



nib nz insurance limited

**Annual Report
30 June 2023**

Financial Statements

For the year ended 30 June 2023

nib nz insurance limited

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Statement of Comprehensive Income

For the year ended 30 June 2023

nib nz insurance limited

	Notes	2023 \$000	2022 \$000
Premium revenue from insurance	5	19,395	19,211
Outwards reinsurance premium expense	5	(6,573)	(6,281)
Net premium revenue		12,822	12,930
Inwards reinsurance income	5	130	131
Investment income (expense)	5	726	(404)
Total operating income		13,678	12,657
Claims expense		(7,559)	(8,853)
Reinsurance recovery		3,446	5,227
Net claims expense		(4,113)	(3,626)
Other operating expenses	6	(7,478)	(7,136)
Change in policy liabilities	14	1,127	(532)
Profit before income tax		3,214	1,363
Income tax expense	7	(859)	(475)
Profit for the year		2,355	888
Total comprehensive income for the year attributable to:			
Owners of nib nz insurance limited		2,355	888
		2,355	888

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

Statement of Financial Position

As at 30 June 2023

nib nz insurance limited

	Notes	2023 \$000	2022 \$000
ASSETS			
Current assets			
Cash and cash equivalents	8	4,080	1,641
Receivables	9	4,167	4,496
Financial assets at fair value through profit or loss	10	18,646	17,974
Current tax assets		315	-
Total current assets		27,208	24,111
Non-current assets			
Property, plant and equipment	11	60	80
Intangible assets	12	584	371
Total non-current assets		644	451
Total assets		27,852	24,562
LIABILITIES			
Current liabilities			
Payables	13	6,754	5,029
Current tax liabilities		-	28
Total current liabilities		6,754	5,057
Non-current liabilities			
Policy liabilities	14	(9,170)	(8,043)
Deferred tax liabilities	7	2,862	2,497
Total non-current liabilities		(6,308)	(5,546)
Total liabilities		446	(489)
Net assets		27,406	25,051
EQUITY			
Contributed equity	15	13,898	13,898
Retained profits		13,508	11,153
Total equity		27,406	25,051

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

Statement of Changes in Equity

For the year ended 30 June 2023

nib nz insurance limited

		Contributed Equity	Retained Profits	Total Equity
	Notes	\$000	\$000	\$000
Balance at 1 July 2021		6,638	17,525	24,163
Profit for the year		-	888	888
Total comprehensive income for the year		-	888	888
Transactions with owners in their capacity as owners:				
Bonus share issue	15	7,260	(7,260)	-
		7,260	(7,260)	-
Balance at 30 June 2022		13,898	11,153	25,051
Balance at 1 July 2022		13,898	11,153	25,051
Profit for the year		-	2,355	2,355
Total comprehensive income for the year		-	2,355	2,355
Balance at 30 June 2023		13,898	13,508	27,406

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

Statement of Cash Flows

For the year ended 30 June 2023

nib nz insurance limited

	Notes	2023 \$000	2022 \$000
Cash flows from operating activities			
Premiums received		22,613	21,364
Receipts from outwards reinsurance contracts		3,341	4,094
Other income		54	4
Claims expenses paid		(7,584)	(9,319)
Payments for outwards reinsurance contracts		(6,573)	(6,281)
Payments to suppliers and employees		(8,218)	(8,409)
Income taxes paid		(837)	(1,070)
Net cash inflow from operating activities	8	2,796	383
Cash flows from investing activities			
Payments for financial assets at fair value through profit or loss		-	(999)
Payments for property, plant and equipment	11	(1)	(84)
Payments for intangible assets	12	(356)	(77)
Net cash outflow from investing activities		(357)	(1,160)
Net increase (decrease) in cash and cash equivalents		2,439	(777)
Cash and cash equivalents at the beginning of the year		1,641	2,418
Cash and cash equivalents at the end of the year		4,080	1,641
Reconciliation to Balance Sheet			
Cash and cash equivalents	8	4,080	1,641
		4,080	1,641

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

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

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

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

The financial statements were authorised for issue by the Board of Directors on 11 August 2023.

i) Change in ownership

nib nz holdings limited purchased 100% of the shares of Kiwi Insurance Limited from Kiwi Group Holdings Limited on 29 April 2022. The Company was renamed to nib nz insurance limited.

b) Basis of preparation

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

The financial statements of the Company have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for profit entities that apply NZ IFRS. They also comply with International Financial Reporting Standards (IFRS).

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

c) Change in comparatives

Comparative information has been restated for an adjustment identified in the current year, which has resulted in an increase the GST expense and payable amounts by \$0.1 million, for costs that were not directly attributable to the Company's life insurance products which are exempt from GST. Restatement impacts the Statement of Comprehensive Income, the Statement of Financial Position and presentation of some notes.

Statement of Comprehensive Income

An adjustment of \$102k has been made to the profit before income tax and offset by \$29k for a decrease in income tax expense.

Statement of Financial Position

An adjustment of \$102k has been made increasing payables offset by a \$29k increase in Current tax assets.

