Annual Report
2025

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About MAS

We're proud to be a New Zealand-owned insurance and investment company that's been enhancing the financial health and wellbeing of our Members since 1921. We offer a range of insurance and investment solutions to help grow our Members' wealth and protect what's important to them.

Originally set up by doctors for doctors, we now have around 80% of the medical profession insured with us. The difference today, is that we welcome all New Zealand professionals and their families. This includes dentists, veterinarians, lawyers and engineers, to name just a few.

We also form close partnerships with many of the professional bodies our Members belong to.

We're a little bit different

We're a mutual, owned by our Members, so we have their best interests at heart and not a single dollar goes to offshore shareholders. It's not merely about the services we provide, it's about building life-long relationships that grow stronger over time founded on trust, respect, and a deep understanding of our Members.

We do this by caring for our Members with exceptional service, premium products and expert advice. Our Members also have access to our network of nationwide MAS Advisers at no additional cost.

With no overseas shareholders, our profits are reinvested to strengthen our financial reserves, support MAS Foundation and expand our offerings to meet our Members' changing needs.

We're community driven

As you'd expect from an organisation founded by doctors, we're community driven with a commitment to enhancing inter-generational wellbeing and contributing to the greater good. In 2019 we established MAS Foundation, a philanthropic organisation that funds community-led projects to improve health and wellbeing equity throughout the country.

Being a MAS Member means you not only receive outstanding products and service, but your contributions make a real difference to support a healthier Aotearoa New Zealand.

We look after our Members' health and wellbeing

All Members and their families receive free access to the Āki Wellbeing Hub, an online app that provides tools and simple advice about how to improve your physical health, along with your nutritional, mental, and financial wellbeing. MAS Members can also take advantage of 3 free EAP counselling and support sessions.

We see a world where our Members and our community are financially and physically healthy and well, so they can navigate their life with confidence.

We're proud to be recognised for exceptional service

Our Members have voted us Consumer People's Choice for House, Contents and Car insurance 9 years in a row.

consumer. PEOPLE'S CHOICE
MAS House Contents Car

Here for Members

Tēnā koutou i whai wāhi mai ki te ao o tō tātou kamupene i te tau kua hori nei. Ko ō mahi, ahakoa nōnāhea, kua whakaahua i a MAS, ā, kua āwhina i a mātou ki te koke whakamua. Ko ō mātou Mema tonu kei te iho o ā mātou mahi katoa, ā, ko tō rātou whakapono tonu kei te ārahi i te koronga.

At MAS, being a mutual means putting our Members at the heart of everything we do. Our purpose is to ensure that our products and services genuinely meet the evolving needs of our Members – because being here for our Members is what being a mutual is all about.

I'm pleased to report that FY25 saw MAS return a profit of $56.0 million, marking the strongest profitability result in our 104-year history. This outstanding result reflects disciplined financial management, strong performance across our insurance and investment portfolios, and an unwavering focus on exceptional service to our Members. The result has also considerably strengthened our capital reserves and financial resilience. We are in a strong position to continue protecting what matters to our Members, and to continue our ongoing investment in enhancing the products and services we provide you.

Throughout the year, our focus remained on how we can better serve our Members and enhance their overall financial health and wellbeing.

General Insurance

Our General Insurance business delivered a strong performance in FY25, with insurance revenue from general insurance reaching $164.6 million, an increase of 17.4% on the previous year. The business reported a profit of $35.2 million.

A relatively calm year in terms of weather events supported this profit result and provided some reprieve for our Claims team. In total, 14,929 claims were lodged, with 14,366 claims closed and 3,767 remaining open as at 31 March 2025.

Business risks

After launching into insurance broking for Commercial Business Risks during FY24, this past year has seen us offer our Members a broader range of business insurance products such as cyber insurance and commercial building insurance.

In-house motor assessors

In response to Member feedback, we introduced a new team of expert in-house motor assessors. This initiative has significantly improved the vehicle claims experience, offering our Members more support, faster updates and the benefit of deep industry expertise.

