restated by a deed dated 14 April 2023. The Deed covers directors who held or hold the position of director of the Company or a related company (through appointment by the Company), on or after the date of the Deed.

The Company has Directors & Officers liability insurance in place for its directors and officers ('D&O').

In relation to s162 of the Companies Act, it is noted that up to 30 June 2022 the Company had taken out Directors' & Officers' Defence Costs insurance for directors, and Cigna Corporation had a global D&O Liability and Fiduciary Liability insurance policy. Following the 1 July 2022 change of ownership, directors [past and present] are covered under a Chubb Limited global D&O Liability insurance policy which is not oncharged to the Company.

In addition, Chubb Limited has indemnified current and former directors through its share purchase agreement with Cigna Corporation dated 7 October 2021.

DIRECTORS' FEES

Director fees are paid to Independent Directors only. The fee levels are reviewed annually by the Board, via the HR&R Committee, and are approved by the Shareholder. Fees are adjusted after consideration of independent published reports on New Zealand director fees, Consumer Price Index inflation, staff remuneration changes, and a comparison of competitor director fees.

Directors' annual fees for 2022 started at a base of $65,000 with varying increments applied for Chair roles. After the change in Committee structures, the annualised Chair increments are: Audit Committee $21,000, Risk Committee $21,000, HR&R Committee $17,000 and Board Chair $60,000.

Independent Directors Fees 2022				
Name	***Months as Director***	***Base fee***	***Chair/Committee Chair Increment***	***Total***
Steven Fyfe	12	$65,000	$60,000	$125,000
Rob Ellis	12	$65,000	$17,000	$82,000
Paul Brock	12	$65,000	$30,833	$95,833
Anne Urlwin	2	$10,833	$4,166	$14,999
Stephen Moir	7	$38,250	$7,834	$46,084
Total		***$244,083***	***$119,833***	***$363,916***

Chubb Life Insurance New Zealand Limited

Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Premium revenue			
Premium revenue from insurance contracts	4	320,473	302,629
Outwards reinsurance expense	4	(47,125)	(42,628)
Net premium revenue		**273,348**	**260,001**
Other revenue			
Investment revenue	5	(18,562)	(14,498)
Fee and other revenue	6	9,767	6,162
Net other revenue		**(8,795)**	**(8,336)**
Payment under policies			
Claims expense	7	(128,725)	(114,698)
Reinsurance recoveries	7	34,308	30,820
Net claims expense		**(94,417)**	**(83,878)**
Change in insurance contract assets & liabilities	8	(102,991)	(28,866)
Operating expenses	9	(159,884)	(137,287)
(Loss)/profit before income tax		**(92,739)**	**1,634**
Income tax benefit / (expense)	10	24,400	(5,609)
Loss after income tax		**(68,339)**	**(3,975)**
Other comprehensive income		**-**	-
Total comprehensive loss attributable to the owners of the Company		**(68,339)**	**(3,975)**

The Notes on pages 18 to 56 are an integral part of these financial statements

Chubb Life Insurance New Zealand Limited

Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital $000	Retained earnings $000	Total equity $000
Opening balance 1 January 2021		**716,749**	**163,005**	**879,754**
Total comprehensive loss 2021		-	(3,975)	(3,975)
Dividend Paid ($0.11c per share)		-	(78,000)	(78,000)
Balance at 31 December 2021		**716,749**	**81,030**	**797,779**
Total comprehensive loss 2022		-	(68,339)	(68,339)
Dividend Paid ($0.03c per share)		-	(20,000)	(20,000)
Balance at 31 December 2022		**716,749**	**(7,309)**	**709,440**

All 716,749,000 ordinary shares (2021: 716,749,000) are ranked equally with one vote attached to each fully paid up ordinary share. There is no par value attached to the shares.

The Notes on pages 18 to 56 are an integral part of these financial statements

Chubb Life Insurance New Zealand Limited

Statement of Financial Position

As at 31 December 2022

	Note	2022 $000	2021 $000
Assets			
Cash and cash equivalents	11	60,555	41,679
Financial assets at fair value through profit or loss	12	209,836	230,648
Insurance receivables	14	13,501	11,497
Other receivables	15	11,206	8,534
Right-of-use assets	16	3,746	5,351
Life insurance contract assets	8	692,820	823,048
Property, plant and equipment	17	2,207	2,269
Intangible assets	18	86,781	93,894
Current tax asset		-	271
Total assets		**1,080,652**	**1,217,191**
Liabilities			
Accounts payable	19	20,444	13,530
Employee entitlements	20	12,858	11,983
Other liabilities		810	417
Lease liabilities	16	4,370	6,062
Provisions	21	5,091	4,362
Life insurance contract liabilities - reinsurance	8	141,121	168,357
Current tax liability		563	-
Deferred tax liability	10	185,955	214,701
Total liabilities		**371,212**	**419,412**
Net assets		**709,440**	**797,779**
Equity			
Share capital		716,749	716,749
Retained (losses) / earnings		(7,309)	81,030
Total equity		**709,440**	**797,779**

For and on behalf of the Board of Directors:

Steven Fyfe
Director
19 April 2023

Stephen Moir
Director
19 April 2023

The Notes on pages 18 to 56 are an integral part of these financial statements

Chubb Life Insurance New Zealand Limited

Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Premiums received		316,815	296,454
Reinsurance recoveries received		34,398	31,600
Investment income		5,978	6,110
Fees and other income		6,628	6,162
Claims expenses		(128,726)	(114,698)
Reinsurance premiums paid		(43,986)	(42,628)
Payments to suppliers and employees		(91,449)	(82,246)
Commission paid		(49,907)	(41,713)
Interest paid		(205)	(271)
Tax paid		(3,511)	(875)
Net cash inflow from operating activities		**46,035**	**57,895**
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(519)	(44)
Purchase of intangible assets	18	(693)	(1,726)
Purchase of investments		(218,386)	(231,883)
Inflow from sale of investments		214,462	253,089
Inflow from sale of property, plant and equipment	17	1	23
Net cash (outflow) / inflow from investing activities		**(5,135)**	**19,459**
Cash flows from financing activities			
Payment of lease liabilities	16	(2,024)	(1,682)
Dividend paid		(20,000)	(78,000)
Net cash outflow from financing activities		**(22,024)**	**(79,682)**
Net increase / (decrease) in cash and cash equivalents		**18,876**	**(2,328)**
Cash and cash equivalents at beginning of year		41,679	44,007
Cash and cash equivalents at end of year		**60,555**	**41,679**
Cash is represented by:			
Cash at bank and in hand		**60,555**	**41,679**
Cash and cash equivalents at end of year		**60,555**	**41,679**

The Notes on pages 18 to 56 are an integral part of these financial statements

Chubb Life Insurance New Zealand Limited

Statement of Cash Flows

For the year ended 31 December 2022

Operating activities reconciliation	Note	2022 $000	2021 $000
Profit after tax		(68,339)	(3,975)
Non-cash items			
Depreciation expense		580	2,122
Amortisation expense		3,203	3,463
Impairment expense		4,603	-
Deferred tax liability		(28,746)	5,995
Net unrealised fair value losses on financial assets at FVTPL[1]		24,735	20,378
Remediation provisions		2,612	2,218
Finance cost		2,142	2,094
Change in insurance contract assets & liabilities		102,991	28,866
Movement in deferrals or accruals of past or future operating cash receipts or payments			
Receivables		(4,675)	6,437
Payables		8,183	(1,000)
Lease liabilities		(205)	(271)
Deferred tax liability		834	(1,261)
Provisions		(1,883)	(7,171)
Net cash inflow from operating activities		**46,035**	**57,895**

The Notes on pages 18 to 56 are an integral part of these financial statements

[1] Fair value through profit or loss

1. CORPORATE INFORMATION

Chubb Life Insurance New Zealand Limited (the **Company**) is a for-profit entity incorporated and domiciled in New Zealand. It was incorporated on 13 December 1967. The Company is a Limited Liability Company.

These financial statements for the Company cover the financial year ended 31 December 2022.

The Company was granted a licence by the Reserve Bank of New Zealand ("RBNZ") on 12 August 2013 to operate as an insurer subject to the IPSA. As a consequence of being a licensed insurer, the Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for for-profit entities. The financial statements comply with the International Financial Reporting Standards ("IFRS").

Unless necessary to explain accounting policy choices or to add further information, we have not included accounting policy wording where it is otherwise consistent with the standards.

The financial statements have been prepared on a going concern basis.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS 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. Actual results may differ from these estimates.

Basis of Measurement

These financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Application of New Accounting Standards

The Company did not adopt any new accounting standards in the preparation and presentation of the 31 December 2022 financial statements.

Presentation Currency and Rounding

Unless otherwise stated, all amounts are rounded to the nearest thousand dollars ($000) and are expressed in New Zealand Dollars, which is the presentation and the functional currency of the Company.

B. Critical Accounting Judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. 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. These estimates and judgements have been made based upon facts and circumstances that existed as at balance date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Accounting for Life Insurance Business

The life insurance operations of the Company comprise the selling and administration of contracts which are classified as life insurance contracts.

Insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if and only if, an insured event could cause an Insurer to pay significant benefits in any scenarios, excluding scenarios that lack commercial substance. Life insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is either not linked or only partly linked to the market value of the investment held by the Company, and the financial risks are substantially borne by the Company.

D. Change in Significant Accounting Policies

There has been no changes to significant accounting policies effecting the year ended 31 December 2022 or its comparatives.

E. Standards Issued But Not Yet Effective

NZ IFRS 17 Insurance Contracts (the ‘standard’) is the comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, and applies to insurance contracts issued and all reinsurance contracts. The new accounting standard supersedes NZ IFRS 4 Insurance Contracts and has an effective date for annual reporting periods beginning on or after 1 January 2023. With the Company’s financial year ending 31 December, NZ IFRS 17 will take effect for the reporting period commencing 1 January 2023.

Estimated Impact of the adoption of NZ IFRS 17

The Company is continuing to refine the new accounting processes and internal controls required for applying NZ IFRS 17 and is on track to produce the upcoming regulatory disclosures and interim financial statements over 2023 within the required timeframes.

The Company has not yet finalised the testing and assessment of controls over its new IT systems and changes to its governance framework. Any accounting policies, assumptions, judgements and estimation techniques at this time are subject to change.

For the above reasons, as of 31 December 2022, it was not practicable to reliably quantify the effects of NZ IFRS 17 on the Company’s financial position or performance in its financial statements.

Level of aggregation

Under NZ IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Contracts are first categorised into portfolios comprising of contracts that are managed together and share similar risks. Contracts in different product lines are expected to be in different portfolios. The Company is working through the subdivision of portfolios into group of contracts on the basis of profitability and annual cohorts. We expect there to be onerous contracts as profitability testing is performed at contract level. The level of aggregation requirements of NZ IFRS 17 limit the offsetting of gains on groups of profitable contracts against losses on groups of onerous contracts.

