QUEST INSURANCE GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 March 2023

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QUEST INSURANCE GROUP LIMITED

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 March 2023

In accordance with Section 211(3) of the Companies Act 1993, the shareholder agreed not to make the disclosures set out in Section 211(1) (a) and Section 211 (1) (e) to (j) in the annual report.

The business of the Company is to issue temporary insurance contracts covering death, disablement and redundancy risk and short term motor vehicle insurance contracts covering comprehensive, third party, mechanical breakdown and guaranteed asset protection.

The nature of the Company's business has not changed during the year.

Signed on behalf of the Board on 28 July 2023

Signed by: Robin King
Date & Time: 28 July, 2023 18:11:45 NZST

Director

Director

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quest Insurance Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quest Insurance Group Limited ('the Company') on pages 5 to 29, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and 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').

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, our firm carries out other assignments for Quest Insurance Group Limited in the area of taxation compliance services. The provision of these other services has not impaired our independence.

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.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As disclosed in Notes 15 and 16 of the Company's financial statements, the Company has insurance contract liabilities of $37.6m (outstanding claims liabilities of $4.1m as disclosed in Note 15 and unearned premium liabilities of $33.5m disclosed in Note 16). The Company's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. Management engaged an external actuarial expert to estimate the Company's insurance contract liabilities as at 31 March 2023.	Our audit procedures among others included: ▪ Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the valuation of the Company's insurance contract liabilities. ▪ Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, claims management, and reporting and the integrity of the related data. ▪ Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. ▪ Agreeing the data provided to Management's external actuarial expert to the Company's records. ▪ Engaging our own actuarial expert to assist in understanding and evaluating: o the work and findings of the Company's external actuarial expert engaged by Management; and o the Company's actuarial methods and assumptions and in challenging the appropriateness of actuarial methods and assumptions used by Management. ▪ Evaluating the selection of methods and assumptions with a view to identify Management bias. ▪ Evaluating the related disclosures (including the accounting policies and accounting estimates) about insurance contract liabilities, and the risks attached to them which are included in the Company's financial statements, including evaluating disclosures relating to the Company's adoption of NZ IFRS 17 Insurance Contracts on 1 April 2023.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Company 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) 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 the auditor's 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/

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Quest Insurance Group Limited for the year ended 31 March 2023 included on Quest Insurance Group Limited's website. The Directors of Quest Insurance Group Limited are responsible for the maintenance and integrity of Quest Insurance Group Limited's website. We have not been engaged to report on the integrity of Quest Insurance Group Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 31 July 2023 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

28 July 2023

QUEST INSURANCE GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 $'000	2022 $'000
Revenue			
Premium revenue		39,287	30,098
Other revenue	(6)	664	340
		39,951	30,438
Expenses			
Claims expense	(8)	17,317	11,387
Commission expense	(9)	8,781	6,354
Reinsurance expense		666	493
Sales and marketing expense		117	44
Administration costs		2,163	1,257
Other expenses		276	230
		29,320	19,765
Net profit before movement in policyholder liabilities and taxation		10,631	10,673
Increase in policyholder liabilities	(16)	(6,198)	(5,952)
Net profit before taxation		4,433	4,721
Taxation expense	(7)	486	1,042
Net profit after taxation		3,947	3,679
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Movement in financial assets at FVTOCI	(17)	83	(42)
Other comprehensive income, net of tax		**83**	**(42)**
Total comprehensive income		**4,030**	**3,637**

The attached notes form part of and are to be read in conjunction with these financial statements.

QUEST INSURANCE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Share Capital $'000	**Retained Earnings $'000**	**FVTOCI reserve $'000**	**Total $'000**
Balance at 1 April 2021		**2,000**	**6,236**	**51**	**8,287**
Profit for the year		-	3,678	-	3,678
Other comprehensive income attributable to shareholders		-	-	(42)	(42)
Total comprehensive income attributable to shareholders		-	3,678	(42)	3,636
Share Issue		6,000	-	-	6,000
Dividends Paid		-	-	-	-
Balance at 31 March 2022		**8,000**	**9,914**	**9**	**17,923**
Profit for the year		-	3,947	-	3,947
Other comprehensive income attributable to shareholders	(17)	-	-	83	83
Total comprehensive income attributable to shareholders		-	3,947	83	4,030
Share Issue		-	-	-	-
Dividends Paid		-	-	-	-
Balance at 31 March 2023		**8,000**	13,861	**92**	21,953

The attached notes form part of and are to be read in conjunction with these financial statements.

QUEST INSURANCE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 $'000	2022 $'000
Assets			
Cash and cash equivalents	(19)	20,874	24,858
Receivables	(14)	17,040	11,213
Other assets		225	106
Financial assets at FVTOCI	(11)	10,794	33
Taxation receivable		24	-
Related party balances	(10)	8,639	8,554
Deferred insurance contract acquisition costs	(16)	7,568	5,847
Plant and equipment	(12)	43	60
Intangible assets	(13)	109	42
Total assets		**65,316**	**50,713**
Liabilities			
Accounts payable and accruals	(20)	3,658	2,614
Deferred tax liabilities	(7)	2,119	1,634
Outstanding claims liabilities	(15)	4,087	2,962
Unearned premium liabilities	(16)	33,499	25,580
Total liabilities		**43,363**	**32,790**
Shareholder's equity			
Share capital	(17)	8,000	8,000
Retained earnings		13,861	9,914
Financial assets at FVTOCI reserve	(17)	92	9
Total shareholder's equity		**21,953**	**17,923**
Total shareholder's equity and liabilities		**65,316**	**50,713**

For and on behalf of the Board of Directors dated 28 July 2023

Signed by: Robin King
Date & Time: 28 July, 2023 18:11:49 NZST

Director

Director

The attached notes form part of and are to be read in conjunction with these financial statements.