Committed to delivering outstanding service

Our Mission is clear: 'To grow lifelong relationships with our Members through outstanding service, premium products and expert advice'. That's why we are extremely proud that our Members voted us Consumer People's Choice for House, Contents and Car insurance for the ninth year in a row.

Life and Disability Insurance

Our life insurance business delivered another solid year in a challenging market. Life and disability insurance revenue was $56.8 million – an increase on last year of $6.1 million.

Most importantly, we continued to support our Members through life's most challenging moments, paying out $22.6 million in claims.

Focus on health screening

At MAS, we're committed to supporting early detection and better health outcomes. That's why our life and disability team has continued our commitment to the proactive care of our Members, by extending our screening reimbursement initiative. This year, we included bowel screening for eligible Members, alongside our mammogram reimbursement offer.

These offers are designed to support those who may not yet qualify for public screening services due to age restrictions. We're pleased to extend the offer to MAS staff as well.

It's one more way we're investing in the wellbeing of our community.

Acquisition of the New Zealand Dental Insurance Society (NZDIS) portfolio

This year marked a significant milestone for MAS with the acquisition of the NZDIS portfolio. This initiative reflects our ongoing commitment to growth and long-standing relationship with the dental and wider health professions.

I want to acknowledge the dedication and professionalism of the teams involved, who worked tirelessly to ensure a smooth and respectful transition. Their efforts have ensured that NZDIS members have been welcomed into the MAS community with no disruption to their existing cover and we look forward to serving them with the same commitment and care that existing Members have come to expect.

Investments and KiwiSaver

FY25 saw strong performance in financial markets and MAS Investment and KiwiSaver Schemes continued to deliver excellent long term investment returns. Investment markets trended upward for most of the 12 months ending 31 March 2025.

A more settled global inflation and interest rate environment, excitement around the potential to apply Artificial Intelligence (AI) to deliver productivity gains and robust US economic data, propelled global share markets higher in 2024. Conversely, geopolitical tensions and the impact of US tariffs on global trade drove higher short-term volatility in the last 3 months of the financial year.

The MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds, now have over $2.7 billion funds under management and more than 18,800 members.

MAS is committed to continuously reviewing and assessing the investment proposition for our schemes, in order to achieve the best possible Member outcomes. This year, we transitioned to Nikko Asset Management as our New Zealand fixed interest manager and launched a new international equities strategy. The enhancements are part of MAS's ongoing efforts to provide robust and effective investment solutions, reinforcing our dedication to the financial wellbeing of our Members.

Our commitment to responsible investing

During the year, the eligible MAS Investment Funds were certified, and all other eligible MAS scheme funds were once again certified by the Responsible Investment Association Australasia. Our approach to responsible investment means we restrict investment in companies with principal business activities in fossil fuels, weapons and tobacco. We complement this by integrating environmental, social and governance considerations into our investment decisions.

Strengthening our Member experience

At MAS, our Members are at the heart of everything we do. Our Net Promoter Score remains exceptionally high. This a tangible proof point of how highly our Members value our products, services, and their long standing (in many instances, intergenerational) relationships with MAS.

However, we've also heard from some Members that, as we've grown, the personalised service of old can sometimes feel out of reach. We take this feedback seriously.

To ensure we continue to deliver the exceptional experience our Members expect and deserve, we've made significant changes to our service model. These are designed to bring greater clarity and consistency across our Adviser network and empower our Advisers to focus on building deeper, more regular connections with our Members.

Our MAS Advisers can now also offer goals-based investment advice to help our Members achieve a range of outcomes suited to their stage of life. This includes advice on saving for retirement, saving for a first home, generating sustainable income in retirement, saving for a child or grandchild, or saving for a different purpose.

Our new service model

To better serve our diverse Member base, we've introduced a more defined and strategic approach.

- Advisers dedicated to engaging with students, graduates and young professionals, helping them build strong financial foundations.
- A new Life and Investment Centre with a team of phone-based MAS Advisers to handle renewal calls for our Life and Investment Members, ensuring a proactive and personalised service.
- General Insurance Members will be supported through our Member Services Centre, maintaining high service standards.
- Senior Advisers will continue to provide trusted, face-to-face service to our Members across the country with greater defined portfolios ensuring we get back to servicing and meeting the needs of all our Members.
- Private Wealth Advisers with a focus on tailored advice and support for our Members with large investments and/or substantial insurance business with MAS.