Contract boundaries

Under NZ IFRS 17, the measurement of an insurance contract includes all of the future cash flows within the boundary of the contract. The period covered by the premiums within the contract boundary is the ‘coverage period’ which is relevant when applying a number of requirements in NZ IFRS 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services).

Some term life and critical illness contracts issued by the Company have annual terms that are guaranteed to be renewable each year. Currently, the Company accounts for yearly renewable term business as long term contracts. However, due to the practical ability to reassess (and reprice) the risks of these contracts on an annual basis, these contracts will be classified as short term boundary (annual contracts) under NZ IFRS 17. The current valuation of yearly renewable term business results in negative policyholder liabilities (i.e. an asset), due to the long term nature of the valuation. With the short contract boundary classification this will result in the derecognition of this asset on transition, and the recognition of a new insurance liability. The impact is mitigated by the allowance in NZ IFRS 17 for the deferral of insurance acquisition cash flows (which creates an asset), further discussed below.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Some of the Company's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Company and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under NZ IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

Measurement

NZ IFRS 17 introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance: The general measurement model (the GMM), which is the default measurement model, the premium allocation approach (the PAA), which is a simplified approach for the measurement of the liability for remaining coverage (LFRC), and the variable fee approach (the VFA), which is a mandatory modification of the GMM for direct participating insurance contracts. The Company does not have contracts which are in scope of the VFA.

The General Measurement Model (GMM)

The Company will implement the general measurement model for the majority of its business.

On initial recognition, the Company will measure an insurance contract as the total of

(a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
(b) the Contract Service Margin (CSM).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fulfilment cash flows of an insurance contract do not reflect the Company's non-performance risk.

- The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the estimated probability of that outcome to derive an expected present value.
- All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts.
- The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Company would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.
- The CSM of a group of contracts represents the unearned profit that the Company will recognise as it provides services under those contracts.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises

(a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and

(b) any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The Premium Allocation Approach (PAA)

The PAA is a simplified approach for the measurement of the LFRC an entity may choose to use when the PAA provides a measurement which is not materially different from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

Under the PAA, the LFRC is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the LIC is identical to that under the GMM.

The Company expects that it will apply the PAA to all contracts in the Non-life segment (primarily travel insurance products) because the following criteria are expected to be met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.
- Note that the Non-life segment is a minor part of the overall business (less than 5% measured using annual premium income).

Reinsurance contracts

The Company will apply the same accounting policies to the measurement of reinsurance contracts held, with the following modifications.

The carrying amount of a reinsurance contract at each reporting date is the sum of the liability for remaining coverage and the asset for incurred claims.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer.

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Company to the reinsurer.

The CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured such that no income or expense arises on initial recognition, except that the Company will:

- recognise any net cost on purchasing reinsurance coverage immediately in profit or loss as an expense if it relates to insured events that occurred before the purchase of the reinsurance; and
- recognise income when it recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. A loss-recovery component is created, which determines the amounts that are subsequently disclosed as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

The CSM is adjusted subsequently only for specified amounts (such as effects of new contracts added, interest accretion and changes in fulfilment cash flows relating to future service) and is recognised in profit or loss as services are received.

Insurance acquisition cash flows
Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract) are allocated only to that group and to the groups that will include renewals of those contracts. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts.

Under NZ IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets. These assets will be presented as a separate asset and derecognised once the related group of contracts has been recognised. This is a difference to IFRS 4 where the deferral of insurance acquisition cash flows was implicit in the policyholder liability calculations.

NZ IFRS 17 will require the Company to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired.

The Company will reverse any impairment losses in profit or loss and increase the carrying amount of the asset to the extent that the impairment conditions have improved.

Estimates of future cash flows
In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date.

All acquisition and maintenance expenses (non-commission) are expected to be allocated to contracts based on share of premium within that expense group. The allocation of expense to expense group will be based on the annual expense study (a mixture of time based surveys, allocation by share of premium, and allocation by count depending on the cost centre).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discount rates
The Company will apply the bottom-up approach to determine the NZ IFRS 17 discount rate, which comprises a risk free discount rate curve with an addition for an illiquidity premium.

Under the current economic environment, the Company estimates that the discount rates under NZ IFRS 17 would be higher than the corresponding rates under IFRS 4, due to the addition of the illiquidity premium.

Risk adjustments for non-financial risk
Risk adjustments for non-financial risk will be determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts and allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The risk adjustments for non-financial risk will be determined using the confidence level technique.

CSM
The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Company expects to determine the quantity of the benefits provided under each contract as the total Sum Assured payable on the insured event for a group of contracts.

PRESENTATION AND DISCLOSURE
NZ IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Company's financial statements.

Insurance service result
Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Company will present them on a net basis as 'net income/expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

Insurance finance income and expenses
NZ IFRS 17 provides the Company with an accounting policy choice on presentation of insurance finance income or expenses. An entity can either present the amount:
Entirely in the Statement of Comprehensive Income (P&L); or
Disaggregate between P&L and Other Comprehensive Income (OCI Option). The choice is made on the level of a portfolio of insurance contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRANSITION
Changes in accounting policies resulting from the adoption of NZ IFRS 17 will be applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2022 the Company will:

- identify, recognise and measure each group of insurance contracts and reinsurance contracts as if NZ IFRS 17 had always been applied;
- identify, recognise and measure any assets for insurance acquisition cash flows as if NZ IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if NZ IFRS 17 had always been applied; and
- recognise any resulting net difference in equity. The carrying amount of goodwill from previous business combinations will not be adjusted.

If it is impracticable to apply a full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the Company will apply the fair value approach.

Insurance contracts and reinsurance contracts
The transition date is the beginning of the reporting period immediately before the date of initial application or the 1st January 2022. The default transition approach is the Full Retrospective Approach (FRA). When the FRA is impracticable, a choice between the Modified Retrospective Approach (MRA) and the Fair Value Approach (FVA) is permitted.

The Company considers the full retrospective approach impracticable as the effects of application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons.

The Company expects to apply the following approaches on transition to NZ IFRS 17.

Years of issue	**Insurance contracts**	**Transition Approach**
2021	Insurance contracts measured under **PAA**	Full retrospective approach
2021	Insurance contracts measured under **GMM**	Fair Value Approach
2020 and prior	All insurance contracts	Fair Value Approach

The Company has assessed that it is impracticable to apply the standard to all insurance contracts as if it had always applied and will therefore expect to adopt the Fair Value approach for the majority of the business (circa 95%) in effect as at 31 December 2021 and restate the comparative period for 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interim Solvency Standard 2023

In October 2022, the RBNZ issued the Interim Solvency Standard 2023 to apply to insurance businesses from the date of NZ IFRS 17 adoption, which for the Company is 1 January 2023. The new solvency standard will apply to both life and non-life insurance business.

The Interim Solvency Standard 2023 will apply to the Statutory Fund and the Company as a whole. In other words, the Shareholder Fund will not be required to meet the solvency requirement in its own right.

The Interim Solvency Standard 2023 is more specific on how the products are to be grouped for solvency valuation purposes. Funeral Benefits will have to be grouped into the same product class as for term life policies, with the result that the expected future net cash outflows from the Funerals could be offset by the much larger expected future net cash inflows from the term business and that the insurance risk capital charge of this class of business will be much smaller because it will be based on the much smaller current termination values. However, this change will also have the effect of exposing the value of the investment assets to greater volatility under interest rate movements.

Overall, the change to the Interim Solvency Standard 2023 is expected to result in an immediate increase in solvency margin, but future solvency margins could be more volatile. This expected outcome has been taken into consideration in the review of the target surplus at the end of 2022, and also there has been a change to the investment mandate to reduce the volatility.

3. SOURCES OF PROFIT

	2022 $000	2021 $000
Planned profit margin (net of tax)	**61,061**	**52,287**
Difference between actual and assumed experience	(3,155)	20,112
Effects of changes in underlying assumptions	(93,930)	(53,992)
Investment earnings on assets in excess of insurance contract assets and liabilities	(14,475)	(10,838)
Other expense items	(17,840)	(11,544)
Net profit/(loss) after tax	**(68,339)**	**(3,975)**

The $3.2m of experience losses were mainly a result of higher than expected commission and operating expenses.

The $93.9m loss from assumption changes is driven by higher valuation discount rates (as a result of higher short to midterm bond yields) and higher expected short term expense inflation, partly offset by a higher assumed rate of benefit escalation in the short term. This results in a net increase in policyholder liabilities.

The loss from investment earnings on retained profits does not form part of planned profit margins, so provides a negative variance of $14.5m. This loss is a result of global market changes in interest rates that have negatively impacted the investment portfolio.

Other items contributing to the net expense of $17.8m include amortisation of Value of Business Acquired (VOBA), non-insurance revenue and expenses, forfeited tax losses, integration costs associated with the acquisition by Chubb, costs of implementing NZ IFRS 17, remediation expenses (including penalties) arising from the conduct & culture program and other project costs that are one-off in nature.

4. PREMIUM REVENUE

	2022	2021
	$000	**$000**
Life insurance premiums	309,440	289,996
Inwards reinsurance premiums	4,611	4,519
Travel insurance premiums	6,422	8,114
Total premiums	**320,473**	**302,629**
Outwards reinsurance premiums	(47,125)	(42,628)
Net premium revenue	**273,348**	**260,001**

Life Insurance Premiums
Life insurance premiums are premium revenue earned on life insurance contracts. Premiums with a regular due date are recognised on a due date basis.

Inwards Reinsurance Premiums
Life reinsurance premiums are recognised when due. Premiums with a regular due date are recognised on a due date basis and any irregular premiums are recognised as per the specific terms of their contracts. The block of business to which this recognition relates is the subject of a recapture notice and it is expected it will be recaptured during 2023.

Travel Insurance Premiums
Premium revenue from travel insurance contracts are recognised over the period the policyholder travels.

Unearned Premium
The proportion of premiums received but not recognised in profit or loss at the reporting date is recognised in the Statement of Financial Position as unearned premium liability implicitly within the life insurance contracts balance.

5. INVESTMENT REVENUE

	2022	2021
	$000	**$000**
Dividend income	7	20
Interest income	7,124	6,138
Net fair value (loss) / gain on financial assets	(25,693)	(20,656)
Total investment revenue	**(18,562)**	**(14,498)**
Total investment revenue by contract type:		
Managed investment funds	(152)	222
Fixed interest securities and cash	(18,410)	(14,720)
Total investment revenue	**(18,562)**	**(14,498)**

Dividend Income
Dividend income from financial assets is recognised in profit or loss as part of investment income when the Company's right to receive payment is established.

Interest Income
Interest income is recognised on a time proportion basis using the effective interest method.