Changes for internal consistency have also been made to the Statement of Changes in Equity and the following Notes: Note 3 Risk Management, Note 6 Expenses, Note 7 Taxation, Note 8 (b) Reconciliation of profit after income tax to net cash inflow from operating activities, Note 13 Payables and Note 14 Policy liabilities.

1. Accounting policies

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

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

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

ii) Foreign exchange

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2. New and amended standards adopted by the Company

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

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

3. New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published but are not yet effective and have not been adopted early by the Company. The Company's assessment of the impact of NZ IFRS 17 is set out below and there are no other standards that are expected to have a material impact.

The XRB issued accounting standard NZ IFRS 17 *Insurance Contracts* (NZ IFRS 17) which is effective accounting periods beginning on or after 1 January 2023. It will be effective for the Company for the financial year ending 30 June 2024.

Measurement of insurance contracts

Measurement models

NZ IFRS 17 introduces a General Measurement Model (GMM) for the recognition and measurement of insurance contracts. The GMM involves estimating future cash flows and risks from existing policies and taking profit to account over the coverage period, adjusting the profit over the life of the contract when actual experience varies from expected.

NZ IFRS 17 permits the use of the simplified Premium Allocation Approach (PAA) where either:

- the contract boundary of each contract within the portfolio is one year or less; or
- the measurement of the liability for remaining coverage at inception of a contract is not expected to be materially different than if applying GMM.

The majority of the Company's insurance contracts are yearly renewable terms and are considered to have a coverage period and contract boundary of less than one year, corresponding to the current policy year and the period when the premium is not adjustable. Some of these contracts provide disability income cover and the Company expects this to have an immaterial impact on adoption.

The Company is expecting to take the option to apply the PAA to all insurance contracts.

The treatment of reinsurance arrangements is still being finalised with the intention to apply the simplified PPA method, which is expected to reduce any mismatch with the underlying contracts.

For the contracts that apply the simplified approach and have a coverage period of one year or less, the Company has the option to expense acquisition costs as incurred. nib does not plan to apply this option and expects to amortise acquisition costs over the expected lifetime of the related insurance contracts, consistent with current accounting under NZ IFRS 4.

Level of Aggregation/Onerous contracts

NZ IFRS 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. nib expects to have the following portfolio:

- New Zealand life and living benefits insurance

Reinsurance contracts are considered as a separate portfolio.

NZ IFRS 17 requires the identification of onerous contracts.

Contracts that are measured using the simplified approach are assumed not to be onerous unless facts and circumstances indicate otherwise. nib's preliminary assessment of available management information has not identified any material onerous groups of contracts. nib does not expect there to be any material onerous contracts.

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Presentation and disclosure

The standard introduces substantial changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the statement of financial position and statement of comprehensive income and increased disclosure requirements compared with existing reporting requirements.

Existing insurance and reinsurance contract line items on the statement of financial position (including premium receivable, claims accruals and policy liabilities and reinsurance) will be replaced with insurance contract assets and liabilities, and reinsurance contract assets and liabilities, and insurance acquisition cash flow assets.

Transition

NZ IFRS 17 will be applied retrospectively to all of nib's insurance contracts on transition except to the extent that it is impracticable to do so, in which case either a modified retrospective or fair value approach may be applied. nib expects to apply the full retrospective method.

Financial impact

Management have completed significant work in considering the financial impacts of the standard, but due to the complexities of the new standard for life insurers and the impacts of reinsurance arrangements, the estimated financial impact of the standard cannot be reliably determined at the date of this report.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

The key areas in which critical estimates are applied are:

Note 14

Policy liabilities

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

3. RISK MANAGEMENT

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

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

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

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

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

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

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

a) Insurance risk

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

3. RISK MANAGEMENT continued

a) Insurance risk continued

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

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

b) Financial risks

i) Interest rate risk

The impact of interest rate risk on policy liabilities is discussed in note 14.

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

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

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

Interest Rate Risk	2023			2022		
	Carrying amount \$000	-100bps Profit \$000	+100bps Profit \$000	Carrying amount \$000	-100bps Profit \$000	+100bps Profit \$000
Financial assets						
Cash and cash equivalents	4,080	(29)	29	1,641	(12)	12
Financial assets at fair value through profit or loss	18,646	(134)	134	17,974	(129)	129
Total increase (decrease)		(163)	163		(141)	141

Notes to the Financial Statements continued

For the year ended 30 June 2023
nib nz insurance limited

3. RISK MANAGEMENT continued

b) Financial risks continued

ii) Credit risk

Description	Exposure	Mitigation
Credit risk is the risk that a counterparty will default on its contractual obligations, or from the decline in the credit quality of a financial instrument, resulting in financial loss to the Company.	The Company's exposure to credit risk arises from cash and cash equivalents, financial assets and deposits with banks and financial institutions, as well as credit exposure to policyholders or other counterparties.	For banks and financial institutions, the minimum credit rating accepted by the Company is 'AA-'. For policyholders with no external ratings, internally developed minimum credit quality requirements are applied, which take into account financial position, past experience and other relevant factors. There have been no expected credit losses recognised during the year (2022 nil). Overall exposure to credit risk is monitored on a Company basis in accordance with limits set by the Company's Board.