QUEST INSURANCE GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Cash was provided from:			
Premiums received		39,362	30,098
Interest received		671	228
Dividends		-	112
Third party recoveries		3,056	2,083
		43,089	32,521
Cash was applied to:			
Claims paid		20,373	13,470
Other expenses		15,864	9,090
		36,237	22,560
Net cash inflow from operating activities	(22)	**6,852**	**9,961**
Cash flows from investing activities			
Cash was provided from:			
AMPL Investment Distributions	(21)	33	170
		33	170
Cash was applied to:			
Purchase of plant and equipment		4	4
Purchase of bank bonds		10,678	-
Purchase of intangible assets		103	5
		10,785	9
Net cash inflow / (outflow) from investment activities		**(10,752)**	**161**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from the issue of shares		**-**	6,000
Other borrowing advances		-	-
		-	**6,000**
Cash was applied to:			
Other borrowing advances		84	7,091
Dividends paid		-	-
		84	**7,091**
Net cash inflow / (outflow) from financing activities		**(84)**	**(1,091)**
Net movement in cash and cash equivalents		(3,984)	9,031
Add opening cash and cash equivalents		24,858	15,827
Closing cash and cash equivalents		**20,874**	**24,858**
Represented by:			
Bank balances		20,874	24,858
Closing cash and cash equivalents		**20,874**	**24,858**

The attached notes form part of and are to be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Quest Insurance Group Limited (the 'Company') is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

The Company is an FMC Reporting Entity for the purpose of the Financial Markets Conduct Act 2013.

The Company is a wholly owned subsidiary of Geneva Finance Limited, its parent company.

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013 and the Insurance (Prudential Supervision) Act 2010.

The Company is a for profit entity.

The principal activity of the Company is that of an insurer. The Company is a licensed insurer under the Insurance (Prudential Supervision) Act 2010.

The Financial Statements were authorised for issue by the Board of Directors on 28 July 2023.

2. Basis of preparation

2.1 Statement of compliance
The reporting date is 31 March. These financial statements have been prepared for the year ended 31 March 2023. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and applicable legislation. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The Financial Statements also comply with International Financial Reporting Standards ("IFRS").

2.2 Basis of measurement
The accounting principles for the measurement and reporting of results and financial position on a historical cost basis have been adopted in the preparation of these financial statements except as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

2.3 Functional and Presentation Currency and Rounding
These financial statements are presented in New Zealand Dollars ($), which is the Company's functional currency. The financial information presented in New Zealand Dollars has been rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements
The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

3. Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

a) New and amended standards and interpretations
i) Adoption of new and revised Standards and Interpretations

There were no new standards, amendments and interpretations to existing standards that came into effect during the current accounting period beginning on 1 April 2022, that materially impacted the Company’s financial statements and require retrospective adjustment. The Company has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective.

ii) New standards and amendments and interpretations to existing standards that are not yet effective for the current accounting period:

The following standards, amendments and interpretations to existing standards have been issued at the reporting date, but are not yet effective. The Company intends to adopt these new standards, amendments and interpretations when they become mandatory.

3. Significant accounting policies (continued)

NZ IFRS 17 Insurance Contracts (NZ IFRS 17)

NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts', and becomes effective for the Company from 1 April 2023. NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The implementation of NZ IFRS 17 is not expected to have a material impact on the Company's financial statements in the period of initial application.

Estimated impact of the adoption of NZ IFRS17

The Company has assessed the estimated impact that the initial application of NZ IFRS 17 will have on its financial statements. Based on the assessments undertaken to date, the total adjustment (after tax) to the balance in the Company's total equity at 1 April 2023 and at 1 April 2022, is summarised as follows:

	1 April 2023	1 April 2022
	$000's	$000's
Estimated reduction in the Company's total equity, resulting from increase in insurance contract	(200)	(800)
Deferred tax impacts	56	224
Estimated impact of adoption of NZ IFRS 17 after tax	(144)	(576)

While the Company's implementation of IFRS NZ 17 is well progressed, the assessment above is preliminary as not all the transition work has been finalised. The actual impact of adopting NZ IFRS 17 on 1 April 2023 and 2022 may change as the new accounting policies, assumptions and judgements and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

A. Identifying contracts in the scope of NZ IFRS 17
NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

B. Level of aggregation
Under NZ IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort is then divided into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract. The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin ('CSM'), against losses on groups of onerous contracts, which are recognised immediately.

The Company does not expect significant changes arising from the application of these requirements and based on the implementation work carried out to date, the Company's assessment is that there are no groups of insurance contracts that are onerous, or are likely to become onerous in future.

C. Contract boundaries
Under NZ IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

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

3. Significant accounting policies (continued)

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The Company does not expect significant changes arising from the application of these requirements.

D. Measurement - Overview

NZ IFRS 17 introduces two methods for determining policy liabilities:

General Measurement Model (GMM)

GMM is a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM). The CSM at each reporting date represents the profit in a group of contracts that has not yet been recognised in profit or loss because it relates to future service.

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in NZ IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The GMM approach is the default valuation method, however the simpler PAA method may be used for:

(a) Contracts with a term of 12 months or less, and
(b) Contracts with a term of longer than 12 months, if it can be demonstrated that the resulting policy liabilities and emergence of profit are not materially different from applying the GMM method.

The Company has reviewed the reserving and profit emergence pattern of its products with a contract term of longer than 12 months. The Company is satisfied that the PAA method can be adopted for all of its insurance products (Payment Protection & Lifestyle Insurance business, Motor business).

For groups of contracts that apply the premium allocation approach and have a coverage period of one year or less, NZ IFRS 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Company does not plan to apply this option, and expects to amortise acquisition costs over the coverage period of the related insurance contracts, consistent with current accounting under NZ IFRS 4.

Under the PAA method:

- The valuation of unearned portion of the liability (referred to as the liability for remaining coverage (LFRC)) can be seen as being similar to the calculation under current accounting of (a) the unearned premium reserve less (b) deferred acquisition costs less (c) premium receivables (plus (d) any additional unexpired risk reserve for unprofitable business).
- The liability for incurred claims (LFIC) represents the estimate of amounts due to policyholders for claims incurred from earned portions of the liability, i.e. all liabilities relating to past periods of coverage are captured under the Liability for Incurred Claims.

This provision will include:

- The expected future cost of past claims that have been notified; and
- The expected future cost of past claims that have not yet been notified (IBNR)

Under IFRS 17, this provision should:

- Be based on expected future cash-flows;
- Future cash-flows of longer than 12 months should be discounted;
- Include an allowance for claim management expenses;
- Include a risk adjustment, providing the shareholders with a reward for the risk to which their capital is exposed in supporting a claim provision about which there is some uncertainty.

This approach differs from the calculation of claim provisions under IFRS 4. As a life insurer reporting under Appendix C of IFRS 4, the Company determines its claim provisions with no additional risk adjustment.