Net Fair Value Gains and Losses on Financial Assets
Fair value gains and losses on financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise.

6. FEE AND OTHER REVENUE

	2022 $000	2021 $000
Inwards reinsurance commission	3,139	2,535
Other	6,628	3,627
Total fee and other revenue	**9,767**	**6,162**

Inwards Reinsurance Commission
Inwards reinsurance commission is payments received from reinsurers under the reinsurance treaties, recognised in the same period as the corresponding reinsurance paid.

7. CLAIMS EXPENSE

Claims expense	2022 $000	2021 $000
Life insurance claims	124,258	111,956
Inwards reinsurance claims	3,025	2,201
Travel insurance claims	1,442	541
Total gross claims through profit or loss	**128,725**	**114,698**
Outwards reinsurance recoveries	(34,308)	(30,820)
Total claims (net)	**94,417**	**83,878**

Life Insurance Claims
Claims incurred relate to life insurance contracts and are treated as expenses. Maturity claims are recognised on the policy maturity date. Surrenders are recognised when paid. Death and all other claims are recognised when the liability to the policyholder under the policy contract has been established.

Claims in respect of with-profit business are recognised when the policies concerned cease to participate, in whole or in part, in the earnings of the relevant fund. Provision has been made for the estimated cost of all claims notified but not settled at balance date, with allowances for the probability of declinature or termination. Provision has also been made for the estimated cost of claims Incurred But Not Reported ("IBNR") at balance date. These provisions are recognised within Insurance Liabilities.

Travel Insurance Claims
Claims expenses are recognised when claims are notified with the exception of claims incurred but not reported for which a provision is estimated.

Reinsurance Recoveries
Reinsurance recoveries are recognised separately as deductions to expenses in profit or loss over the period of indemnity of the reinsurance contract. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable for ongoing claims are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES

Reconciliation of movements in life insurance contract assets and liabilities

	2022	2021
Life insurance contract assets net of reinsurance	**$000**	**$000**
Opening balance	654,691	683,557
Net change in life insurance contracts	(102,992)	(28,866)
Closing balance	**551,699**	**654,691**

Components of life insurance contracts

	2022	2021
For non-investment linked business	**$000**	**$000**
Value of future premiums	3,360,818	3,892,052
Value of future policy benefits	(1,345,850)	(1,535,641)
Value of future expenses	(452,279)	(455,652)
Value of future profit margins	(1,010,990)	(1,246,068)
Total life insurance contract assets net of reinsurance	**551,699**	**654,691**
Value of policy benefits subject to capital guarantees	**(4,841)**	**(5,981)**
Life insurance contract asset future net inflows		
Less than one year	7,440	18,794
Between one and five years	144,603	158,985
Greater than five years	399,656	476,912
Total	**551,699**	**654,691**

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

	2022	2021
Life Insurance contract assets	**$000**	**$000**
Opening balance	823,048	849,477
Recognised in statement of comprehensive income	(130,228)	(26,429)
Closing balance	**692,820**	**823,048**
of which		
Current	3,257	14,393
Non-current	689,563	808,655
Life Insurance contract liabilities – reinsurance		
Opening balance	168,358	165,920
Recognised in statement of comprehensive income	(27,237)	2,437
Closing balance	**141,121**	**168,357**
of which		
Current	(2,593)	(3,584)
Non-current	143,714	171,941

Life insurance contract assets and liabilities are calculated by the actuarial team and reviewed and signed off by the Appointed Actuary on the basis of recognised actuarial methods, with due regard to the relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written.

Actuarial Methods and Assumptions

The Company's actuarial reports for the years ended 31 December 2022 and 2021 were prepared by the Appointed Actuary, Michael Bartram BSc. (Hons), FIAA, FNZSA. The Appointed Actuary is satisfied as to the accuracy, nature and sufficiency of the data and methods upon which the Insurance Contract Assets and Liabilities have been determined.

a) Disclosure of Methods

Life insurance contracts consist of life insurance contract assets and liabilities (including unvested policyholder benefits and reinsurance) and non-life insurance contact assets and liabilities.

Life Insurance Contract Liabilities

The value of life insurance contract assets and liabilities is calculated using the Margin on Service (**MoS**) methodology in accordance with the New Zealand Society of Actuaries Professional Standard 20 (PS20), Determination of Life Insurance Policy Liabilities, using either the Projection method or the Accumulation Method, depending on the product group.

Non-Life Insurance Contract Liabilities

The value of non-life insurance contract liabilities are calculated in accordance with the New Zealand Society of Actuaries Professional Standard 30 (PS30), valuations of General Insurance Claims. This applies to the small line of Travel Insurance and other non-life business written by the Company.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Margin on Services – Projection Method
The "projection method", recommended under Appendix C of NZ IFRS 4, uses expected cash flows (premiums, redemptions or benefit payments, expenses and profits) based on best estimate assumptions, to establish the value of insurance contract assets and liabilities. This includes an allowance for planned profits. Profit margins are released over each reporting period in line with the services that have been provided.

Accumulation Method
Under the accumulation method, for risk policies the insurance contract assets and liabilities are the sum of the unearned premiums, outstanding claims reserves plus an allowance for claims incurred but not yet reported, less any deferred acquisition costs.

The Revolving Credit, Group Lump Sum and Group Disability product groups have been valued using the accumulation method. The results from using the accumulation method are not expected to be materially different from using the projection method.

b) Disclosure of Assumptions
Actuarial assumptions about future experience are required for calculating insurance contract assets and liabilities. The assumptions used for the accumulation method are the same as those used for the projection method where they are required. For the deferred acquisition cost, the key assumption is the lapse rate, which drives the rate at which the reserve runs off. In addition, the unearned premium reserve used in the accumulation method assumes that premiums are recognised half way through the premium billing period.

The assumptions used were best estimate assumptions approved by the Appointed Actuary for the Company. The key assumptions were:

Profit Carriers
Where the insurance contract assets and liabilities are determined by the projection method, Appendix C of NZ IFRS 4 and actuarial standards require profit to be related to one or more financially measurable indicators of the provision of service (or related income) called "profit carriers". The profit carriers used for the related product groups ("RPG's) in order to achieve the systematic release of planned margins were as follows:

Life Related Product Groups – Projection Method	**Profit Carrier 2022**	**Profit Carrier 2021**
Traditional With-Profit	Value of bonus	Value of bonus
Traditional Non-Profit – Regular Premium	Expected premium	Expected premium
Individual Lump Sum – Regular & Level Premium	Expected premium	Expected premium
Individual Lump Sum – Single Premium	Expected claims	Expected claims
Funeral Cover	Expected premium	Expected premium
Individual Disability – Regular & Level Premium	Expected premium	Expected premium
Individual Disability – Single Premium	Expected claims	Expected claims

The profit carriers have remained unchanged from 2021. Changes to profit carriers would have no impact on the profit or loss. The effect is the change in the pattern of the release of future profits.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Risk Discount Rates
The discount rate (after tax) used to determine life insurance contracts for Traditional With-Profit business was 3.87% (2021: 1.74%). The discount rates used to determine life insurance contracts for all other business were determined from the inter-bank swap rate curve and NZ government bond yields. This curve is then extended for longer durations with New Zealand long-term risk free rates from the European Insurance and Occupational Pensions Authority. The discount rate (before tax) varied by duration between 3.4% and 5.0% on this basis (2021: 1.4% to 3.6%).

Expense Inflation & Benefit Indexation Rates
Allowance for future expense inflation of 6.5% p.a. over the shorter term reducing to a long term assumption of 2.9% p.a. over a five year period is assumed (2021: 4.5% to 2.9% p.a.). It is assumed that expense inflation will be higher than CPI.

Some life insurance contracts have indexation benefits that provide a level of protection against inflation. Where increases are not fixed, they are assumed to increase cover levels at a rate of 5.5% p.a. reducing over a short term period of 2 years to 2.0% p.a. in the long term (2021: 3.5% to 2.0% p.a.). The assumption reflects best estimate assumptions about future inflation.

Expenses
PS20 states that maintenance expense assumptions must be sufficient in total across all business assumed to be in force in the year following the valuation date to cover expenses estimated to be required in that year to fully support the administration of that business as a going concern. Expenses considered to be “one-off” may be excluded.

Future maintenance expenses have been assumed at current levels, increased by the rate of expense inflation set out above of 6.5% to 2.9% p.a. (2021: 4.5% to 2.9% p.a.). Projected expenses for 2023 are consistent with the latest business plan. Future maintenance expense assumptions include investment management fees.

Acquisition costs are based on actual experience incurred in the year for new business and do not include any costs of general growth and developments.

Tax Rates and Basis
A gross of tax approach has been used to determine insurance contract assets and liabilities with the exception of Traditional With-Profit business which continues to use a discount rate that is net of tax and investment management fees. The rates of taxation exacted at the date of valuation are assumed to continue into the future.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Mortality and Morbidity

Term Life Excluding Funeral Cover and Other Individual

The projected rates of claims reflect current experience and are based on the New Zealand standard mortality tables released by Gen Re and the NZ Society of Actuaries (NZ 07 and NZSA 08-10). The proportion of each table adopted ranges from 55% to 345% and are based on recent actuarial investigations carried out by the actuarial personnel of the Company.

Future morbidity (Total Permanent Disability and Trauma) experience incidence rates are based on reinsurers' tables and internal investigations.

Future morbidity incidence and termination rates (Replacement Income) have been based on IAD89-93 tables, entity and industry experience.

Funeral Cover and Other Individual

The projected rates of claims reflect current experience and are based on actual experience where possible and referenced against New Zealand standard mortality tables NZSA 08-10, NZ95, NZ97 (insured lives) and NZLT 12-14 (population lives).

Rates of Discontinuance

Future rates of discontinuance from lapses, cancellations or surrenders assumed for the major classes of individual business are primarily based on investigations of the Company's own experience. Rates vary by product, duration in force and age of insured, taking into account market conditions and internal strategies. The valuation assumptions by duration were last reviewed for 31 December 2022 and are summarised in aggregate below with the comparative ranges for 2021.

	Rate of Discontinuance	
Related Product Group/Class of Business	**2022**	**2021**
Traditional With-Profit	2.0% to 3.0%	2.0% to 3.0%
Traditional Non-Profit	2.0% to 3.0%	3.0% to 14.5%
Individual Lump Sum – Regular & Level Premium	3.0% to 29.0%	2.0% to 32.0%
Individual Lump Sum – Single Premium	0.1%	0.1%
Funeral Cover	1.0% to 19.5%	1.0% to 20.0%
Individual Disability – Regular & Level Premium	4.0% to 43.5%	5.5% to 44.0%
Individual Disability – Single Premium	1.0% to 30.0%	1.0% to 46.0%
Revolving Credit	7.0% to 30.0%	7.0% to 30.0%
Group Lump Sum	6.7%	N/A
Group Disability	6.7%	N/A
Travel Insurance	N/A	N/A
Other Non-Life	N/A	N/A

Surrender Value

Future policy surrender values for life insurance contracts are only applicable for Traditional products and are projected using the sums assured, mortality assumptions based on the UK Life Table A49-52 Ult (permanent assurances 1949 to 1952 ultimate) and an interest rate of 5% (2021: 5%). The numbers of surrenders are projected using best estimate lapse assumptions as shown above.