Innovation and Digital

Enhancing the digital experience

Our Innovation and Digital team is focused on enhancing the Member experience through technology. This year, we laid the groundwork for a more unified and intuitive Member portal – **myMAS** – which will provide a consolidated view of insurance and investment products. These enhancements are part of our long-term strategy to offer seamless, secure and convenient digital services.

In the year ahead, we will continue to elevate our service to meet Member expectations. We are investing in digital channels to provide more self-service options and ensure a consistent experience – whether online, in person with a MAS Adviser, or over the phone.

Programme Elevate

MAS is committed to enhancing our Member experience with better self-service digital channels and also modernising our technology suite to ensure we keep meeting the changing needs of our Members. Through the second half of the year we've made good progress preparing the groundwork to replace our CRM and core insurance platforms. This will enable MAS to provide more enhanced products and services for our Members and increase the operational efficiency and effectiveness of our internal teams.

Programme Elevate is a multi-year initiative designed to achieve these goals. While it will reduce short-term profitability, it represents a strategic reinvestment in your mutual that will enhance MAS's long-term sustainability.

Climate change and sustainability

Climate change remains a key focus for MAS. We are now in our second year of publishing climate-related disclosures under the Aotearoa New Zealand Climate Standards, covering the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds[1].

We've measured our operational carbon emissions since 2022 and are proud to be a Toitū net carbonzero certified organisation, offsetting emissions through carbon credits which have been issued under internationally recognised standards. We've also partnered with Kaicycle, a Wellington-based charity that turns our food waste into compost, further reducing our environmental impact.

Board governance

At the 2024 AGM, our Full Members approved a change to the Members' Trust Deed, introducing a requirement for a minimum of three Practitioner Trustees and removing the requirement for Practitioner Trustees to comprise a majority of the Board.

As a result, Melissa Macfarlane joined the Board in February 2025, bringing deep expertise in financial services and digital transformation. Members will vote on Melissa's appointment at the August 2025 AGM.

I would like to take a moment to acknowledge the retirement of Professor Frank Frizelle from the Board after 12 years of dedicated service. Frank has been a valued colleague and his leadership has left a lasting impact on us. On behalf of the Board and personally, I extend my thanks to Frank for his outstanding contribution and commitment to our mutual.

Supporting Members on their governance journey

To strengthen governance capability among our practitioner Members, MAS has launched the **Future Practitioner Director Programme** for Members who are doctors, dentists and veterinarians. The initiative supports those interested in governance roles, including future practitioner director positions on the MAS Board.

Participants will receive mentoring from MAS directors, attend Board meetings, and receive funding for governance education. The first intake of participants in the Programme is expected in July 2025. This reflects our commitment to building governance skills for our Members.

Acknowledging our people and our Members

On behalf of the Board, I extend our sincere thanks to the MAS team. Their dedication and commitment to Member service have been instrumental in achieving this year's results. Special thanks to Suzanne Wolton for her leadership over the past 12 months. And we look forward to welcoming our new CEO, Jo McCauley, in August 2025.

To our Members, thank you for your continued trust, support and business.

It is a privilege to help guide one of New Zealand's few remaining mutuals. We are proud of our legacy and excited about the future as we continue to serve you with integrity, care and purpose.

B Sutton

Brett Sutton
Chair

[1]The climate-related disclosures for each Scheme are available at the Companies Office website on the Climate-related Disclosures Register at https://crd-app.companiesoffice.govt.nz/dashboard (enter Medical Funds Management Limited in the search).