3. Significant accounting policies (continued)

E. Measurement – Significant judgements and estimates

Risk adjustment
NZ IFRS 17 requires a risk adjustment to be included in the Value of Fulfilment Cash-flows when applying the GMM method, and in determining the Liability for Incurred Claims (LFIC) when applying the PAA method.

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

Under NZ IFRS 4, the Company has been classified as a life insurer and has therefore reported under Appendix C, where no risk margins are required.

Under NZ IFRS 17, the Company will add an allowance for non-financial risk to its Liability for Incurred Claims and will also add an allowance for claim management expenses, which is also required under NZ IFRS 17 but not under Appendix C of NZ IFRS 4.

When applying PAA, no explicit risk adjustment is determined for the Liability for Remaining Coverage (LFRC), except when measuring onerous contracts.

Discount rates
NZ IFRS 17 requires the net central estimate of outstanding claims with a term of longer than 12 months to be discounted. Future cash-flows are also to be discounted in assessing the eligibility for applying the PAA method in determining the Liability for Remaining Coverage (LFRC) of contracts of longer than 12 months.

The Company does not currently discount future cashflows, as the average payment term is 3 months. Similarly, the Company will not be discounting future claim payments in determining the Liability for Incurred Claims (LFIC) under NZ IFRS 17, as the impact of discounting is not material.

The discount rate adopted for determining the eligibility for PAA for contracts of longer than 12 months will be set using a 'bottom-up approach' which requires the use of risk-free rates adjusted to reflect the illiquidity characteristics of the insurance contracts. The illiquidity premium within discount rates will generally be determined based on a review of the impact of liquidity on interest rates, and the level of illiquidity implicit in the Company's insurance contracts.

F. Disclosures
NZ IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts, as well as disclosures about significant judgements made when applying NZ IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts. Disclosures will generally be made at a more granular level than under NZ IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

G. Transition
Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to all the Company's insurance contracts.

Under the full retrospective approach, at 1 April 2022 the Company will identify, recognise and measure each group of insurance contracts as if IFRS 17 had always been applied, recognising any resulting net difference in equity.

b) Foreign Currency Transactions
Foreign currency transactions are translated to New Zealand currency at the exchange rate ruling at the date of the transaction. All foreign currency monetary assets and liabilities are translated at the exchange rates ruling as at balance date.

c) Insurance contracts
- *Premium revenue from insurance contracts*

Premium revenue comprises amounts charged to policyholders and excludes taxes and duties collected on behalf of statutory parties.

The earned portion of premium received, and receivable is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk, over the period related to the insurance contract in accordance with the pattern of the risk expected under the contract.

The unearned portion of premiums not earned at the reporting date is recognised in the Statement of Financial Position as unearned premium liabilities.

3. Significant accounting policies (continued)

- *Reinsurance recoveries relating to reinsurance contracts and other recoveries related to insurance contracts*

Reinsurance and other recoveries receivable on paid claims and reported claims not yet paid are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Reinsurance does not relieve the originating insurer of its liabilities to policyholders.

d) Other revenue and income

- Dividend income

Dividends from investments in equity instruments are recognised in profit or loss when the right to receive payment is established. In this case, the dividend is recognised in other comprehensive income (OCI) if it relates to an investment measured at fair value through other comprehensive income (FVTOCI).

- Other revenue and income

All other revenue and income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and the right to receive the revenue has been established.

e) Reinsurance expense for reinsurance contracts

Outwards reinsurance expense comprises premium ceded to reinsurers.

The incurred portion of outwards reinsurance premium paid or payable is recognised as an expense. Outwards reinsurance expense is recognised as incurred from the date of attachment of risk, over the period related to the reinsurance contract in accordance with the pattern of the risk expected under the contract.

The unearned portion of outwards reinsurance premium not incurred at the reporting date is recognised in the Statement of Financial Position as deferred reinsurance premiums.

f) Claims expense from insurance contracts

Claims expense represents claim payments adjusted for movement in the outstanding claims liability.

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

g) Costs relating to insurance contracts

Commission and operating expenses are recognised in the Statement of Comprehensive Income on an accruals basis, unless otherwise stated.

Expenses are categorised into acquisition and maintenance on the basis of a detailed functional analysis of activities carried out by the Company.

Expenses are further categorised into general insurance based on new business volumes (acquisition costs) and in-force volumes (maintenance costs).

- Acquisition costs

Policy acquisition costs comprise the costs of acquiring new business, including commission, advertising, policy issue and underwriting costs, agency expenses and other sales costs.

Where the overall product profitability of new insurance business written during the year is expected to support the recovery of acquisition costs incurred in that year, these costs are deferred as an element of life insurance contract assets and amortised over the life of the policies written.

Unamortised acquisition costs are a component of insurance assets. Amortisation of acquisition costs is recognised in profit or loss as a component of net change in insurance contract assets at the same time as policy margins are released.

Commission that varies with and is directly related to securing new life investment contracts is capitalised as a deferred acquisition cost asset along with an administration and marketing allowance.

All other acquisition costs are recognised as expenses in the Statement of Comprehensive Income when incurred.

The deferred acquisition cost asset is subsequently amortised over the life of the contracts and is recognised in the Statement of Comprehensive Income as part of net change in life investment contract assets.

3. Significant accounting policies (continued)

- Maintenance costs

Maintenance costs are the fixed and variable costs of administrating policies subsequent to sale. These include general growth and development costs.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the general insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

Acquisition costs incurred in obtaining general insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods.

Deferred insurance contract acquisition costs are subject to a loss recognition test as to their recoverability.

h) Other Expenses

All other expenses are recognised as incurred in profit and loss on an accruals basis.

i) GST

The provision of Life Insurance contracts is an exempt transaction for GST purposes. Consequently not all the premiums earned on insurance contracts that have a life provision in their coverage will attract GST. The Company has utilised the apportionment method in identifying the part of the premium attributable to the life benefit. This has been calculated by applying the life rates as applied on an individual basis against the overall premium component. The GST is then calculated on the non-life portion of the premium.

j) Taxation

Income tax on net profit for the reporting period comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised outside profit or loss (equity or other comprehensive income), in which case it is also recognised outside profit or loss.