Future Participating Benefits

Assumed future supportable reversionary bonus rate for the major classes of Traditional With-Profit individual participating business was calculated to be 3.0% p.a. (2021: 1.7% p.a.). This rate is in addition to contractual returns on participating policies.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

For discretionary participating business, the Company's approach is to set bonus rates such that over long periods the returns to policyholders are commensurate with the investment returns achieved on relevant assets, together with other sources of profit arising from business. Distributions are split between policyholders and shareholders with the valuation allowing for shareholders to share in distributions. In applying the policyholders' share of distributions to provide bonuses, consideration is given to equity between generations of policyholders and equity between the various classes and sizes of policies in force, in particular minimum guarantees for business transferred.

Assumed future bonus rates included in the insurance contract assets and liabilities were set such that the present value of policyholder net benefits including future assumed bonus is equal to the value of the assets supporting the business together with assumed future investment returns, allowing for the shareholders' right to participate in distributions.

The declared bonuses for participating policies are also determined based on underlying returns on assets and notional asset allocation.

c) COVID 19

There has been a temporary increase in claim assumptions for mortality, replacement income, redundancy and total permanent disability benefits for up to two years.

d) Changes in Actuarial Assumptions

Effects of Changes in Actuarial Assumptions from 2021 to 2022

Assumption Category	Effect on Future Profit Margins $000	Effect on Insurance Contract Assets net of Insurance Contract Liabilities* $000
Mortality and Morbidity rates	(59,122)	2,282
Lapse (cancellation) rates	58,023	-
Economic assumptions – discount rates	(273,449)	(131,775)
Economic assumptions – inflation	2,199	(5,050)
Expense level	(22,103)	-
Methodology changes	86,594	-
Total	**(207,858)**	**(134,543)**

** Note that the effect on insurance contract assets net of insurance contract liabilities excludes the impact from the change in the supportable bonus rate that would offset the impact from the assumption changes for Traditional With-Profit business.*

The decrease in insurance contract assets net of insurance contract liabilities is mostly driven by higher risk discount rates as a result of an increase in NZ government bond yields over 2022. The increase in future profit margins from methodology changes is mostly due to premium increases implemented over 2022.

e) Sensitivity Analysis

The Company conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables such as the valuation interest rate, mortality, morbidity and inflation. The valuations included in the reported results are calculated using certain assumptions about these variables. The movement in any key variable will impact the performance and net assets of the Company's business and as such represent a risk.

Variable	Impact of movement in underlying variable
Expense Risk	An increase in the level or inflationary growth of renewal or maintenance expenses over assumed levels will decrease profit and shareholder equity.

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Variable	Impact of movement in underlying variable
Market Risk (Interest & Discount Rate)	Depending on the profile of the investment portfolio, the investment income will decrease as interest rates decrease. This may be offset to an extent by changes in the market value of fixed interest investments. The impact on profit and shareholder equity depends on the relative movement in assets and liabilities, to the extent that these are not matched. Sensitivity testing performed measures the impact on life insurance contract assets and liabilities only. For assets which are not contractually linked to insurance contract assets and liabilities, the business is exposed to market risk through changes in interest rates and discount rates.
Mortality & Morbidity Risk	For insurance contracts providing death benefits, greater mortality rates would lead to higher levels of claims occurring sooner than anticipated, increasing associated claims cost and therefore reducing profit and shareholder equity. For insurance contracts providing disability benefits, a greater morbidity rate would lead to higher levels of claims occurring sooner than anticipated, increasing associated claims cost and therefore reducing profit and shareholder equity.
Lapse Risk (Cancellation)	The impact of the lapse rate assumption depends on a range of factors including the type of contract, the surrender value basis (where applicable) and the duration in force. For example, an increase in discontinuance rates at earlier duration of life insurance contracts usually has a negative effect on performance and net assets. However, due to the interplay between the factors, there is not always an adverse outcome from an increase in lapse rates.

For life insurance contracts, which are accounted for under MoS, amounts of liabilities, income or expenses recognised in the period are unlikely to be sensitive to changes in variables even if those changes may have an impact on future profit margins. The table below illustrates how changes in key variables as at 31 December 2022 would have impacted the reported profit and equity of the business.

Change in Variable	Movement	Increase in Insurance Contract Assets net of Insurance Contract Liabilities $000	Increase in Profit Before Tax $000
Expenses Per Policy (Maintenance)	Increase by 10%	-	-
	Decrease by 10%	-	-
Interest Rate	Increase by 1%	(60,648)	(60,648)
	Decrease by 1%	72,725	72,725
Mortality/Morbidity	Increase by 10%	-	-
	Decrease by 10%	-	-
Lapse Rates (Cancellation)	Increase by 10%	(782)	(782)
	Decrease by 10%	851	851

8. LIFE INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

The impacts shown above are not necessarily linear. Note that the calculated impact of the interest rate change focuses solely on the insurance contract assets and liabilities and does not capture any potential change in the value of the investment assets. In the normal course of events a change would occur in the market value of assets and thus to the shareholder profit. We have assumed there is no change to the supportable bonus rate for Traditional With-Profit business in the sensitivity results shown.

Refer to Note 24 for interest rate sensitivity impact.

f) Liability Adequacy Test

At each balance date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used.

Insurance contract assets and liabilities are grouped into related product groups and each group is tested against the best estimate of future cash flows. If the insurance contract liability of the related product group is less than the best estimate liability, the insurance contract liability is increased with the expense being booked directly through profit or loss. The test was passed for all RPGs with the exception of the Individual Lump Sum – Single Premium related product group. The loss recognised for this related product group is $25,896.

9. OPERATING EXPENSES

	2022 $000	2021 $000
Acquisition costs		
Commissions	33,207	23,437
Operating expenses	47,234	52,571
Total acquisition costs	**80,441**	**76,008**
Maintenance costs		
Commissions	16,700	18,276
Operating expenses	62,469	42,580
Total maintenance costs	**79,169**	**60,856**
Other costs		
Investment management costs	139	203
Finance cost	135	220
Total other costs	**274**	**423**
Total other expenses	**159,884**	**137,287**

Operating expenses are incurred for the operation of the business in relation to the acquisition and maintenance of life insurance contracts. This is 43% (2021: 57%) for acquisition and 57% (2021: 43%) for maintenance and non-life insurance costs when excluding expenses that are one-off in nature. Allocation is based on expense surveys of staff time and costs that are directly attributable to the acquisition of new policies.

Acquisition costs are the costs of acquiring new business, including commissions, distribution costs and costs of accepting, issuing and initially recording policies. Maintenance costs are the costs of administering policies subsequent to sale, and maintaining the Company's operations such that they are sufficient to service in-force policies.

Deferred acquisition costs are expected to be recovered through renewal premiums based on the expected future lifetime of the underlying products.

9. OPERATING EXPENSES (CONTINUED)

Analysis of Expense by Nature	Note	2022 $000	2021 $000
Amortisation expense		3,203	3,463
Commission expense		49,907	41,713
Depreciation expense		580	2,122
Depreciation expense right-of-use asset		1,819	1,823
Directors' fees		364	338
Employee benefit expense		53,685	48,961
Fees paid to auditors PwC New Zealand*		889	583
Foreign exchange loss		18	41
Legal expenses		384	685
Rental expense / (income)		175	483
Superannuation contributions		3,176	2,684
Termination expenses		1,049	1,012
Other operating expenses**		44,635	33,379
Total expenses		**159,884**	**137,287**

** Other Operating expenses include $7.6m in 2022 in relation to integration costs ($3.3m pre acquisition and $4.3m post acquisition) and $4.6m in relation to the write down of NZ IFRS 17 intangible software assets in relation to the change in ownership.

Fees paid to auditors PwC New Zealand

	2022	2021
Audit		
Statutory audit	675	552
Accelerated audit procedures in relation to NZ IFRS 17	179	0
Total audit fees	**854**	**552**
Other Regulatory and Assurance Services		
Reasonable Assurance Engagement over the Annual Solvency Return	35	31
Total other regulatory and assurance fees	**35**	**31**
Total Fees paid to auditors*	**889**	**583**

10. TAXATION

Reconciliation of the prima facie income tax payable on (loss)/profit	2022 $000	2021 $000
(Loss)/profit before income tax	**(92,739)**	**1,634**
Prima facie income tax at 28%	(25,967)	458
Effect of pre-2010 life tax regime	(1,258)	(1,258)
Other tax permanent difference	2,376	1,847
Non-deductible policyholder income and expenses	(4,557)	(1,806)
De-recognition of tax losses	6,763	6,756
Income tax (over) / under provided in prior years	(1,757)	(388)
Total income tax (benefit) / expense	**(24,400)**	**5,609**
Total income tax expense comprises:		
Current tax	4,346	(386)
Deferred tax	(28,746)	5,995
Total income tax (benefit) / expense	**(24,400)**	**5,609**

The Company had a tax loss balance of $42.9m at 31 December 2021, with $18.8m recognised as available tax losses (tax effect $5.3m) and a balance of $24.1m not recognised on the balance sheet (tax effect $6.8m). The loss written off on acquisition by Chubb in 2022 was $24.2m, tax effect $6.8m.

31 December 2022	Opening Balance $000	Movement charged to P&L $000	Closing Balance $000
Deferred tax assets			
Available tax losses	5,267	(5,267)	-
Other provisions and accruals	6,592	2,196	8,788
Total deferred tax assets	**11,859**	**(3,071)**	**8,788**
Deferred tax liabilities			
Life insurance contracts	(220,849)	30,850	**(189,999)**
Value of Business Acquired (VOBA)	(5,440)	882	**(4,558)**
ANZ Contribution to intangible assets	(271)	85	**(186)**
Total deferred tax liabilities	**(226,560)**	**31,817**	**(194,743)**

31 December 2021	Opening Balance $000	Movement charged to P&L $000	Closing Balance $000
Deferred tax assets			
Available tax losses	19,941	(14,674)	**5,267**
Other provisions and accruals	8,589	(1,997)	**6,592**
Total deferred tax assets	**28,530**	**(16,671)**	**11,859**
Deferred tax liabilities			
Life insurance contracts	(230,587)	9,738	**(220,849)**
Value of Business Acquired (VOBA)	(6,372)	932	**(5,440)**
ANZ Contribution to intangible assets	(277)	6	**(271)**
Total deferred tax liabilities	**(237,236)**	**10,676**	**(226,560)**

10. TAXATION (CONTINUED)

Current Tax
Current tax is calculated 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 balance date. Current tax is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred tax assets are recognised to the extent that it is probable that profits will be available against which deductible temporary differences or unused tax losses can be utilised. Following the 1 July 2022 Chubb acquisition, all applicable tax losses available have been either utilised or written off to the Statement of Comprehensive Income at 31 December 2022.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity on initial recognition of three months or less, which are subject to an insignificant risk of changes in value.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022			2021		
	Level 1 $000	**Level 2 $000**	**Level 3 $000**	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**
NZ Government Bonds	-	99,791	-	-	109,752	-
NZ Corporate Bonds	-	97,746	-	-	105,316	-
European Corporate Bonds	-	9,093	-	-	10,704	-
NZ Managed Funds	-	1,404	-	-	936	-
Japanese Corporate Bonds	-	1,802	-	-	3,940	-
Total Financial Assets at Fair Value	**-**	**209,836**	**-**	**-**	**230,648**	**-**

Financial assets at fair value through profit or loss primarily relates to government and corporate bonds. The financial assets are designated at inception as at fair value through profit or loss and any subsequent changes in fair value is recognised in the profit or loss.