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

	2023 Rating
Munich Reinsurance Company of Australasia (For Home Loan and Life and Living 2012 products)	S&P (AA-)
General Reinsurance Corporation Limited (Fof Life & Living 2016 and Kiwicover products)	AM Best (A++), S&P (AA+), Moody's (Aa1)
Chubb Insurance New Zealand Limited (For Cigna Term Life)	S&P (AA-)
Tokio Marine Kiln, Lloyds syndicate (For Catastrophe cover)	AM Best (A), S&P (A+), Finch (AA-)

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

	2023 \$000	2022 \$000
Cash and cash equivalents	4,080	1,641
Reinsurance premiums receivable	34	12
Reinsurance recoveries	3,109	3,004
Premium receivables	962	955
Other receivables	-	127
Investments	18,646	17,974
Total credit risk	26,831	23,713

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

3. RISK MANAGEMENT continued

b) Financial risks continued

	2023	2022
	\$000	\$000
Premium and other receivables		
Counterparties with external credit rating	-	-
Counterparties without external credit rating		
Group 1 - new debtors (relationship less than 6 months)	-	-
Group 2 - existing debtors with no defaults in the past	4,167	4,496
Group 3 - existing debtors with some defaults in the past	-	-
Total premium and other receivables	4,167	4,496
Cash at bank and short-term bank deposits		
AA-	4,080	1,641
Total cash at bank and short-term bank deposits	4,080	1,641
Financial assets at fair value through profit or loss		
Investments		
AA-	-	-
AA	18,646	17,974
AA+	-	-
AAA	-	-
Total financial assets at fair value through profit or loss	18,646	17,974

Notes to the Financial Statements continued

For the year ended 30 June 2023
nib nz insurance limited

3. RISK MANAGEMENT continued

b) Financial risks continued

iii) Liquidity risk

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

	≤ 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total Contractual Cash flows	Carrying amount
As at 30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities							
Trade payables	5,387	-	-	-	-	5,387	5,387
Other payables	421	227	-	-	-	648	648
Intercompany payables	719	-	-	-	-	719	719
	6,527	227	-	-	-	6,754	6,754

	≤ 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total Contractual Cash flows	Carrying amount
As at 30 June 2022	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities							
Trade payables	4,239	-	-	-	-	4,239	4,239
Other payables	648	-	-	-	-	648	648
Intercompany payables	142	-	-	-	-	142	142
	5,029	-	-	-	-	5,029	5,029

Notes to the Financial Statements continued

For the year ended 30 June 2023
nib nz insurance limited

4. FAIR VALUE MEASUREMENT

a) Fair value hierarchy

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

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

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

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

	Level 2	Total
	\$000	\$000
As at 30 June 2023		
Assets		
Financial assets at fair value through profit or loss		
Managed funds	18,646	18,646
Total assets	18,646	18,646

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

There were no transfers between levels during the year ended 30 June 2023 or the year ended 30 June 2022.

There is no offsetting between financial assets and financial liabilities.

b) Valuation techniques used to determine fair values

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

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

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

c) Fair values of other financial instruments

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

5. REVENUE AND OTHER INCOME

	2023	2022
	\$000	\$000
Net premium revenue		
Premium revenue	19,395	19,211
Outwards reinsurance premium expense	(6,573)	(6,281)
Total net premium revenue	12,822	12,930
Other income		
Inwards reinsurance income	130	131
Total other income	130	131
Investment income (expense)		
Interest income	54	3
Net unrealised gain (loss) on financial assets at fair value through profit or loss	672	(407)
Total investment income (expense)	726	(404)

a) Accounting Policy

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

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

Revenue is recognised for the major business activities as follows:

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

6. EXPENSES

	Notes	2023 \$000	2022 \$000
Expenses by function			
Marketing and other acquisition costs		1,765	2,352
Other underwriting expenses		5,513	4,550
Amortisation of intangible assets		143	234
Finance costs		16	-
Investment expenses		41	-
Total expenses (excluding direct claims expenses)		7,478	7,136
Expenses by nature			
Depreciation and amortisation	11,12	164	238
Employee costs		2,796	2,493
Finance costs		16	-
Investment expenses		41	39
Information technology expenses		950	433
Marketing expenses - excluding commissions		375	324
Marketing expenses - commissions		1,765	2,352
Office rent costs		254	-
Professional fees		867	1,056
Other		250	201
Total expenses (excluding direct claims expenses)		7,478	7,136
Actuarial classification			
Policy acquisition expenses		1,438	1,447
Policy maintenance expenses		6,040	5,689
Total expenses (excluding direct claims expenses)		7,478	7,136

a) Accounting Policy

Basis of expense apportionment

All operating expenses in respect of life insurance contracts are apportioned between policy acquisition and policy maintenance expenses.