Current income tax is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax liabilities are recognised when tax deductions have exceeded accounting expenditure for temporary differences and depreciation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

k) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. Significant accounting policies (continued)

Classification of financial assets

- Financial assets that meet the following conditions are measured subsequently at amortised cost:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and

- The Company may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

The Company has no financial assets classified at FVTPL.

i) Amortised cost and effective interest method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets measured at amortised cost include: premium receivables, other receivables and related party receivables.

ii) Financial assets at FVTOCI

Financial assets at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with unrealised gains and losses recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve, except for interest income, impairment charges and foreign exchange gains and losses, which are recognised in profit or loss. On disposal of these financial assets, the cumulative gain or loss that was previously recognised in other comprehensive income is reclassified from equity to profit or loss.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9 Financial Instruments (see note 11).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to reserves.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9. Dividends are included in the ‘other income’ line item (note c) in profit or loss.

3. Significant accounting policies (continued)

The Company's financial assets measured at FVTOCI include an equity investment in an unlisted property investment company and bank bonds.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company recognises lifetime ECL for premium and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for that financial assets at an amount equal to 12-month ECL. The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that another default criteria is more appropriate.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If The Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If The Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities
Classification of financial liabilities
Financial liabilities are classified into one of the following measurement categories:
- those to be measured subsequently at fair value through profit or loss ('FVTPL'); and
- those to be measured at amortised cost.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

i) Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. Significant accounting policies (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The Company has not classified any financial liabilities in this category.

ii) Financial liabilities at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities measured at amortised cost include trade and other payables.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks and 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.

m) Insurance business

- Principle of insurance business

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The insurance activities of the Company consist of all transactions arising from writing general and life insurance contracts.

3. Significant accounting policies (continued)

The Company issues the following insurance contracts:

- Temporary life insurance contracts covering death disablement, disability and redundancy risks.
- Short term motor vehicle contracts covering comprehensive, third party and mechanical breakdown risks.
- Short term motor vehicle contracts provides financial protection from certain types of loss that are not covered by standard automobile insurance.

\- Assets backing insurance contract liabilities

The Company has determined that all assets are assets backing policy liabilities and are managed and reported in accordance with a mandate approved by the Company's Board of Directors.

Financial assets are held to back the insurance liabilities on the basis that these assets are valued at fair value in the Statement of Financial Position.

Financial assets backing insurance liabilities consist of liquid and high-quality investments such as cash and cash equivalents and fixed interest securities held by the Company.

Financial assets backing insurance liabilities are invested to reflect the nature of the insurance liabilities.

The financial assets that provide backing for the insurance liabilities are closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from insurance liabilities.

Financial assets backing insurance liabilities are managed on a fair value basis and are reported to the Board on this basis, they have been measured at fair value through profit or loss wherever the applicable standard allows.

Fair value is determined as follows:

- cash assets are carried at face value at reporting date, which approximates fair value;
- fixed interest securities are valued at their fair value at the quoted bid price of the instrument at reporting date;
- investments in equity instruments are valued at their fair value at reporting date.

\- Insurance contract liabilities

The liability for insurance contracts has been determined in accordance with Appendix C of NZ IFRS 4 Insurance Contracts, and the valuation of any general insurance claims is performed in accordance with PS 30 Valuations of General Insurance Claims issued by the New Zealand Society of Actuaries ('NZSA'), and the valuation of any life insurance policy liabilities is performed in accordance with PS 20 Determination of Life Insurance Policy Liabilities issued by the NZSA.

In terms of these standards, insurance contract liabilities are determined:

- For short term general insurance contacts - using the 'Margin or Services' principle. Under Margin of Services profits emerge evenly over the life of the contract as services are provided in a manner that reflects the pattern of risk accepted from the policyholder 'the service'.

  General insurance contract liabilities include outstanding claims liability and the provision for unearned premium.

  The outstanding claims liability is measured as the central estimate of expected future payments relating to claims incurred at the reporting date with an additional risk margin to allow for the inherent uncertainty in the central estimate.

  The expected future payments include those in relation to claims reported but not yet paid in full, i.e. incurred but not reported ('IBNR'), and incurred but not enough reported ('IBNER'). Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost of these cannot be known at reporting date and are estimated based on past experience. The expected future payments are discounted to present value using a risk-free rate.

- For shorter-term life and longer-term life contracts written on yearly renewable premiums - using the accumulation method. Under the accumulation method for risk policies the policy liability is the sum of the unearned premiums, outstanding claims plus an allowance for claims incurred but not yet reported. For investment policies, the policy liability is determined as the policy account balance including accrued interest to the balance date, plus investment fluctuation reserves subject to a minimum of the current surrender value.

The estimation of the outstanding claims liability involves a number of key assumptions and is the most critical accounting estimate. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing the liability, it is likely that the final outcome will be different from the original liability established. Changes in claims estimates impact profit and loss in the year in which the estimates are changed.

3. Significant accounting policies (continued)

- Liability adequacy test

The liability adequacy test is an assessment of whether the carrying amount of the insurance liabilities net of deferred acquisition costs is adequate and is conducted at each reporting date. If current estimates of the expected insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the unearned premium liability then the unearned premium liability is deemed to be deficient. The test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency arising from the test is recognised in profit or loss, with the corresponding impact on the Statement of Financial Position.

No deficiency was identified in the current or comparative reporting periods.

The Directors are confident that the assets held by the Company are sufficient to meet the estimated outstanding liabilities as at the reporting date.

n) Actuarial policies and methods

An actuarial review of Liability for Outstanding Claims at reporting date was undertaken by the Company's appointed Actuary, Mr Peter Davies B.Bus.Sc., FIA, FNZSA, AIAA, ASA ('the Actuary'). The liability for outstanding claims (note 15) has been determined in accordance with NZ IFRS 4 Insurance Contracts issued by the New Zealand External Reporting Board, and Professional Standard No. 4.1 of the New Zealand Society of Actuaries (Inc).

For the purposes of the Actuarial Report issued as at reporting date the Actuary is satisfied as to the nature, sufficiency and accuracy of the data used to determine the Liability for Outstanding Claims.

At the reporting date, there are no qualifications contained in the Actuarial Report and the Actuary regarded the data used in determining the Liability for Outstanding Claims as sufficiently accurate for the purpose of the valuation.

The Unearned Premium Liabilities, in the Actuary's view, meets the liability adequacy test prescribed by NZ IFRS 4.

The Company’s solvency capital exceeds the minimum capital requirement of the Reserve Bank of New Zealand solvency standard by a satisfactory margin.