Fair Value Hierarchy
The table above analyses financial instruments carried at fair value, by valuation method. The different levels have been defined and measured as follows:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Refer to Note 24 for considerations on interest rate risk.

13. FINANCIAL INSTRUMENTS

As at 31 December 2022	Amortised cost $000	Designated at FV through P&L $000	Financial liabilities at amortised cost $000	Total $000
Cash and cash equivalents	60,555	-	-	60,555
Financial assets held at fair value through profit or loss	-	209,836	-	209,836
Insurance receivables	13,501	-	-	13,501
Other receivables (excl. prepayments)	3,975	-	-	3,975
Accounts payable	-	-	(20,444)	(20,444)
Employee entitlements (excl. AL & LSL[2])	-	-	(7,734)	(7,734)
Other liabilities	-	-	(810)	(810)
Lease liabilities	-	-	(4,370)	(4,370)
Total	**78,031**	**209,836**	**(33,358)**	**254,509**

As at 31 December 2021	Amortised cost $000	Designated at FV through P&L $000	Financial liabilities at amortised cost $000	Total $000
Cash and cash equivalents	41,679	-	-	41,679
Financial assets held at fair value through profit or loss	-	230,648	-	230,648
Insurance receivables	11,497	-	-	11,497
Other receivables (excl. prepayments)	2,249	-	-	2,249
Accounts payable	-	-	(13,530)	(13,530)
Employee entitlements (excl. AL & LSL)	-	-	(6,805)	(6,805)
Other liabilities	-	-	(417)	(417)
Lease liabilities	-	-	(6,062)	(6,062)
Total	**55,425**	**230,648**	**(26,814)**	**259,259**

The Company has determined that financial assets are all assets held backing life insurance contracts. Such assets have been divided into two different categories; amortised cost and fair value through profit or loss. All financial liabilities are measured at amortised cost except for investment contract liabilities which are measured at fair value.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Impairment
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

[2] Annual leave & long service leave

14. INSURANCE RECEIVABLE

	Note	2022 $000	2021 $000
Outstanding premiums		5,568	3,465
Related party reinsurance recoveries due	26	-	465
Reinsurance recoveries due		8,121	7,746
Provision for doubtful debts		(188)	(179)
Total insurance receivables (current)		**13,501**	**11,497**

Insurance receivables relate to amounts due to the Company in the ordinary course of business. The carrying value of insurance receivables approximates their fair value as they are settled within a short period.

Insurance Receivables Past Due But Not Impaired

The Company considers that insurance receivables are past due if payment has not been received when contractually due. At the reporting date the total of the carrying values of past due but not impaired assets held by the Company is $13,501k (2021: $11,497k). The aging of these amounts is shown below.

Days outstanding and exposure to credit risk	2022 $000	2021 $000
Current – not past due	7,505	9,177
1-30 days past due	2,535	1,054
31-60 days past due	2,719	130
61-90 days past due	83	302
90+ days past due	659	834
Total	**13,501**	**11,497**

In addition to the above past due balances, the Company has fully impaired assets of $199k (2021: $52k).

Premium amounts that are due and do not have surrender values to offset the premium are lapsed after three months of non-payment. Lapsed outstanding premiums are written off to profit or loss, as a debit against premium revenue.

15. OTHER RECEIVABLES

	2022 $000	2021 $000
Sundry debtors	2,243	637
Accrued interest income	1,530	1,335
Prepayments	7,231	6,285
Related party loans and receivables	-	67
Policy loans	202	210
Total other receivables	**11,206**	**8,534**

Other receivables are short term in nature and are expected to be collected within 12 months.

15. OTHER RECEIVABLES (CONTINUED)

Other Receivables Past Due But Not Impaired
The Company considers that other receivables are past due if payment has not been received when contractually due. At the reporting date the total of the carrying values of past due but not impaired assets held by the Company is $18k (2021: $49k).

16. RIGHT OF USE ASSETS / LEASE LIABILITIES

	Right of Use Assets				Lease Liabilities
31 December 2022	**Buildings $000**	**Motor Vehicles $000**	**Photo-copiers $000**	**Total $000**	**Total $000**
Opening Balance	4,893	437	21	**5,351**	6,062
Additions	-	105	-	**105**	105
Termination	-	109	-	**109**	227
Depreciation expense	(1,523)	(277)	(19)	**(1,819)**	-
Interest expense	-	-	-	**-**	205
Payments	-	-	-	**-**	(2,229)
Closing Balance	**3,370**	**374**	**2**	**3,746**	**4,370**

	Right of Use Assets				Lease Liabilities
31 December 2021	**Buildings $000**	**Motor Vehicles $000**	**Photo-copiers $000**	**Total $000**	**Total $000**
Opening Balance	6,415	489	2	**6,906**	7,476
Additions	-	160	38	**198**	198
Termination	-	70	-	**70**	70
Depreciation expense	(1,522)	(282)	(19)	**(1,823)**	-
Interest expense	-	-	-	**-**	271
Payments	-	-	-	**-**	(1,953)
Closing Balance	**4,893**	**437**	**21**	**5,351**	**6,062**

Right of Use Assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

16. RIGHT OF USE ASSETS / LEASE LIABILITIES (CONTINUED)

Lease liabilities	2022 $000	2021 $000
Current	1,883	1,878
Non-current	2,487	4,184
Total	**4,370**	**6,062**

Short-term Leases and Leases of Low-value Assets
The Company applies the short-term lease recognition exemption to its short-term leases of carparks and motor vehicles (i.e. those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to operating costs for building leases. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Company recognised rent expense from short-term leases of nil (2021: nil) and leases of low-value assets of $175k (2021: $465k) for the financial year.

Significant Judgement in Determining the Lease Term of Contracts with Renewal Options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to six years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstance that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

17. PROPERTY, PLANT AND EQUIPMENT

31 December 2022	Leasehold Assets $000	Office Equipment $000	Furniture & Fittings $000	Computer Equipment $000	Total $000
Opening Balance	1,202	13	816	238	**2,269**
Additions	111	15	52	341	**519**
Disposals	-	-	-	(1)	**(1)**
Depreciation charge	(246)	(11)	(109)	(214)	**(580)**
Closing Balance	**1,067**	**17**	**759**	**364**	**2,207**
Cost	2,619	282	1,372	9,965	**14,238**
Accumulated depreciation & impairment	(1,552)	(265)	(613)	(9,601)	**(12,031)**
Net Book Value	**1,067**	**17**	**759**	**364**	**2,207**

31 December 2021	Leasehold Assets $000	Office Equipment $000	Furniture & Fittings $000	Computer Equipment $000	Total $000
Opening Balance	1,444	30	930	1,966	**4,370**
Additions	-	2	-	42	**44**
Disposals	-	-	(9)	(14)	**(23)**
Depreciation charge	(242)	(19)	(105)	(1,756)	**(2,122)**
Closing Balance	**1,202**	**13**	**816**	238	**2,269**
	$000	**$000**	**$000**	**$000**	**$000**
Cost	2,505	275	1,318	9,742	**13,840**
Accumulated depreciation & impairment	(1,303)	(262)	(502)	(9,504)	**(11,571)**
Net Book Value	**1,202**	**13**	**816**	**238**	**2,269**

Depreciation is calculated using the straight-line method to allocate asset cost or revalued amounts, net of residual value over the estimated useful lives.

PP&E Category	Useful Life 2022	Useful Life 2021
Leasehold Assets	3-15 years	3-15 years
Office Equipment	2-8 years	2-8 years
Furniture & Fittings	9-16 years	9-16 years
Computer Equipment	1-5 years	1-5 years

18. INTANGIBLE ASSETS

31 December 2022	Goodwill	Computer Software	VOBA	Total
	$000	$000	$000	$000
Opening Balance	**70,500**	**3,964**	**19,430**	**93,894**
Additions	-	693	-	**693**
Disposals	-	(4,603)	-	**(4,603)**
Amortisation expense	-	(54)	(3,149)	**(3,203)**
Closing Balance	**70,500**	**-**	**16,281**	**86,781**
Cost	70,500	13,187	93,000	**176,687**
Accumulated amortisation & impairment	-	(13,187)	(76,719)	**(89,906)**
Net Book Value	**70,500**	**-**	**16,281**	**86,781**

31 December 2021	Goodwill	Computer Software	VOBA	Total
	$000	$000	$000	$000
Opening Balance	**70,500**	**2,374**	**22,757**	**95,631**
Additions	-	1,726	-	**1,726**
Amortisation expense	-	(136)	(3,327)	**(3,463)**
Closing Balance	**70,500**	**3,964**	**19,430**	**93,894**
Cost	70,500	12,494	93,000	**175,994**
Accumulated amortisation & impairment	-	(8,530)	(73,570)	**(82,100)**
Net Book Value	**70,500**	**3,964**	**19,430**	**93,894**

Amortisation expenses are included in 'Other Expenses' of the Statement of Comprehensive Income

Amortisation Methods and Useful Lives

Intangible assets with a limited useful life are amortised using the methods and rates as set out below:

Intangible Category	Amortisation Method	Useful Life 2022	Useful Life 2021
Value of Business Acquired (VOBA)	Expected consumption	20 years	20 years
Computer Software	Straight-line	2-5 years	2-5 years

Goodwill

The carrying value of goodwill is subject to an annual impairment test to ensure that the current carrying value does not exceed its recoverable value at the statement of financial position date. Any excess of carrying value over recoverable amount is taken to the Statement of Comprehensive Income as an impairment.

Goodwill is allocated to cash-generating units (CGUs), which are the lowest level of assets for which separately identifiable cash flows can be attributed. Impairment testing of purchased goodwill is performed by comparing the recoverable value of the cash generating unit with the current carrying amount of its net assets, including goodwill. At year end the Company has one CGU in relation to the acquisition of OnePath Insurance Services (NZ) Limited in 2009.

18. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount is based on value in use calculations. The appraisal value methodology employed in assessing excess market value over net tangible assets of the cash generating unit is deemed to be an appropriate proxy for determining value in use. These calculations use discounted expected future cash flow projections based on the in-force book of business sold post acquisition (representing Value in Force). Cash flow projections cover a maximum period of 70 years, so that they are consistent with the actuarial model and assumptions used for the life insurance contract assets. Changes in the actuarial methods and assumptions impacting the value in use calculation and the associated sensitivities are disclosed in Note 8.

These cash flow projections are discounted at an annual rate of 11.0% (2021: 10.5%), which is based on the geographical discount rates applied to New Zealand by Chubb Group Holdings.

The sensitivity of the recoverable amount to change in assumptions has been tested by increasing the discount rate by 5% (2021: 5%). This change would not cause the recoverable amount to be less than the carrying value.

Value of Business Acquired (VOBA)
VOBA is the difference between the fair value and the carrying amount of the insurance liabilities recognised when a portfolio of insurance contracts is acquired (directly from another insurance company or as part of a business combination). VOBA arose relating to the value attributed to the in-force life insurance contracts which were acquired by OnePath Life Limited when it acquired OnePath Insurance Services (NZ) Ltd back in 2009.

Annual impairment testing is performed on the VOBA, however unlike goodwill, VOBA is amortised over a specified period.

The recoverable amount is based on appraisal value basis calculations. These calculations use discounted expected future cash flow projections based on the book of business that was in-force at acquisition (representing Value in Force). Cash flow projections are based on best estimate assumptions as used for the policyholder liability valuation.

These cash flow projections are discounted at an annual rate of 11.0% (2021: 10.5%), which is based on the geographical discount rates applied to New Zealand by Chubb Group Holdings.

The sensitivity of the recoverable amount to changes in assumptions has been tested by increasing the discount rate by 5% (2021: 5%). This change would not cause the recoverable amount to be less than the carrying value.

19. ACCOUNTS PAYABLE

	Note	2022 $000	2021 $000
Sundry creditors and accruals		12,278	5,191
Reinsurance premiums payable to related parties	26	102	378
Other reinsurance premiums payable		5,468	5,028
Amounts due to related parties	26	292	397
Deposits held for policies not issued		199	90
Commission payable to agents		2,105	2,446
Total accounts payable		**20,444**	**13,530**

Payables have an expected settlement date of less than 12 months.

20. EMPLOYEE ENTITLEMENTS

	2022 $000	2021 $000
Annual leave	3,581	3,299
Long service leave	1,543	1,879
Accrued Bonus	6,567	5,260
Other	1,167	1,545
Total employee entitlement	**12,858**	**11,983**

21. PROVISIONS

	2022 $000	2021 $000
Opening balance	4,362	9,315
Provisions raised	3,012	2,850
Provision released	(400)	(633)
Provision utilised	(1,883)	(7,170)
Total provisions	**5,091**	**4,362**

As part of the Company's ongoing commitment to good customer outcomes the Company regularly undertakes product and process reviews. Occasionally as a result of these reviews customer impacts are identified which the Company looks to remediate.

A provision for the remediation projects is recorded when it is probable that an outflow of resources will be required to settle any obligations. The recognised provision is the Company's best estimates to settle the obligation as at the reporting date and it is expected the provision balance will be utilised within the next 12 months. The provision includes estimates for expected customer refunds, remediation project costs and regulatory penalties.

Of the $5.1m closing balance at 31 December 2022, $3.575m relates to the pecuniary penalty levied in relation to the enforcement proceedings the Financial Markets Authority brought against the Company. In respect of the remaining provision estimate, the Company has made judgements about the key underlying assumptions contributing to the provision estimate. These judgement are inherently subjective, and the actual outcome may be different to the management estimate assumed.

22. STATUTORY FUND

As required by the IPSA, The Company has established a statutory fund in respect of its life insurance business – Chubb Statutory Fund Number 1 (“the Fund”).

The purpose of a statutory fund is to ensure that the funds received and paid out in respect of life insurance policies are separately identifiable as being part of the statutory fund. The assets of the Fund are only available for the life insurance business. In addition the assets of the Fund enjoy certain protections under the IPSA which are designed to ensure that the interests of holders of the life insurance policies are given certain priority over the interests of other parties, such as unsecured creditors.

As at 31 December 2022 there are no other restrictions on the use of assets invested for policyholder benefits, nor any restrictions on legal titles to assets.

The Statement of Financial Position and Statement of Comprehensive Income as split by fund, are broken down as follows:

	2022			2021		
	Statutory fund $000	**Shareholder Fund $000**	**Total $000**	**Statutory fund $000**	**Shareholder Fund $000**	**Total $000**
Summary Statement of Comprehensive Income						
Net premium revenue	266,890	6,458	273,348	252,102	7,899	260,001
Fee and other revenue	7,761	2,006	9,767	4,000	2,162	6,162
Investment Revenue	(18,938)	376	(18,562)	(14,597)	99	(14,498)
All other net expense	(349,836)	(7,456)	(357,292)	(242,589)	(7,442)	(250,031)
(Loss) / profit before income tax	**(94,123)**	**1,384**	**(92,739)**	**(1,084)**	**2,718**	**1,634**
Tax (expense) / benefit	31,002	(6,602)	24,400	9,644	(15,253)	(5,609)
Profit / (loss) after income tax	**(63,121)**	**(5,218)**	**(68,339)**	**8,560**	**(12,535)**	**(3,975)**

22. STATUTORY FUND (CONTINUED)

	As at 31 December 2022			As at 31 December 2021		
Summary Statement of Financial Position	**Statutory fund $000**	**Shareholder Fund $000**	**Total $000**	**Statutory fund $000**	**Shareholder Fund $000**	**Total $000**
Assets						
Cash and cash equivalents	39,985	20,570	**60,555**	32,297	9,382	**41,679**
Financial assets at FV through P&L	193,910	15,926	**209,836**	215,396	15,252	**230,648**
Insurance receivables	13,494	7	**13,501**	11,489	8	**11,497**
Other receivables	4,881	6,325	**11,206**	4,021	4,513	**8,534**
Right-of-use assets	-	3,746	**3,746**	-	5,351	**5,351**
Life insurance contract assets	693,584	(764)	**692,820**	823,174	(126)	**823,048**
Property, plant and equipment	1,417	790	**2,207**	1,662	607	**2,269**
Intangible assets	86,781	-	**86,781**	89,930	3,964	**93,894**
Current tax asset	-	-	**-**	621	(350)	**271**
Total assets	**1,034,052**	**46,600**	**1,080,652**	**1,178,590**	**38,601**	**1,217,191**
Liabilities						
Accounts payable	7,826	12,618	**20,444**	8,014	5,516	**13,530**
Employee entitlements	-	12,858	**12,858**	-	11,983	**11,983**
Other liabilities	914	(104)	**810**	505	(88)	**417**
Lease liabilities	-	4,370	**4,370**	-	6,062	**6,062**
Provisions	5,091	-	**5,091**	4,362	-	**4,362**
Life insurance liabilities incl. reinsurance	141,121	-	**141,121**	168,357	-	**168,357**
Current tax liability	(3,271)	3,834	**563**	-	-	**-**
Deferred tax liability	192,781	(6,826)	**185,955**	224,643	(9,942)	**214,701**
Total liabilities	**344,462**	**26,750**	**371,212**	**405,881**	**13,531**	**419,412**
Equity						
Share capital & retained earnings	(689,590)	(19,850)	**(709,440)**	(772,709)	(25,070)	**(797,779)**
Total equity	**(689,590)**	**(19,850)**	**(709,440)**	**(772,709)**	(25,070)	**(797,779)**
Other items						
Dividends paid	20,000	-	20,000	75,000	3,000	78,000

23. SOLVENCY MARGIN

The Company maintains a separate solvency margin for each of its Statutory and Shareholder funds, which is calculated as the difference between actual solvency capital and the minimum solvency capital, as shown below. The methodology and bases for determining the solvency margin are in accordance with the Solvency Standards for Life Insurance Business and Non-Life Insurance Business issued by the Reserve Bank of New Zealand. The actual solvency capital for each fund exceeds the Reserve Bank minimum requirements and the Company's intended target capital.

In February 2022, the Reserve Bank of New Zealand issued an updated specific licence condition under which, with effect from 24 February 2022, Company was only required to hold up to $6m (reduced from the previous amount of $40m) of capital, over and above the regulatory minimum, to be determined by reference to market interest rates. As at balance date, the Company was required to hold $nil in relation to this licence condition.

In December 2022, the RBNZ issued a set of new licence conditions to the Company, to take effect from 1 January 2023, mainly to confirm the application of the Interim Solvency Standard 2023 from 1 January 2023 and the corresponding reporting requirements, and also to revoke the previous specific licence condition. Effective from 1 January 2023, the Company is not subject to any licence conditions over and above the regulatory solvency minimum prescribed in the Interim Solvency Standard 2023.

	2022			2021		
	Statutory fund $000	Shareholder Fund $000	Total $000	Statutory fund $000	Shareholder Fund $000	Total $000
Solvency						
Actual Solvency Capital	588,320	9,024	**597,344**	684,574	11,164	**695,738**
Minimum Solvency Capital	523,160	6,772	**529,932**	597,615	4,518	**602,133**
Solvency Margin	**65,160**	**2,252**	**67,412**	**86,959**	**6,646**	**93,605**
Solvency Ratio	**112%**	**133%**	**113%**	**115%**	**247%**	**116%**

24. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Financial instruments are fundamental to the Company's business, constituting the core element of its operations. Accordingly, the risk associated with financial instruments are a significant component of the risks faced by the Company. Financial instruments create, modify or reduce the credit, market (including traded or fair value risks and non-traded or interest and foreign currency related risks) and liquidity risks of the Company's balance sheet. These risks and the Company's policies and objectives for managing such risk are outlined below. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Risk Management Policies and Objectives

The financial condition and operating results of the Company are affected by a number of key financial and non-financial risks. Financial risks include interest rate risk, currency risk, credit risk, market risk, financing risk and liquidity risk. The non-financial risks are insurance risk, compliance risk and operational risk.

a) Risk Management Objectives And Policies For Mitigating Risk

The Company's objective is to satisfactorily manage the risks in line with the Company's Risk Strategy and Risk Policy, the relevant details of which are included below.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Strategy For Managing Risk

Risk Strategy

The Company has put in place a strategy to ensure that the risks underwritten satisfy policyholders' risk and reward objectives, whilst not adversely affecting the Company's ability to pay benefits and claims when due. The strategy involves the identification of risks by type, impact and likelihood, the determination of a risk appetite for each relevant risk, the implementation of processes and controls to mitigate the risks (in accordance with its appetite), and continuous monitoring and improvement of procedures in place to minimise the chance of an adverse compliance or operational risk event occurring. Included in this strategy is the process for underwriting and product pricing to ensure products are appropriately priced.