MAS at a Glance

For the year ended 31 March 2025

Financials

$56.0m
MAS Group profit

$307.4m
MAS Group reserves

Investments

$2.73bn
Member funds under management

18,844
Investors

520
Total MAS Investment Funds accounts

Life & Disability

$56.8m
Life and Disability insurance revenue

⇧ $6.1m
Insurance revenue increase on last year

26,291
Life and Disability policies

$22.3m
Life and Disability claim expenses

General Insurance Claims

14,929
Total claims lodged

14,366
Claims closed

97.1%
Auckland Floods and Cyclone Gabrielle claims closed

General Insurance Revenue

$164.6m
General insurance revenue

297
Total business risk policies brokered

⇧ 17.4%
General insurance revenue % increase from last year

Membership

⇧ 3%
Membership growth (+1,418 Members)

50,031
MAS Members

$60,000
Spend on Member EAP services

Scholarships Awarded

$11,000
Total amount awarded

5
Scholarship recipients

MAS Foundation

$1.996m
Committed in grants

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION

MAS is a Toitū certified organisation

Supporting our Members through life's ups and downs

At MAS, our core purpose is to enable the financial health and wellbeing of our valued Members. This isn't just a vision statement; it's a deeply held commitment that guides everything we do. We understand that life can present unexpected challenges, and it's precisely in those moments of need that our mutual model truly shines.

This year's Annual Report proudly shares a powerful Member story and some Member and staff quotes. They illustrate how we've stood by our Members, offering vital support, guidance and peace of mind when they needed it most.

Nigel Latta on facing his ultimate challenge

Like many of us, MAS Member and clinical psychologist Nigel Latta, never gave his insurance much thought. That was until a devastating cancer diagnosis changed his perspective on the importance of a financial safety net.

With his gentle but straight-talking style, clinical psychologist Nigel Latta has made a career out of tackling the struggles that make us human. Now, facing the fight of his life against incurable stomach cancer, he says getting real about the serious stuff is more important than ever.

Hearing the word 'cancer' at the doctor's office is earth shattering for anyone, and for Nigel, the fact that it came 6 months to the day since getting married to Natalie, also a clinical psychologist, added extra sting.

While nobody knows how they might react until they've been there themselves, it was thoughts of family and finances that jolted him into action mode.

"Literally, the first call I made after hearing that terrible early prognosis was to MAS. I called Andy [Andy Schlaffer, Senior MAS Adviser], because I just suddenly thought how the hell am I going to pay the bills? How are the people around me going to cope? Have I taken care of everyone?' I couldn't remember what I'd done with insurance, but I knew I had it. I don't actually recall much of that phone conversation."

"But Andy had done a great job with structuring my life insurance policy, and it made an enormous difference to us. It was all such a relief when you're dealing with everything else."

"Otherwise, we would have been selling the house and downsizing while I was having chemo, it would have been grim. I think insurance feels like a luxury, but if you can afford it, it's not a luxury. When you need it, it's a godsend."

A MAS Member for more than 20 years, Nigel says the payment from his MAS Life Insurance policy has also allowed for access to the non-funded immunotherapy treatment Keytruda. Alongside recently funded Herzuma and a regimen of high-dose chemotherapy, the results are promising.

"I had cancer cells between my lungs, all around the stomach, in the peritoneum [abdominal wall lining], and that's all gone now. I've got another nodule in the peritoneum that's reduced by about 45%, and activity in the main tumour itself is down by 60%. So these drugs help. But sadly, particularly with oncology, the difference between living and dying is often money."

Nigel, who holds Life Insurance and Income Protection policies with MAS, says his experience has made him an advocate for the importance of financial protection should life throw a curveball.

"Whenever I talk to anyone now, and it's my go-to with all of our friends and family members, I say you've got to have life insurance, you've got to have health insurance and you've got to have income protection insurance."

"And every single time we've had anything to do with MAS, you don't feel like you're talking to an insurance company that's just trying to minimise their losses. You know you're talking to good people like Shaun [Shaun Bates, Senior Disability Claims Adviser] who really care and who want to help you."

These days, with work currently on hold and a new path to navigate, Nigel says tests, scans and treatment plans will be his focus for the future. With steadfast support from Natalie, family and friends, he's taking each day as it comes and leaning into life's positives.

This article was an extract from Nigel's full article in the November 2024 edition of onMAS – the magazine for MAS Members.