Polices have been valued on an accumulation basis, with the policy liability equalling the unearned premium net of acquisition costs, calculated on a straight line basis.

Where the unearned premium net of acquisition costs is less than the best estimate liability of a policy, the policy liability equals the best estimate liability. The best estimate liability in this instance is calculated using best estimate assumptions regarding mortality, disability frequency, disability continuance, redundancy frequency, redundancy continuance and future management expenses.

The provision for notified claims on the statement of financial position is the same as the actuary's assessment (2022: $6,140 higher), and with the IBNR being comparative (2022: comparative), there is a nil net margin in the current provisions (2022: $6,140). As this is an exact match (2022: close match), the actuary recommends that the current provisions remain unchanged. This position can be reviewed in September 2023.

4. Significant judgements and estimates

Not withstanding the existence of relevant accounting standards, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgements and estimates made by the Company in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements are set out below:

a) Liabilities arising from claims under insurance contracts

Liabilities arising from claims under insurance contracts are estimated based on the terms of the cover provided under the insurance contract.

The estimation of the ultimate liability arising from claims made under insurance contracts is based on a number of actuarial techniques that analyse experience, trends and other relevant factors. The actuarial methodologies used are noted below.

The liability for insurance contracts has been determined by the Company's consulting Actuary, Peter Davies, ('the Actuary'), B.Bus.Sc., FIA, a Fellow of the New Zealand Society of Actuaries in accordance with NZ IFRS 4 'Insurance Contacts' issued by the External Reporting Board, and Professional Standard no. 20 of the New Zealand Society of Actuaries – Valuation of Life Insurance Policy Liabilities and no. 30 Valuation of General Insurance Claims. The liability equals the initial single premium, net of acquisition costs, written down on a straight line basis over the life of the policy.

4. Significant judgements and estimates (continued)

The actuary is satisfied as to the nature and extent of the data used for the valuation.

The life insurance contract liabilities are subject to a loss recognition test, which has been carried out on the following basis:

2023	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	21% of net unearned premium
	Disability:	21% of net unearned premium
	Redundancy:	21% of net unearned premium
	Expenses:	40% of future claims
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil
	Surrender value:	Rule of 78 less $35 processing fee. Generally no refunds paid
2022	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	16% of net unearned premium
	Disability:	16% of net unearned premium
	Redundancy:	16% of net unearned premium
	Expenses:	40% of future claims
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil. Surrender values are lower than unearned premiums
	Surrender value	Rule of 78 less $35 processing fee. Generally no refunds paid

Claim provisions for notified claims have been determined using case estimates provided by the claims manager.

The provision for claims incurred but not reported (IBNR) has been determined by applying the chain ladder method to past claim reporting patterns.

Insurance contract liabilities for motor vehicle business have been calculated as the unearned premium net of deferred acquisition costs.

The basis for the loss recognition test in respect of motor insurance business is as follows:

2023	Premium liability before risk margin and expenses:	78% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	7% of future claims
	Future Surrenders:	Nil
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	
	Business written pre-April 2021	60% Rule of 78, 40% straight line
	Business written April 2021+	Per observed risk pattern
	Comprehensive Motor, GAP	Straight line amortisation
2022	Premium liability before risk margin and expenses:	70% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	7% of future claims
	Future Surrenders:	Nil
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	
	Business written pre-April 2021	60% Rule of 78, 40% straight line
	* Business written April 2021+	Per observed risk pattern
	Comprehensive Motor, GAP	Straight line amortisation

* The effect of the change in the earned premium recognition pattern for Mechanical Breakdown resulted in the additional recognition of $0.5m premium income in 2022 year.

4. Significant judgements and estimates (continued)

Claim provisions for notified motor claims have been based on case estimates provided by the claim manager.

The provision for IBNR in respect of motor claims has been determined by applying the chain ladder method to past claim reporting patterns.

Under the accumulation method, insurance contract liabilities do not vary with changes in the valuation assumptions, unless a variation in the assumption would lead to the recognition of future losses. The sensitivity of changes in the valuation assumptions on the best estimate liability calculations, carried out as part of the loss recognition tests, is indicated in the following table:

b) Sensitivity Disclosure

Policy liabilities (unearned premium liability), net of deferred acquisition costs (in dollars):

31 March 2023	Payment Protection & Lifestyle		Motor		Combined	
Policy liability	5,924,700		20,006,403		25,931,103	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	1,741,862		16,697,344		18,439,206	
Discount rate +1%	1,741,862	-	16,697,344	-	18,439,206	-
Discount rate -1%	1,741,862	-	16,697,344	-	18,439,206	-
Claims frequencies x 1.1	1,866,281	(124,419)	18,257,843	(1,560,499)	20,124,124	(1,684,918)
Claims frequencies x 0.9	1,617,443	124,419	15,136,844	1,560,499	16,754,288	1,684,918
Admin costs x 1.1	1,791,629	(49,767)	16,806,579	(109,235)	18,598,208	(159,002)
Admin costs x 0.9	1,692,094	49,767	16,588,109	109,235	18,280,204	159,002
Cancellation rate x 1.1	1,741,862		16,697,344	-	18,439,206	-
Cancellation rate x 0.9	1,741,862		16,697,344	-	18,439,206	-

* Net of deferred acquisition costs

31 March 2022	Payment Protection & Lifestyle		Motor		Combined	
Policy liability	4,459,769		15,272,729		19,732,498	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	998,988		11,439,274		12,438,262	
Discount rate +1%	998,988	-	11,439,274	-	12,438,262	-
Discount rate -1%	998,988	-	11,439,274	-	12,438,262	-
Claims frequencies x 1.1	1,070,344	(71,356)	12,508,365	(1,069,091)	13,578,709	(1,140,447)
Claims frequencies x 0.9	927,632	71,356	10,370,183	1,069,091	11,297,815	1,140,447
Admin costs x 1.1	1,027,531	(28,543)	11,514,110	(74,836)	12,541,641	(103,379)
Admin costs x 0.9	970,446	28,542	11,364,437	74,837	12,334,883	103,379
Cancellation rate x 1.1	998,988	-	11,439,274	-	12,438,262	-
Cancellation rate x 0.9	998,988	-	11,439,274	-	12,438,262	-

* Net of deferred acquisition costs

The best estimate is calculated on the basis of the "best estimate" of the net future cash-flows under insurance policies and exclude future profit. These profits are released to the statement of financial performance income statement over the life of the policies and are included in the carrying amount of liabilities disclosed on the statement of financial position. The "best estimate" assumptions have been calculated using the assumptions set out above.