Allocation of Capital

The Company is required to hold a certain level of assets (capital) in order to prudently meet its liabilities to policyholders, fulfil its new business plans and meet regulatory capital requirements. Capital is held partly in the Statutory Fund based on management's assessment of the risk that each line of business is exposed to, and its views on the profitability of the products that are sold, on the regulatory capital requirements and its own views about a suitable margin above the regulatory requirement. At no stage during the year was the Company in breach of the minimum solvency capital requirements or its internal target framework. Refer Note 23 for disclosures on the Company's solvency requirements and margins.

c) Methods to Monitor and Assess Risk Exposures

Exposure to Risk

In an effort to protect and enhance shareholder value, the Company actively manages its exposure to risks so that it can react in a timely manner to changes in financial markets, insurance cycles, and economic and political environments.

Management Reporting

The Company reports monthly financial and operational results, mortality and morbidity experience, claims frequency and severity, and exposure for each portfolio of contracts (gross and net of reinsurance) to the Board and to Chubb Life's Regional Management Team.

d) Methods to Limit or Transfer Risk Exposure

Reinsurance

The Company's reinsurance activities and needs are monitored and directed by the Board, based upon recommendations from the Appointed Actuary. The Appointed Actuary can call on the support of Chubb Life's Reinsurance and Underwriting Department based in the United States. Reinsurance programmes are put in place to mitigate the impact on the Company's exposure to risk and to ensure the achievement of an appropriate choice of type of reinsurance and retention levels.

Underwriting Procedures

Strategic underwriting decisions are put into effect using the underwriting procedures detailed in the Company's underwriting manual. Such procedures include limits to delegated authorities and signing powers. The underwriting process is monitored by the internal quality control personnel to ensure adequate controls are in place over the underwriting process and that the controls are effective.

Claims Management

Strict claims management procedures ensure the timely and correct payment of claims in accordance with policy conditions.

Asset and Liability Management Techniques

Duration analysis is primarily used for interest-sensitive products and policies with long-term fixed pay out patterns. Sensitivity analyses help to indicate how certain market fluctuation scenarios would affect future cash flows and fair values.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Concentration of Insurance Risk

Insurance Risks Associated With Human Life Events

The Company aims to maintain an appropriate solvency margin in excess of the minimum requirements for any given in force business mix. The Company determines insurance risk concentrations based on the levels of sum assured as well as age and gender profiling of the policyholders. The Company uses reinsurance to manage the impact of insurance risk concentrations.

Financing and Liquidity Risk

Financing and liquidity risk is the risk that the Company will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets or access to funding on acceptable terms.

To mitigate financing and liquidity risk the Company maintains sufficient liquid assets to ensure that the Company can meet its obligations and other cash outflows on a timely basis. The Company is required to monitor its own liquidity position and reports monthly to the Board of Directors its liquidity ratio.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding management requirements.

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in Note 13 Financial instruments by categories.

Quantitative Liquidity Risk

The table below summarises the Company's financial liabilities into relevant maturity groups based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are contractual discounted cash outflows that include interest payments and exclude the impact of netting agreements.

As at 31 December 2022	**Less than 1 year $000**	**1 Year and Greater $000**	**Total $000**
Payables	19,878	566	**20,444**
Employee entitlements	7,734	-	**7,734**
Other liabilities	810	-	**810**
Lease liabilities	1,883	2,487	**4,370**
Insurance liabilities	(2,593)	143,714	**141,121**
Total	**27,712**	**146,767**	**174,479**

As at 31 December 2021	**Less than 1 year $000**	**1 Year and Greater $000**	**Total $000**
Payables	13,530	-	13,530
Employee entitlements	6,805	-	6,805
Other liabilities	417	-	417
Lease liabilities	1,878	4,184	6,062
Insurance liabilities	(3,584)	171,941	168,357
Total	**19,046**	**176,125**	**195,171**

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk
Management of market risk is generally less critical for short-term insurance products, as the amounts and timing of claims do not vary significantly with interest rates or other market changes that affect the underlying investments. The premiums received and the investment returns (net investment income and realised gains and losses) provide substantial liquidity to meet claims payments and associated expenses as they arise. Consequently, there is greater flexibility in investment strategies for these short term products.

Interest Rate Risk
Interest rate risk is the risk that the value of the Company's assets and liabilities will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk through its fixed interest investments, and cash holdings. The Company manages its exposure through the use of an experienced investment manager operating within the confines of a Board approved investment mandate. The Company's exposure to interest rate risk is shown by the below sensitivity analysis.

As at 31 December if interest rates on cash deposits and interest bearing investments had been 300 basis points higher or 300 basis points lower with all other variables held constant the impact on post tax profits and equity would have been as follows:

Effect on profit and equity	**2022 +300bpts/(300 bpts) $000**	**2021 +100bts/(100b pts) $000**
Cash and cash equivalents	1,308/(1,308)	417/(417)
Financial assets at fair value through profit or loss	4,532/(4,532)	2,306/(2,306)
Leases	13/(13)	7/(7)

Refer Note 8 for interest rate risk on Policy Holder Liabilities.

Foreign Currency Risk
Currency risk is the risk of loss resulting from changes in exchange rates when applied to assets and liabilities or future transactions denominated in a currency that is not the Company's functional currency. The Company has no material exposure to any foreign currency risk and as such any sensitivity on the exposure is considered immaterial.

Exposure to Price Risk
Price risk is the risk of loss resulting from the decline in prices of equity securities or managed investment trusts. The Company is exposed to the price risk because of its investments in managed investment trusts.

The price risk is managed by diversification of the Investment portfolio, which is done in accordance with the limits set by the investment mandates and monitored by the Company's internal Asset-Liability Committee and the Board of Directors.

As at 31 December if prices were to increase or decrease by 10% with all other variables held constant the impact on post tax profits and equity would have been as follows:

Effect on profit and equity	**2022 +10%/(10%) $000**	**2021 +10%/(10%) $000**
Equity securities	101/(101)	94/(94)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk Exposure
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Credit exposure in respect of the Company's cash deposit balances is limited to banks with minimum A credit ratings. Investments held with banks and financial institutions that are managed by investment managers have a minimum credit rating accepted by the Company of 'A'. Independent ratings are used for customers that are rated by rating agencies. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The maximum credit risk for financial assets is the carrying amount less, where applicable, any provision for impairment. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, term deposits, insurance receivables and investment debtors, sundry debtors and related party loans and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

No financial assets are held as collateral, security or other credit enhancements.

f) Credit Quality Tables
The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings. The table below sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents, short term investments, fixed interest securities, managed investment funds, insurance receivables and other receivables designated at fair value through profit or loss.

	2022		2021	
Cash and cash equivalents	**%**	**$000**	**%**	**$000**
AAA	0.0%	-	0.0%	-
AA+	0.0%	-	0.0%	-
AA	0.0%	-	0.0%	-
AA-	95.4%	57,748	97.1%	40,464
A+	4.6%	2,807	2.9%	1,215
A	0.0%	-	0.0%	-
A-	0.0%	-	0.0%	-
Total cash and cash equivalents	**100%**	**60,555**	**100%**	**41,679**

	2022		2021	
Financial assets at FV through P&L – fixed interest	**%**	**$000**	**%**	**$000**
AAA	52.1%	109,267	51.8%	119,443
AA+	0.0%	-	0.0%	-
AA	9.9%	20,874	9.1%	20,985
AA-	29.2%	61,227	28.6%	65,896
A+	0.0%	-	0.0%	-
A	4.2%	8,886	2.1%	4,954
A-	3.9%	8,178	4.7%	10,758
No external rating	0.0%	-	3.3%	7,676
Total Fixed Interest	**99.3%**	**208,432**	**99.6%**	**229,712**
Managed investment funds				
No external rating	0.7%	1,404	0.4%	936
Total Financial Assets at FV Through P&L	**100%**	**209,836**	**100.0%**	**230,648**

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2022		2021	
Insurance receivables	**%**	**$000**	**%**	**$000**
AAA	0.0%	-	0.0%	-
AA+	0.5%	66	0.0%	-
AA	-	-	0.0%	-
AA-	60.1%	8,109	69.8%	8,030
A+	1.7%	229	1.7%	200
A	2.9%	388	0.7%	81
A-	0.3%	36	2.5%	292
No external rating	34.6%	4,673	25.2%	2,894
Total insurance receivables	**100%**	**13,501**	**100.0%**	**11,497**

	2022		2021	
Other receivables	**%**	**$000**	**%**	**$000**
AAA	7.5%	835	8.8%	747
AA+	0.0%	-	0.0%	-
AA	2.2%	246	1.5%	126
AA-	3.4%	381	3.1%	269
A+	0.0%	-	0.0%	-
A	0.5%	51	0.0%	-
A-	0.2%	17	0.8%	64
No external rating	86.3%	9,676	85.8%	7,328
Total other receivables	**100%**	**11,206**	**100%**	**8,534**

The financial strength ratings for the Company's major reinsurers are shown in the table below:

	2022		2021	
Counterparty	**Ratings Agency**	**Rating**	**Ratings Agency**	**Rating**
Swiss Reinsurance Co. Life & Health Australia Ltd	S&P	AA-	S&P	AA-
RGA Reinsurance Company of Australia Ltd	S&P	AA-	S&P	AA-
General Reinsurance Life Australia Ltd	S&P	AA+	S&P	AA+
Swiss Reinsurance Company Ltd, Hong Kong Branch	S&P	AA-	S&P	AA-
Hannover Life Reassurance of Australasia Ltd	S&P	AA-	S&P	AA-
SCOR Reinsurance Germany – Branch of SCOR SE	S&P	A+	S&P	AA-
Axis Re SE	S&P	A+	S&P	A+
Partner Reinsurance Europe SE, Hong Kong Branch	S&P	A+	S&P	A+
Munich Reinsurance Co. of Australasia Ltd	S&P	AA-	S&P	AA-
Cigna Global Reinsurance Company Ltd	Not Rated	N/A	Not Rated	N/A
Chubb Tempest Reinsurance Ltd	S&P	AA	N/A	N/A

25. CAPITAL COMMITMENTS

The Company had no material capital commitments at balance date (2021: Nil).