A general indication of the apportionment process follows:

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

7. TAXATION

a) Income tax

	2023	2022
	\$000	\$000
i) Income tax expense		
Recognised in the Statement of Comprehensive Income		
Current tax expense	494	569
Deferred tax expense	365	(94)
	859	475
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	7(c) 11	41
Increase (decrease) in deferred tax liabilities	7(d) 354	(135)
	365	(94)
ii) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	3,214	1,363
Tax at the New Zealand tax rate of 28% (2022: 28%)	900	382
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible expenses	(41)	93
Income tax expense	859	475

b) Imputation credits

	2023	2022
	\$000	\$000
Imputation credits available for use in subsequent reporting periods	845	-

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

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

7. TAXATION continued

c) Deferred tax assets

	2023	2022
	\$000	\$000
The balance comprises temporary differences attributable to:		
Other provisions	-	11
Total deferred tax assets	-	11

Movements	Other provisions	Total
	\$000	\$000
At 1 July 2021	52	52
(Charged) credited to the Statement of Comprehensive Income	(41)	(41)
At 30 June 2022	11	11
At 1 July 2022	11	11
(Charged) credited to the Statement of Comprehensive Income	(11)	(11)
At 30 June 2023	-	-

d) Deferred tax liabilities

	2023	2022
	\$000	\$000
The balance comprises temporary differences attributable to:		
Policy liabilities	2,826	2,508
Depreciation and amortisation	36	-
Total deferred tax liabilities	2,862	2,508
Net deferred tax liabilities	2,862	2,497

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

7. TAXATION continued

d) Deferred tax liabilities continued

Movements	Policy	Depreciation	Total
	liabilities	and amortisation	
	\$000	\$000	\$000
At 1 July 2021	2,643	-	2,643
Charged (credited) to the Statement of Comprehensive Income	(135)	-	(135)
At 30 June 2022	2,508	-	2,508
At 1 July 2022	2,508	-	2,508
Charged (credited) to the Statement of Comprehensive Income	318	36	354
At 30 June 2023	2,826	36	2,862

e) Accounting Policy

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

8. CASH AND CASH EQUIVALENTS

	2023	2022
	\$000	\$000
Cash at bank and cash on hand	4,080	1,641
	4,080	1,641

a) Accounting Policy

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

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

	2023	2022
	\$000	\$000
Profit for the year	2,355	888
Fair value loss/(gain) on other financial assets through profit or loss	(672)	406
Depreciation and amortisation	164	238
Change in operating assets and liabilities		
Decrease (increase) in receivables	329	(1,318)
(Increase) decrease in policy liabilities	(1,127)	532
Increase (decrease) in deferred tax liabilities	365	(94)
Decrease in current tax liabilities	(343)	(502)
Increase in trade payables	1,725	233
Net cash flow from operating activities	2,796	383

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

9. RECEIVABLES

	2023	2022
	\$000	\$000
Other receivables	-	127
Reinsurance premiums receivable	34	12
Reinsurance recoveries	3,109	3,004
Premiums receivable	962	955
Prepayments	62	398
	4,167	4,496

a) Accounting Policy

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

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

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

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	\$000	\$000
Interest-bearing securities - Managed funds	18,646	17,974
	18,646	17,974

a) Accounting Policy

j) Classification

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

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

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

ii) Recognition and derecognition

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

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

iii) Measurement

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

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023
nib nz insurance limited

12. INTANGIBLE ASSETS

	Software \$000	Total \$000
At 1 July 2021		
Cost	4,529	4,529
Accumulated amortisation	(4,001)	(4,001)
Net book amount	528	528
Year ended 30 June 2022		
Opening net book amount	528	528
Additions (externally acquired)	77	77
Amortisation charge for the year	(234)	(234)
Closing net book amount	371	371
At 30 June 2022		
Cost	4,604	4,604
Accumulated amortisation	(4,233)	(4,233)
Net book amount	371	371
Year ended 30 June 2023		
Opening net book amount	371	371
Additions (internally developed)	5	5
Additions (externally acquired)	351	351
Amortisation charge for the year	(143)	(143)
Closing net book amount	584	584
At 30 June 2023		
Cost	4,960	4,960
Accumulated amortisation	(4,376)	(4,376)
Net book amount	584	584

a) Accounting Policy

ii) Software

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

iii) Impairment

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

13. PAYABLES

		2023	2022
		\$000	\$000
Current			
Reinsurance payable		581	542
Claims accruals	14*	4,806	3,697
Other payables		648	648
Intercompany payable		719	142
		6,754	5,029

* Refer to note 14 for accounting policy.

a) Accounting Policy

i) Payables

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

14. POLICY LIABILITIES

	2023	2022
	\$'000	\$'000
Future policy benefits	66,937	73,058
Balance of future expenses	51,376	58,646
Future cost of reinsurance	3,156	3,358
Planned margins of revenues over expenses	11,241	12,643
Balance of future revenues	(138,562)	(152,510)
Policy liability for products measured under the accumulation basis	(492)	(730)
Net policy liabilities	(6,344)	(5,535)
Deferred tax	(2,826)	(2,508)
Gross policy liabilities net of reinsurance	(9,170)	(8,043)

Movements in the policy liabilities are as follows:

	2023	2022
	\$'000	\$'000
Policy liabilities at beginning of the year	(8,043)	(8,575)
Change in policy liabilities recognised during the year	(1,127)	532
Gross policy liabilities net of reinsurance	(9,170)	(8,043)

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

	2023	2022
	\$'000	\$'000
Opening balance	3,358	2,255
(Decrease) increase in future cost of reinsurance recognised during the year	(202)	1,103
Closing balance	3,156	3,358

Sources of profit after tax are represented by the following:

	2023	2022
	\$'000	\$'000
Planned margins of revenues over expenses	764	763
Profit on unprojected products	768	815
Change in economic assumptions	(577)	(898)
Experience profit on projected business	780	457
Investment earnings on assets in excess of policy liabilities	620	(249)
Profit after tax per Statement of Comprehensive Income	2,355	888

a) Accounting policy

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

14. POLICY LIABILITIES continued

a) Accounting policy continued

ii) **Overview of MoS methodology**

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

iii) **Claims expenses**

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

iv) **Policy acquisition expenses**

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

v) **Policy maintenance expenses**

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

14. POLICY LIABILITIES continued

b) Critical estimates

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

i) MoS profit

MoS profit comprised the following components:

- Planned margins of revenues over expenses

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

- The difference between actual and assumed experiences

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

- Changes to underlying assumptions

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

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

- Loss recognition on groups of related products

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

- Investment earnings on assets in excess of policy liabilities

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

There are no participating policies.

ii) Deferred acquisition costs

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

Notes to the Financial Statements continued

For the year ended 30 June 2023
nib nz insurance limited

14. POLICY LIABILITIES continued

b) Critical estimates continued

iii) Policy liabilities

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

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

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

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

iv) Assets arising from reinsurance contracts

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

14. POLICY LIABILITIES continued

c) Actuarial policies and methods

The actuarial report on policy liabilities and solvency reserves for the current reporting period was prepared as at 30 June 2023.

The actuary who prepared the actuarial report for the Company is Jonathan Lowe BSc, AIAA, ANZSA, which has been reviewed by the Appointed Actuary, David Chamberlain BEc, FIAA, FNZSA.

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

i) Home loan insurance and Life and living insurance

	2023	2022
Discount rate		
Gross	4.6%	3.7%
Net of tax	3.3%	2.6%
Inflation on maintenance expenses	1.5%	1.5%
Maintenance expenses (per policy)	240	240
Maintenance expenses (% of premium)	15	15
Discontinuance (rate % per annum)*	7-21	7-21

* Additional discontinuances have been assumed after age 60.

Discount rate

The discount rate used is the 5-year government bond rate.

Profit carriers

The profit carrier is gross premium income.

Investment and maintenance expenses

Investment expenses have been included in the policy maintenance expense above. Maintenance expenses are based on estimated 2024 expenses.

Taxation

The corporate income rate of taxation in effect at the date of the valuation, 28% is assumed.

Mortality and morbidity Home Loan insurance

For the year ended 30 June 2023 the mortality assumption is 83% of NZSA table NZ10 for males and females (30 June 2022: 83%). An adjustment was made for smoking status. Selection, i.e. lower mortality in the period following underwriting, is allowed for in the first two years. The assumptions for permanent and temporary disablement were based on assumed rates used by the Company's reinsurers for these risks. These are the same assumptions as used for the year ended 30 June 2022.

Mortality and morbidity Life and living insurance

For the year ended 30 June 2023 the mortality assumption is 94% of NZSA table NZ10 for males and females (30 June 2022: 94%). Selection is allowed for in the first two years. An adjustment was made for smoking status. The assumptions for permanent and temporary disablement were based on the reinsurance. There have been no changes to mortality assumptions in the year ended 30 June 2023 from the year ended 30 June 2022.

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

14. POLICY LIABILITIES continued

c) Actuarial policies and methods continued

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

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

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

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

	2023		2022	
	Change in future profit margins	Change in current period policy liability	Change in future profit margins	Change in current period policy liability
	\$000	\$000	\$000	\$000
Discount rate	(637)	577	(1,089)	1,107
CPI change	204	(257)	151	(209)
Modelling changes	-	-	(504)	-
Expenses	246	-	(4,235)	-
Lapse rates	-	-	9,622	-

iv) Sensitivity analysis

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

Variable	Movement in variable	2023		2022	
		Change in future profit margins		Change in future profit margins	
		\$000	%	\$000	%
Discount rate	+10 basis points	(69)	(0.6%)	(68)	(0.5%)
Mortality	+10%	(1,925)	(17.1%)	(2,025)	(16.2%)
Morbidity/trauma	+10%	(1,057)	(9.4%)	(1,129)	(8.9%)
Lapses	+10%	(2,071)	(18.4%)	(2,252)	(17.8%)
Maintenance expenses *	+10%	(3,220)	(28.6%)	(3,482)	(27.5%)

*2023: increasing the maintenance expenses by 10% would place the home loan insurance product into loss recognition which would have an impact on policy liabilities of \$171,000 (30 June 2022: \$206,000).