Read online at mas.co.nz/hub.

In their own words

Taking the stress out of a stressful situation

"Dealing with them through repairs and getting the house sorted, they were rock stars. They continue to be fantastic, including last year when our boys flooded the upstairs bathroom! We were out for a walk at the time, and when we got back there was water everywhere. Everyone we spoke to at MAS was great, and it means that dealing with insurers is not one of the stresses we have to worry about."

MAS Members Simon and Leone Scott

Mammogram preventative benefit

"We may have saved one of our Members' lives through our mammogram offer. The Member, a GP who turned 41 in December, took up our offer of up to $300 towards a mammogram, despite having no symptoms. The mammogram detected an invasive carcinoma. We will now be supporting her through her Recovery policy where she will receive the claim payment and potentially through her Income Security cover."

Amy Kilpatrick, Head of Underwriting and Claims (Life and Disability)

Quick to help

"MAS has always been so kind, friendly and quick to help whenever I have needed their support for replacing or repairing my contents. This particular occurrence, I was able to get a replacement device within the week of my claim, which is just outstanding. I have, and will, continue to genuinely recommend MAS for insurance to my friends, colleagues and anyone else who asks!"

MAS Member, Auckland

Navigating the complex world of insurance

"MAS Adviser Sue Cowey is God's gift to those who know nothing about insurances."

MAS Member

Investing in our MAS community

MAS Member events

As we reflect on 2025, it's clear that the enduring strength of MAS lies in our unique structure as a mutual. Unlike shareholder-driven companies, our profits aren't paid out to external shareholders – they're reinvested for the benefit of our community: our Members and MAS Foundation.

This reinvestment is a reflection of our mission: to grow lifelong relationships with our Members by caring for them with exceptional service, premium products and expert advice. It's a mission that comes to life not only through the protection we provide, but also through the meaningful experiences and opportunities we create.

Throughout the past year, we've proudly supported a wide range of industry events hosted by the professional bodies our Members belong to. These sponsorships are more than financial contributions; they're a way of standing alongside our Members in their professional journeys.

At the same time, we've continued to create exclusive MAS experiences like our MAS Movie Night, that bring our community together in more personal ways. These moments are designed to demonstrate our mission to grow life-long relationships, and the difference of being part of a mutual.

MAS Move Night

After a 5-year hiatus, we were delighted to bring back the MAS Movie Night. In late June, we partnered with Event Cinemas to host over 2,000 Members in 25 cinemas, across 12 regions, all on the same night.

Offering Members and their whānau a MAS-exclusive viewing of Despicable Me 4 and organised with families in mind, our MAS Advisers welcomed Members at all the cinemas and the film was a hit with both the young and young at heart.

MAS Member Connect

In May 2024 we ran a series of Member-only events in Christchurch, Hawke's Bay, Wellington and Auckland. They provided a face-to-face opportunity for both MAS and our Members to connect. Members had the opportunity to hear from finance industry experts and learn about new MAS products.

MAS 2024 Annual General Meeting

The MAS Annual General Meeting was held in-person at the Cordis Hotel in Auckland and online. The AGM included special guest speaker Dr Mahsa McCauley, who talked about the opportunities and challenges of AI.