5. Solvency

The solvency position of the Company as at 31 March 2023 has been calculated by the Company's actuary, under the Reserve Bank of New Zealand solvency standard (Section 55 of the Insurance (Prudential Supervision) Act 2010). The actual solvency capital of the Company under this standard as at 31 March 2023, net of related party investments and unrecoverable deferred acquisition costs amounted to $12.5m (2022:$9.02m). Quest Insurance Group Limited is required to hold minimum solvency capital of $7.8 million (2022: $5.3m) and have a solvency margin of at least $1.

2023	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	11,430	1,118	12,548
Minimum solvency requirement	7,283	542	7,825
Solvency Margin	**4,147**	**576**	**4,723**
Solvency Cover Ratio	157%	206%	160%

5. Solvency (continued)

2022	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	6,378	2,642	9,020
Minimum solvency requirement	5,254	-	5,254
Solvency Margin	**1,124**	**2,642**	**3,766**
Solvency Cover Ratio	121%	n/a	172%

The liabilities recorded on the Statement of Financial Position are $44.08m (2022: $32.79m) and total assets equal $65.32m (2022: $50.71m).

6. Disclosure items

	2023 $'000	2022 $'000
Expenses		
Auditor's remuneration		
- Audit of the financial statements	40	40
- Other assurance services - Audit of the Company's Solvency Return	5	7
- Remuneration for tax compliance services	6	6
Other revenue		
Interest received		
- Bank	575	149
- Related party (see note 10)	89	79
Dividends	-	112

7. Tax reconciliation

	2023 $'000	2022 $'000
Net profit before taxation	4,433	4,721
Prima facie taxation @ 28%	1,241	1,322
Non-deductible expense	2	1
Non-taxable income	-	(32)
Offset against group tax losses	(755)	(249)
Movement in deferred tax recognised	488	1,042
Deferred tax assets		
Temporary differences	-	4
Deferred tax liabilities		
Deferred insurance contract acquisition costs	(2,119)	(1,638)
	(2,119)	(1,634)

8. Net claims incurred

2023	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses	8,644	11,729	20,373
Reinsurance and other recoveries	(1,297)	(1,759)	(3,056)
	7,347	9,970	17,317

2022	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses	5,855	7,615	13,470
Reinsurance and other recoveries	(905)	(1,178)	(2,083)
	4,950	6,437	11,387

9. Commission expense

	2023 $'000	2022 $'000
Commission expense	8,786	6,360
Less: commission on rebates	(5)	(6)
	8,781	6,354

10. Transactions with related parties

The following related party transactions are with Geneva Finance Limited which is Quest Insurance Group Limited's Parent company and Prime Asset Trust Limited which is a fellow subsidiary company of Geneva Finance Limited.

	2023	**2022**
Revenue		
Interest	**$'000**	**$'000**
Geneva Finance Limited	89	79
	89	79
Expenses		
Commission, marketing subsidy and management fee		
Geneva Finance Limited	45	97
Geneva Finance Limited	(5)	(7)
	40	90
Assets		
Receivables		
Geneva Finance Limited (5.75%, secured debenture stock, on call)	500	500
Geneva Finance Limited (1%, unsecured , on call)	6,000	6,000
Geneva Finance Limited (interest free, unsecured , on call)	2,024	1,979
Current account		
Geneva Finance Limited (non interest bearing current account)	115	75

11. Financial assets at FVTOCI

	2023	**2022**
Financial assets at FVTOCI	**$'000**	**$'000**
Unlisted medical property investment company	-	33
Bank bonds	10,794	-
	10,794	**33**

Unlisted medical property investment company

The 10.85% stake in this company is held by Quest Insurance Group Limited. The investment in the unlisted medical property company is a held for sale financial asset and is measured at fair value. This investment is denominated in NZ dollars. This equity security is not quoted in an active market. The fair value of this equity security is based on The Company's share of the entity's net assets at reporting date as reported in the entity's financial statements (valuation technique). The entity is a property investment company that is solely in the business of holding and leasing investment property under operating leases and is in involved in the development of investment property.

The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). The inter-relationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the net assets would decrease / (increase) the fair value of the investment.

The underlying asset in the AMPL investment has been sold, resulting in Quest receiving circa $33k (2022: $0.2m) distributions from this investment in the current year. The carrying value for the investment is nil.

12. Plant and equipment

	2023	**2022**
	$'000	**$'000**
Computer equipment		
At cost	14	10
Accumulated depreciation	(7)	(5)
	7	5
Motor vehicles		
At cost	101	101
Accumulated depreciation	(65)	(46)
	36	55
Total plant and equipment	43	60

13. Intangible assets

	2023 $'000	2022 $'000
Computer software		
At cost	350	247
Accumulated amortisation	(241)	(205)
	109	42
Total intangible assets	109	42

14. Receivables

	2023 $'000	2022 $'000
Premium Receivables	16,853	11,043
Other receivables	187	170
	17,040	11,213

15. Outstanding claims liabilities

	2023 $'000	2022 $'000
Gross claims undiscounted	2,171	2,767
Third party recoverable	(120)	(51)
IBNR provision	2,036	246
Closing balance	4,087	2,962

Reconciliation of movement in outstanding claims liability

	2023	2022
Gross claims undiscounted		
Opening balance	2,767	1,352
Movement in ultimate incurred costs	(17,913)	(9,972)
Payments	17,317	11,387
Closing balance	2,171	2,767
Third party recoverable		
Opening balance	(51)	(38)
Movement	(69)	(13)
Closing balance	(120)	(51)
IBNR provision		
Opening balance	246	344
Movement	1,790	(98)
Closing balance	2,036	246

As noted in note 4: Significant judgements and estimates, no discounting to net present value has been applied to the expected future payments for outstanding claims. The average weighted expected term of settlement is 0.19 years (2022: 0.15 years).