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

15. SHARE CAPITAL AND DISTRIBUTIONS

a) Share capital

	2023	2022
	\$000	\$000
Ordinary shares		
Fully paid	13,898	13,898
Total contributed equity	13,898	13,898

The total authorised number of ordinary shares is 7,847,643 (30 June 2022: 7,847,643). All shares have equal voting rights and share equally in dividends and surplus on winding up.

All issued shares are fully paid. There is one class of ordinary share.

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

b) Distributions

There were no dividends paid or payable during the year ended 30 June 2023 (June 2022: Nil)

- i) Dividends** Dividend distributions to the Company's parent company are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board.

- ii) Bonus issue** In the prior year, a taxable bonus issue of 1,210,143 shares fully paid at an issue price of \$6.00 per share was made on 22 March 2022 of \$7,260,862. The taxable bonus issue was treated as a dividend.

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

16. CAPITAL MANAGEMENT

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

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

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

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

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

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

	2023	2022
	\$000	\$000
Actual Solvency Capital	26,822	24,753
Minimum Solvency Capital	12,242	11,174
Solvency Margin	14,580	13,579
Solvency Ratio %	219%	222%

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

17. CONTINGENT LIABILITIES

The Company has no material contingent liabilities as at the reporting date (30 June 2022: nil). The Company is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes when it is probable that an outflow of resources will be required to settle any obligations.

There are no capital commitments or contingent assets or liabilities at reporting date (30 June 2022: nil).

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

19. REMUNERATION OF AUDITOR

	2023	2022
	\$000	\$000
Audit services		
Audit of financial statements including group reporting procedures	199	187
Accelerated audit procedures in relation to NZ IFRS 17	7	-
Total remuneration for audit services	206	187
Other assurance services		
Reasonable assurance over solvency return	12	11
Total remuneration for other assurance services	12	11
Total remuneration of PricewaterhouseCoopers New Zealand	218	198

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

20. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is controlled by nib holdings limited (incorporated in Australia), the "Ultimate Parent". nib nz holdings limited, the immediate parent owns 100% of the Company's shares.

The following transactions were carried out with related parties:

a) Related party transactions

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

	2023 \$000	2022 \$000	Type of Transactions
nib nz limited	9,776	2,132	Reimbursement of expenses paid
Total expenses paid or due to related parties	9,776	2,132	

b) Related party balances

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

	2023 \$000	2022 \$000	Type of Balance
nib nz limited	719	142	Reimbursement of expenses paid
Total payable to related parties	719	142	

Notes to the Financial Statements continued

For the year ended 30 June 2023

nib nz insurance limited

20. RELATED PARTY TRANSACTIONS AND BALANCES continued

c) Key management personnel

Key management personnel are defined as being Directors and management of the Company. No compensation was paid by the Company to management during the year ended 30 June 2023 (30 June 2022: nil). Management of the Company are employed and compensated by nib nz limited and reimbursed by the Company.

No directors' fees were charged to the Company during the year. Directors' fees were paid by nib nz limited for the work carried out by Directors in carrying out their duties across the nib New Zealand Group.

21. INSURER FINANCIAL STRENGTH RATING

nib nz insurance limited has an insurer financial strength rating of 'A-' (Strong) issued by S&P Global Ratings Australia Pty Ltd. The rating was issued in June 2023.

Directors' Declaration

For the year ended 30 June 2023
nib nz insurance limited

The Directors of nib nz insurance limited ("the Company") present their report and financial statements of the Company for the year ended 30 June 2023.

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

The after tax profit for the year was \$2.4 million (30 June 2022: \$0.9 million). Shareholders' equity at the end of the year totalled \$27.4 million (30 June 2022: \$25.1 million). The Directors consider the state of affairs of the Group to be satisfactory.

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

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

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

- Anne Loveridge
- Anthony Ryall
- Hanne Janes
- Jacqueline Chow
- Mark Aue (Appointed 9 Feb 2023)
- Mark Fitzgibbon
- Robert Hennin