26. RELATED PARTY INFORMATION

The Company is a wholly owned subsidiary of Chubb New Zealand Holdings Limited. Up to 30 June 2022 its ultimate parent company was Cigna Corporation. From 1 July its ultimate parent company is Chubb Limited. Up to 30 June 2022 all members of the Cigna Corporation Group are considered to be related parties of the Company. From 1 July all members of Chubb Group are considered to be related parties of the Company.

a) Key Management Personnel Compensation

Compensation type	2022 $000	2021 $000
Salaries and other short term benefits	5,579	5,694
Post-employment benefits	566	541
Termination benefits	76	57
Directors' fees	364	338
Total compensation	**6,585**	**6,630**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). The Company considers the Directors and Senior Leadership Team members as Key Management Personnel (KMP).

In addition to benefits provided by the Company, the Company's ultimate parent, Chubb Limited, administers a Long Term Incentive Scheme issuing various awards to local KMP for which the costs are borne locally. The associated cost in the current year was $1,091k (2021: $619k through Cigna Corporation).

b) Transactions with Related Parties

Related party	Nature of transactions	2022 $000	2021 $000
Cigna Global Holdings, Inc	Recharge of goods and services	(154)	(1,151)
Cigna Global Reinsurance Company Limited	Reinsurance premium paid	(325)	(1,244)
Cigna Global Reinsurance Company Limited	Reinsurance commission earnt	69	284
Cigna Global Reinsurance Company Limited	Reinsurance claims recovery	151	1,020
Cigna HLA Technology Services Company Limited	Recharge of goods and services	(942)	(1,215)
Cigna International Corporation – Hong Kong Branch	Recharge of goods and services	-	15
Cigna New Zealand Holdings Limited	Dividend paid	(20,000)	(78,000)
Chubb Global Office	Stock Option recharge	(292)	-
Chubb Tempest Reinsurance Limited	Reinsurance premium paid	(203)	-
Chubb Global Office	Recharge of goods and services	(2,479)	-
Total		**(24,175)**	**(80,291)**

26. RELATED PARTY INFORMATION (CONTINUED)

c) Related Party Receivables

Related party	Nature of transactions	2022 $000	2021 $000
Cigna Global Reinsurance Company Limited	Reinsurance commission earnt	-	91
Cigna Global Reinsurance Company Limited	Reinsurance claims recovery	-	374
Total		**-**	**465**
Cigna International Corporation – HK Branch	Recharge of goods and services	-	15
Cigna Global Holdings, Inc	Recharge of goods and services	-	3
Cigna HLA Technology Services Company Limited	Recharge of goods and services	-	49
Total		**-**	**67**

d) Related Party Payables

Related party	Nature of transactions	2022 $000	2021 $000
Cigna Global Reinsurance Company Limited	Reinsurance premiums paid	-	(378)
Cigna Global Holdings, Inc	Recharge of goods and services	-	(167)
Cigna HLA Technology Services Company Limited	Recharge of goods and services	-	(230)
Chubb Tempest Reinsurance Ltd	Reinsurance premiums paid	(102)	-
Chubb Global Office*	Recharge of goods and services	(2,479)	-
Chubb Global Office	Stock Option Recharge	(292)	-
Total		**(2,873)**	**(775)**

*These recharges from Chubb Global Office are represented in Note 19 within Sundry creditors and accruals.

27. SUBSEQUENT EVENTS

From 1 January, 2023 the Interim Solvency Standard 2023 will apply to the Company. This standard will apply to the Statutory Fund and to the company as a whole, but not separately to the Shareholder Fund.

On 4 March, 2023 the Company formally changed its name from Cigna Life Insurance New Zealand Limited to Chubb Life Insurance New Zealand Limited.

On 19 April, 2023 the directors resolved to declare a dividend of $20m ($0.03 cents per share). This was allowed for as a capital deduction in the year end solvency position.

Chubb Life Insurance New Zealand Limited

Appointed Actuary's Report

For the year ended 31 December 2022

This Appointed Actuary's report under Section 78 of the Insurance (Prudential Supervision) Act 2010 (IPSA) is prepared in respect of the financial statements of Chubb Life Insurance New Zealand Limited (the Company) for the period ended 31 December 2022.

I have undertaken a review of the actuarial information (as defined in section 77(4) of IPSA) contained in, and used in the preparation of, the financial statements of the Company (the Financial Statements) as required under section 77(1) of IPSA.

My review has been carried out in accordance with the Solvency Standard for Life Insurance Business 2014 issued by the Reserve Bank of New Zealand (the Solvency Standard), which is the solvency standard applicable to the Company under section 55 of IPSA, and with the New Zealand Society of Actuaries' Professional Standards.

In respect of my review, I confirm as follows:

(a) I, Michael Bartram FNZSA, am the Appointed Actuary for the Company under section 76(1) of IPSA, and that I have prepared this report.

(b) The work that I have done to review the actuarial information contained in, or used in the preparation of the Financial Statements, includes a review of:

- (i) Information relating to the Company's calculations of premiums, claims, reserves, dividends, insurance rates, and technical provisions (annuity rates and unvested policyholder benefits liability are not applicable to the Company);
- (ii) Information relating to assessments of the probability of uncertain future events occurring and the financial implications for the Company if those events do occur;
- (iii) The Company's Insurance Contract Assets and Liabilities, as defined in the Solvency Standard;
- (iv) Risk management policies including reinsurance exposures and reinsurance assets relevant to the Insurance Contract Assets and Liabilities;
- (v) The deferred tax assets or liabilities relevant to the Insurance Contract Assets and Liabilities;
- (vi) The deferred acquisition cost relevant to the Insurance Contract Assets and Liabilities;
- (vii) The analysis of the Company's profit;
- (viii) Any additional assumptions used in the calculation of the Insurance Contract Assets and Liabilities;
- (ix) The consistency between the New Zealand Society of Actuaries *Professional Standard 20 "Determination of Life Insurance Policy Liabilities"* and the calculated Insurance Contract Assets and Liabilities ;
- (x) The consistency between the Solvency Standard and the calculated Solvency Margins, and
- (xi) The Company's checks and controls over data and valuation processes.

(c) Other than my relationship as Appointed Actuary, I am an employee of Chubb Life Insurance New Zealand Limited (CLINZ), receiving remuneration in the form of a fixed salary with eligibility for performance bonuses and other payments. I have a small number of shares in the Chubb Corporation, as part of an employee share scheme.

(d) I have obtained all information and explanations that I have required in order to conduct my review under section 77 of IPSA. There were no limitations in the scope of my review.

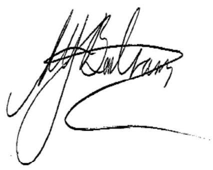
(e) I consider that in my opinion and from an actuarial perspective:

- (i) The actuarial information contained in the Financial Statements has been appropriately included in the Financial Statements.
- (ii) The actuarial information used in the preparation of the Financial Statements has been used appropriately.

(f) I consider that in my opinion and from an actuarial perspective, the Company, as at 31 December 2022 is maintaining a solvency margin that complies with that required under the Solvency Standard for the purposes of section 21(2)(b) of IPSA.

(g) I consider that in my opinion and from an actuarial perspective as at 31 December 2022 the Company is maintaining solvency margins that comply with those required under the Solvency Standard for the purposes of section 21(2)(c) of IPSA.

I have prepared, dated and signed this report solely in my capacity as the Company's Appointed Actuary under section 76(1) of IPSA. To the fullest extent permitted by law, I do not accept responsibility to anyone other than the Reserve Bank of New Zealand, the Company, its Board and shareholder for the contents of this report.



Michael Bartram
Appointed Actuary
Chubb Life Insurance New Zealand Limited
19 April 2023

Independent auditor's report

To the Shareholder of Chubb Life Insurance New Zealand Limited (previously Cigna Life Insurance New Zealand Limited)

Our opinion

In our opinion, the accompanying financial statements of Chubb Life Insurance New Zealand Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 December 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 31 December 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.

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 area of other assurance services over the regulatory 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.

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
Valuation of life insurance contract assets and life insurance contract liabilities - reinsurance As detailed within note 8, as at 31 December 2022, the Company had life insurance contract assets of $692.8 million (31 December 2021: $823.0 million) and life insurance contract liabilities - reinsurance of $141.1 million (31 December 2021: $168.4 million). We consider the valuation of life insurance contract assets and life insurance contract liabilities - reinsurance as a key audit matter due to: ● the subjective judgements around key material assumptions required to be made by the Directors, and ● the sensitivity of the life insurance contract assets and associated liabilities valuation to changes in these judgements and assumptions. These key actuarial assumptions represent best estimate assumptions at the reporting date and include the expected future cash flows to be generated by the policies. This includes estimates of future: ● premium payments adjusted for lapse risk, ● economic assumptions, ● mortality and morbidity, and ● expenses. These forecast cash flows are then adjusted to present day values using long term economic assumptions including discount rates and inflation rates. Life insurance policy data, including reinsurance programme information, is used as a key input to the actuarial estimates. Refer to the following notes in the Company's financial statements: Note 2 for related accounting policies and for critical accounting estimates and judgements; Note 3 for sources of profit; and Note 8 for life insurance contract assets and liabilities and a summary of significant actuarial methods and assumptions.	We have obtained an understanding of, evaluated, and where relevant validated the controls in place for the valuation of life insurance contract assets and life insurance contract liabilities - reinsurance. We used PwC actuarial experts to assist with the audit of this area. Specifically, together we: ● assessed the reasonableness of the key assumptions including those for rates of lapse (cancellation), mortality and morbidity rates, expenses and economic assumptions. Our assessment of the assumptions included: ○ assessing the approach (including changes to underlying estimates) used by management to derive the assumptions by applying our industry knowledge and experience, and ○ challenging the key assumptions used by management against past experience, market observable data (as applicable) and our experience of market practice. ● assessed the reasonableness of the sources of profit to consider whether assumption changes are consistent with experience and whether the movement in life insurance contract assets and life insurance contract liabilities - reinsurance from the prior reporting period have been adequately explained. ● assessed the valuation methodologies used by applying our industry knowledge and experience. ● in relation to changes to the valuation methodology, compared whether the methodologies, and any changes to those methodologies, are consistent with recognised actuarial and accounting practices and expectations derived from market experience. ● assessed the appropriateness of valuation model changes enacted during the year by understanding and testing management's validation and change control processes. Policy data, including the reinsurance programme information, is a key input to the actuarial estimates. Accordingly, we tested the completeness and accuracy of data between source and actuarial valuation systems and the integrity of the models used in the calculations. We have no matters to report from the procedures performed.

Our audit approach

Overview

Materiality	Overall materiality: $3.2 million, 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 a key financial statement metric used in assessing the performance of the Company, is not as volatile as other profit or loss measures, and is a generally accepted benchmark. The 1% is based on our professional judgement, noting that it is also within the range of commonly accepted revenue related thresholds.
Key audit matters	As reported above, we have one key audit matter, being: ● Valuation of life insurance contract assets and life insurance contract liabilities - reinsurance

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.

Other information

The Directors are responsible for the other information. The other information comprises the information 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.

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.

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.

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.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
20 April 2023

Wellington