16. Policyholder liabilities

	2023 $'000	2022 $'000
Outstanding Policyholder Liabilities	33,499	25,580
Less: Outstanding Policy Holder Assets	(7,568)	(5,847)
Closing balance	25,931	19,733

Unearned insurance contract premium liabilities	2023 $'000	2022 $'000
Opening balance	25,580	19,008
Deferral of premium on contracts written during the year	39,297	30,297
Earnings of premiums deferred in prior year	(31,378)	(23,725)
Closing balance	33,499	25,580

16. Policyholder liabilities (continued)

Deferred insurance contract acquisition costs	2023 $'000	2022 $'000
Opening balance	5,847	5,226
Deferral of insurance contract acquisition costs incurred during the year	8,778	6,374
Expense of insurance contract acquisition costs incurred during prior years	(7,057)	(5,753)
Closing balance	7,568	5,847

17. Share capital and reserves

Number of ordinary shares	2023 $'000	2022 $'000
Opening balance	8,000	2,000
Shares issued during the year	-	6,000
Total authorised and issued share capital	8,000	8,000

Dollar value of ordinary shares	2023 $'000	2022 $'000
Opening balance	8,000	2,000
Shares issued during the year	-	6,000
Total authorised and issued share capital	8,000	8,000

All issued shares are authorised and fully paid. The holders of ordinary shares rank equally amongst themselves, are entitled to receive dividends from time to time and are entitled to one vote per share and rank equally with regard to the Company’s residual assets.

No dividends was paid to Geneva Finance Limited in March 2023 (2022: Nil). $649k dividend has been declared subsequent to 31 March 2023.

Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve related to revaluation of an equity investment held by the Company (Refer Note 11).

The equity investment was initially acquired for a cost of $2.2m. The FVTOCI reserve represents the difference between the initial cost, capital distributions received during the year and the fair value at reporting date of Nil (2022: $0.03m). In the current year, movement includes fair value movement on bank bonds acquired during the year.

	2023 000's	2022 000's
Opening balance	9	51
Movement	83	(42)
Closing balance	92	9

18. Capital Management

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of the capital on shareholders return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The allocation of capital between its specific business operations and activities is, to a large extent, driven by optimisation of the return on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsibilities for the operation. The Company's policies in respect of capital in respect of capital management and allocation are reviewed regularly by the Board of Directors.

It is the policy of the shareholders to ensure that equity retained provides an adequate level of solvency when measured against retained premium.

19. Cash and cash equivalents

	2023 $'000	2022 $'000
Bank	20,874	24,858

20. Accounts payable and accruals

	2023 $'000	2022 $'000
Other payable and accruals	3,658	2,614

21. Financial Instruments

a) Credit Risk

Credit risk is defined as the risk that a loss will be incurred if a counter party to a transaction does not fulfil its financial obligations.

Credit risk is the potential loss arising from the non-performance of a counterparty to whom funds have been advanced, including Group companies. Financial instruments, which potentially subject the Company to credit risk principally, consist of bank balances, accounts receivable and related party balances.

The board, audit and risk committees have the responsibility to oversee all aspects of credit risk assessment and management, and delegates authority to perform advances within approved policies and guidelines.

To control the level of credit risk taken each party credit risk is individually evaluated on a case by case basis.

The Company's credit risk to cash and cash equivalents represents the potential cost to the Company if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Company only banks with registered banks.

The Company's credit risk to bank bonds represents the potential cost to the Company if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Company's bank bonds are limited to banks with a minimum Standard & poor's (S&P) AA- credit rating.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty to raise funds on short notice to meet obligations from its financial liabilities.

The Company maintains sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Management actively manages the claim exposure to ensure the net exposure to liquidity risk is minimised. The exposure is reviewed on an ongoing basis from daily procedures to monthly reporting as part of the Company's liquidity management process. The management process includes:

- day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.

Monitoring and reporting the form of cash flow measurement and projections, these include:

- day to day funding requirements,
- on a weekly basis, projecting the requirements for each of the next four weeks,
- on a monthly basis, projecting the requirements for each of the next 12 months,

The monthly projections are reported to the board.

The below table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2023 $'000	0-6 months	7-12 months	13-24 months	25-60 months	Over 60	Total
Financial liabilities						
Other payables	3,658	-	-	-	-	3,658
	3,658	-	-	-	-	3,658

2022 $'000	0-6 months	7-12 months	13-24 months	25-60 months	Over 60	Total
Financial liabilities						
Other payables	2,614	-	-	-	-	2,614
	2,614	-	-	-	-	2,614

c) Market Risk

Market risk is the risk of an event in the financial markets that results in a fluctuation in earnings or a fluctuation in value. Market risk arises from the mismatch between assets and liabilities. The company is exposed to diverse financial instruments including interest rates and equity.

21. Financial Instruments (continued)

Interest rate sensitivity analysis
The following tables summarise the sensitivity of the Company's financial assets to interest rate risk. The analysis shows the annualised impact on the profit before tax and equity of a reasonably possible movement of +/- 0.5% movement in interest rates.

31 March 2023			Interest rate risk		
	Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	20,874	(104)	(104)	104	104
Financial assets at FVTOCI	10,794	(54)	(54)	54	54

31 March 2022			Interest rate risk		
	Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	24,858	(124)	(124)	124	124

d) Fair value financial assets and liabilities

i) Fair values
The carrying value of all financial assets and liabilities not measured at fair value approximates their fair values as they are either short term in nature, rate insensitive and subject to impairment.

ii) Fair value hierarchy
NZ IFRS 13 specifies a hierarchy of valuation measurements based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, New Zealand Stock Exchange and NZX Debt market) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The sources of input parameters for yield curves or counterparty credit risk are Bloomberg or Reuters.

- Level 3 - Inputs for assets and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

31 March 2023	Note	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
Financial assets at FVTOCI	(11)	5,271	5,523	-	10,794
Total Assets		5,271	5,523	-	10,794

31 March 2022	Note	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
Financial assets at FVTOCI	(11)	-	-	33	33
Total Assets		-	-	33	33

Refer to note 11 for further information regarding the fair value measurement of the equity securities available for sale.

21. Financial Instruments (continued)

iii) Reconciliation

31 March 2023		**Financial Assets at FVTOCI**	**Total**
Financial assets at FVTOCI		$'000	$'000
At 1 April 2022		33	33
Acquisitions		10,678	10,678
Movement in fair value in financial assets at FVTOCI	**(11)**	116	116
Investment proceeds		(33)	(33)
At 31 March 2023		10,794	10,794

Total FVTOCI reserve reclassified through profit or loss for the period included in other revenue -

31 March 2022	**Financial Assets at FVTOCI**	**Total**
	$'000	$'000
At 1 April 2021	203	203
Decrease in fair value in financial assets at FVTOCI	(42)	(42)
Investment proceeds	(170)	(170)
FVTOCI reserve reclassified through profit or loss	42	42
At 31 March 2022	33	33

Total FVTOCI reserve reclassified through profit or loss for the period included in other revenue 42

e) Insurance Risk

Insurance risk is the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to the expectations at the time of underwriting. The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payment will exceed the carrying amount of the provision established.