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

For and on behalf of the Board



Anthony Ryall
Director



Anne Loveridge
Director

11 August 2023



Independent auditor's report

To the shareholder of nib nz insurance limited

Our opinion

In our opinion, the accompanying financial statements of nib nz insurance limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2023;
- 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 summary of 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 areas of assurance on the regulatory solvency return and providing the Company with a generic benchmarking of executive remuneration. Subject to certain restrictions, 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
<p>Valuation of policy liabilities (net of reinsurance)</p> <p>As detailed within note 14, as at 30 June 2023, the Company had policy liability of negative \$9.2 million (30 June 2022: negative \$8.0 million).</p> <p>We consider the valuation of policy liabilities a key audit matter due to:</p> <ul style="list-style-type: none"> the complex and subjective judgements around key material assumptions required to be made by the Directors, and <p>In determining the valuation of the policy liabilities, the key actuarial assumptions applied by the external actuarial expert represent best estimate assumptions at reporting date and include:</p> <ul style="list-style-type: none"> expected amount, timing and duration of all expected future payments and premiums, likely rates of discontinuance, mortality and morbidity rates, investment and maintenance expenses; and long term economic assumptions including discount rates and inflation rates. <p>Life insurance policy data, including insurance and reinsurance information, are used as key inputs to the actuarial estimates.</p> <p>Refer to note 14 for relevant accounting policies, critical estimates and actuarial policies and methods.</p>	<p>We used PwC actuarial experts to assist with the audit of this area. Together, we;</p> <ul style="list-style-type: none"> obtained an understanding of the controls the Company has in place over key processes relating to the valuation. This includes the use of the actuarial models, the quality of oversight and controls over key assumptions within the actuarial models, and the preparation of the manually calculated components of the liability; obtained an understanding of the methodology and the actuarial models used by the Company and compared them against those commonly applied in the industry and recognised by regulatory standards; assessed the reasonableness of the sources of profit to consider whether assumption changes are consistent with experience and whether the movement in policy liabilities from prior reporting period has been adequately explained; assessed the reasonableness of the key assumptions including those for rates of lapse (cancellation), mortality and morbidity rates, expenses and economic assumptions, and any changes to these assumptions; and assessed the appropriateness of valuation model changes during the year by understanding and testing management’s validation and change control processes and on a sample basis, testing the accuracy of underlying calculations in the valuation model. <p>Policy data, including the reinsurance information, is a key input to the actuarial estimates. Accordingly, we tested on a sample basis the completeness and accuracy of data flows between source and actuarial valuation systems.</p> <p>We also assessed the appropriateness of the disclosures against the requirement of NZ IFRS and IFRS.</p>



Our audit approach

Overview

Materiality

Overall materiality: \$195,000, which represents approximately 1% of premium revenue from insurance contracts.

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

Key audit matters

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

- Valuation of policy liabilities (net of 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 Deutsche. For and on behalf of:

A handwritten signature in black ink, appearing to read 'Karl Deutsche', written in a cursive style.

Chartered Accountants
11 August 2023

Auckland

Corporate Governance Statement FY23

Board role & responsibilities

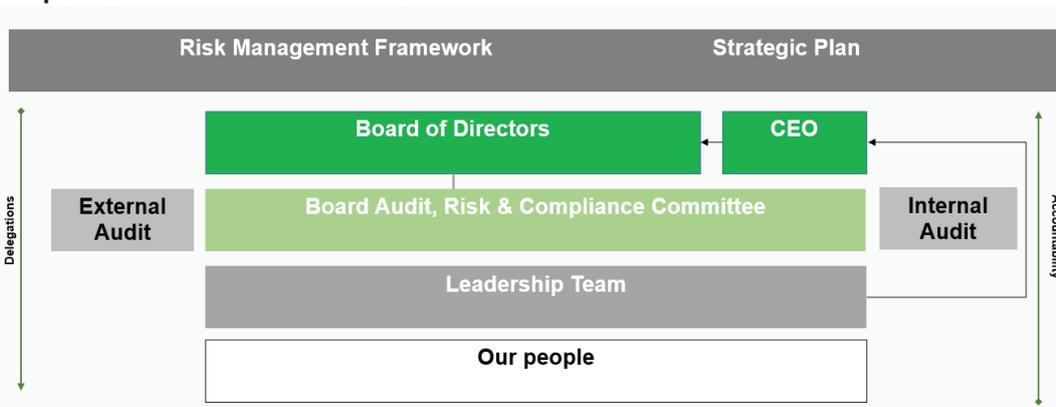
nib nz insurance limited's (nib) Board provides overall strategic guidance for the company and effective oversight of management. The Board ensures that the activities of the company comply with its Constitution, from which the Board derives its authority to act, and in accordance with all legal and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

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

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

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

Corporate Governance Framework



Code of Ethics

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

Our Values

- Making the world a better place
- The status quo is death
- Without taking risk we cannot grow
- Extraordinary people do extraordinary things
- Everyone deserves respect
- Members and travellers have choice
- If it's worth doing, it's worth doing better than anyone else
- We before me
- Being accountable
- Smart is cool

Committee of the Board

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

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

The BARCC Chair is Anne Loveridge, an independent, non-executive director who is not Chair of the Board. The other three members of the BARCC are Hanne Janes (independent, non-executive director), Mark Aue (independent, non-executive director, appointed to the BARCC in May 2023) and Nick Freeman (nib Group CFO and executive Committee member). All Directors are invited to attend the BARCC meetings, as observers, and all receive the papers for the BARCC meetings.

Board Composition & Independence

As at 30 June 2023, there are seven directors of the Board with five of these directors including the Chairperson, considered independent, in line with the Board Charter. Four of the directors are ordinarily resident in New Zealand. Details of the qualifications and experience of each Director and Committee Member are set out here.

Tony Ryall – Chairman and Independent Non-Executive Director

BBS (Massey University)

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

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

Tony was appointed a Companion of the New Zealand Order of Merit for services as a Member of Parliament in the 2015 New Year Honours. He is the Chief Executive Officer of BestStart

Educare, New Zealand's largest provider of early childhood education.