The Company is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The risk attachment periods under these products are short to mid term and usually between 12 and 36 months.

A central part of the Company’s overall risk management strategy is the effective management of the risks that affect the amount, timing and certainty of cash flows arising from insurance contracts.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts, industry sectors and geographical areas. The variability of risks is also improved by strong underwriting discipline and the implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company also uses the services of the appointed Actuary and insurance advisers and brokers to provide advice and assistance on managing insurance risk. In addition, the Company maintains a detailed analysis of historical claims and a detailed knowledge of the current developments in the specific market that the Company operates in.

Initial claims determination is managed by the Company's claims department with the assistance of the Company's loss adjuster and claims manager. It is the Company’s policy to respond to and settle all genuine claims in a timely manner and to pay claims fairly, based on policyholders’ full entitlements. Claims provisions are established using valuation models and include a risk margin for uncertainty, refer to note 4.

To further reduce the risk exposure of the Company there are strict claim review policies in place to assess all new and ongoing claims and processes to review claims handling procedures regularly. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company assumes insurance risk through its general insurance activities. The risk is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The risk is random and unpredictable. The key risk arises in respect of claim costs varying from what was assumed in the setting of premium rates.

21. Financial Instruments (continued)

e) Insurance Risk (continued)

The primary objective in managing insurance risk is to enhance the financial performance of the Company, to reduce the magnitude and volatility of claims and to ensure funds are available to pay claims and maintain the solvency of the business if there is a negative deviation from historical performance.

Policies, processes and methods for managing insurance risk are as follows:

- Quest assesses the necessity of reinsurance based on the recommendations of an Independent Actuary;
- pricing of policy premiums to ensure alignment with the underlying risk; and
- regular monitoring of the financial results to ensure the adequacy of policies.

The financial results of the Company are primarily affected by the level of claims incurred relative to that implicit in the premiums. The assumptions used in the valuation of the outstanding claims liability and the liability adequacy test directly affect the level of estimated claims incurred.

The scope of insurance risk is managed by the terms and conditions of the policies. The level of benefits specified is the key determinant of the amount of future claims although the exact level of claims is uncertain.

22. Reconciliation of net surplus after taxation to cash flows from operating activities

		2023 $'000	2022 $'000
Net profit after taxation		3,947	3,679
Add / (Less) movements in working capital			
Deferred insurance contract acquisition costs		(1,721)	(621)
Increase unearned premium liability		7,919	6,572
Increase outstanding claims liability		1,125	1,305
Increase accounts payable		1,042	434
Increase prepayments and sundry debtors		(5,922)	(2,408)
Increase tax liability		486	1,042
FVTOCI reserve reclassified through profit or loss	(6)	-	(42)
Withholding Tax		(24)	-
Net cash inflow from operating activities		**6,852**	**9,961**

23. Reinsurance program

Reinsurance is purchased to make the Company's results less volatile by reducing the effect of large individual claims. The Company's reinsurance was renewed for the period 1 October 2022 to 30 September 2023.

24. Disaggregated information

There is no investment-linked business.

25. Segmental information

The Company operates in the insurance industry offering temporary insurance contracts covering death, disablement and redundancy risk and short term motor vehicle insurance contracts covering comprehensive, third party and mechanical breakdown, predominantly within New Zealand.

26. Commitments and Contingent liabilities

There are no material commitments and contingent liabilities at balance date (2022: Nil).

27. Financial Strength Rating

Credit rating agency AM Best confirmed Quest Insurance Group Limited's on 17 August 2022 with a Financial Strength rating of B and an Issuer Credit rating of bb+. Both ratings came with a stable outlook.

28. Subsequent Events

Director resignations.
Daran Nair (Independent Director) resigned as director effective 31 July 23.
David O'Connell (Managing Director) resigned as director effective 11 August 2023.

Davies Financial and Actuarial Limited

26th July 2023

To: The Directors
Quest Insurance Group Limited

From: Peter Davies
Appointed Actuary

Re: Quest Insurance Group Limited ("Quest"): Report as at 31st March 2023 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for Quest as at 31st March 2023. "Actuarial information" includes the following:

   - claim provisions and unexpired risk / unearned premium provisions;
   - solvency calculations in terms of the RBNZ Solvency Standard;
   - balance sheet and other information allowed for in the calculation of the company's solvency position; and
   - disclosures regarding the methodology and assumptions used for calculating claim provisions, unexpired risk provisions, and other disclosures.

2. No limitations have been placed on my work.

3. I am independent with respect to Quest as defined under professional standard ISA (NZ) 620 of the External Reporting Board.

4. I have been provided with all information that I have requested in order to carry out this review.

Level 1, Building 1, 61 Constellation Drive, Mairangi Bay, 0632 Telephone (09) 489-3551 e-mail: pdavies@actuary.co.nz
P.O. Box 35-258, Browns Bay, Auckland 0753 home page: www.actuary.co.nz

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.

6. As at 31st March 2023, Quest's solvency position under the RBNZ Solvency Standards for Life and Non-Life Insurance Business (2014) respectively was as follows:

	31 March 2023			31st March 2022		
After post-balance date transfers	(2,500,000)	1,851,000	(649,000)			
	Life	Non-life	Total	Life	Non-life	Total
Actual solvency capital	1,117,985	11,429,553	12,547,538	2,641,727	6,378,224	9,019,951
Minimum solvency requirement	542,439	7,282,564	7,825,003	0	5,253,802	5,253,802
Solvency margin	575,546	4,146,989	4,722,535	2,641,727	1,124,421	3,766,149
Solvency coverage ratio:	206%	157%	160%	n/a	121%	172%

Assuming that the Company's business plans are realised and claims occur as projected, the Company is projected to exceed the minimum RBNZ requirements (including the new Interim Solvency Standard published by the RBNZ in October 2022, which takes effect from 1 April 2023) at all times over the next four years.

I would be very happy to answer any queries concerning this report.

Yours sincerely

Peter

Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary

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