Rob Hennin – Chief Executive Officer and Executive Director

B.A.(University of Otago), GAICD

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

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



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

Anne Loveridge – Independent Non-Executive Director

BA (University of Reading), FCA, GAICD

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

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

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

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

Hanne Janes – Independent Non-Executive Director

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

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

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

With more than 20 years' specialist expertise in the healthcare sector, Hanne brings a thorough understanding of the national health landscape,

including Government policy and funding, healthcare delivery, as well as regulatory and compliance requirements. Hanne was appointed as Counsel Assisting the Government Inquiry into Mental Health and Addiction. She also has extensive experience in commercial and corporate law, together with a detailed knowledge of workplace health and safety.

Mark Fitzgibbon – Executive Director

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

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

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

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

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

Jacqueline Chow – Independent Non-Executive Director

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

Jacqueline was appointed to the Board of nib holdings limited in April 2018, nib nz limited and nib nz holdings limited in November 2021 and nib nz insurance limited in April 2022. She is also a Director of nib health funds limited.

Jacqueline is the Chair of the nib holdings limited People and Remuneration Committee and member of the Audit Committee, Risk and Reputation Committee and Nomination Committee.

Jacqueline has more than 20 years' experience working with global blue-chip consumer product multinationals in a range of executive and non-executive positions in general management, strategy, marketing as well as technology and



innovation. Her early career concentrated on business analytics, brand equity and marketing.

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

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

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

Mark Aue – Independent Non-Executive Director

Mark was appointed as Director of nib nz limited, nib nz insurance limited and nib nz holdings limited in February 2023.

He is an experienced leader, with strong commercial skills. He brings a breadth of experience to nib nz from telecommunications, digital technology and professional services. He is the Chief Financial Officer and Chief Operating Officer for NZX50 listed telecommunications infrastructure company Chorus.

Mark has worked in the telecommunications industry for over 20 years, and has held senior positions in NZ, Australia, and the UK. Most

Board Policies

The following policies have been approved by the Board:

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

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

recently he was the Chief Executive for 2Degrees and led the dual listing IPO process (NZX/ASX) and subsequent trade sale to Macquarie Asset Management.

Before 2Degrees he held senior roles at Vodafone, including as Chief Financial Officer of the New Zealand business. Mark was also the Chief Financial Officer of the Vodafone Global Enterprise business based in the UK that spanned operations in 25 countries. Mark has a personal passion for developing NZ Inc. He recognises the role technology plays as an enabler and in parallel the opportunity to drive positive societal outcomes to make NZ a better place to live.

Nick Freeman – Committee Member

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

Nick joined nib holdings limited in 2020 as Group Chief Financial Officer (CFO) with responsibility for the Finance and Corporate Services Division across the nib Group.

Prior to joining nib, Nick was Group CFO and Company Secretary at ASX-listed Mayne Pharma. He also previously held CFO roles for both Australia and New Zealand with ANZ Banking Group.

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



Section 78 report in respect of nib nz insurance limited for 30 June 2023

- a) The Appointed Actuary is David Chamberlain, a Fellow of the New Zealand Society of Actuaries.
- b) The Appointed Actuary has:
- i. Reviewed the Policy Liabilities as at 30 June 2023.
 - The policy liabilities have been determined in accordance with the NZ Society of Actuaries Professional Standard for the determination of Life Insurance Policy Liabilities (PS20).
 - ii. Reviewed the Solvency Position as at 30 June 2023.
 - The solvency position has been determined in accordance with the “Solvency Standard for Life Insurance Business 2014”, dated December 2014, issued by the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010.
- c) The scope of the work was to provide a report in accordance with the NZ Society of Actuaries Professional Standard for the determination of Life Insurance Policy Liabilities and a solvency calculation determined in accordance with the “Solvency Standard for Life Insurance Business 2014”, dated December 2014, issued by the Reserve Bank of New Zealand, incorporating amendments to November 2018. There were no limitations placed on the work.
- d) The Appointed Actuary is a principal of Melville Jessup Weaver Limited, a firm of consulting actuaries. As a consultant, charges are made for time spent working for nib nz insurance limited in the Appointed Actuary role on a time and cost basis. The Appointed Actuary has no other financial interest in the insurer.
- e) The Appointed Actuary has obtained all information and explanations required by him.
- f) In the Appointed Actuary’s opinion and from an actuarial perspective:
- i. The actuarial information contained in the financial statements for the year end 30 June 2023 has been appropriately included in those statements;
 - ii. The actuarial information used in the preparation of the financial statements has been used appropriately in those financial statements for the year end 30 June 2023.
- g) In the Appointed Actuary’s opinion and from an actuarial perspective, nib nz insurance limited is maintaining the required solvency margin that applies under the “Solvency Standard for Life Insurance Business 2014” imposed under section 21(2)(b) of the Insurance (Prudential Supervision) Act 2010 as at 30 June 2023. This is reported on in Note 16 to the Financial Statements.
- h) For the purposes of this solvency calculation the company is treated as having, and being one, statutory fund.
- i) It is nib nz insurance limited’s policy to seek the advice of the Appointed Actuary in respect of actuarial information and to adopt that advice in nib nz insurance limited’s financial statements.

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

David Chamberlain BEc, FIAA, FNZSA 11 August 2023