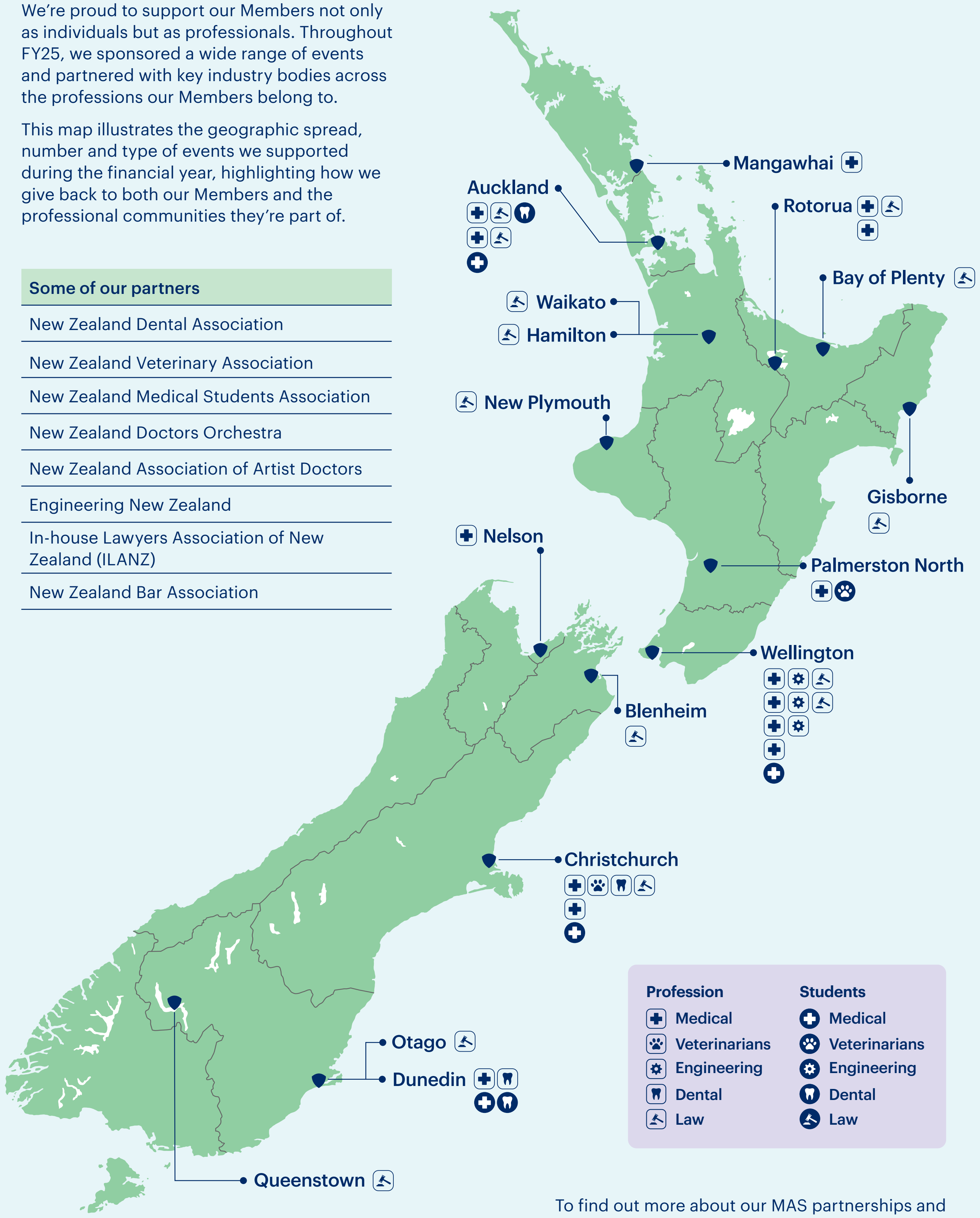
MAS Adviser, Malcom Dixon, with some young attendees at the Wellington MAS Movie Night.

Supporting our professional communities

We're proud to support our Members not only as individuals but as professionals. Throughout FY25, we sponsored a wide range of events and partnered with key industry bodies across the professions our Members belong to.

This map illustrates the geographic spread, number and type of events we supported during the financial year, highlighting how we give back to both our Members and the professional communities they're part of.

Some of our partners
New Zealand Dental Association
New Zealand Veterinary Association
New Zealand Medical Students Association
New Zealand Doctors Orchestra
New Zealand Association of Artist Doctors
Engineering New Zealand
In-house Lawyers Association of New Zealand (ILANZ)
New Zealand Bar Association



To find out more about our MAS partnerships and sponsorships, please head to **mas.co.nz/partnerships**.

Celebrating 5 years of community impact

In FY25, we proudly celebrated MAS Foundation's fifth anniversary – a significant milestone reflecting our commitment to improving health and wellbeing equity across Aotearoa New Zealand. Over the past year, we committed a total of $1,996,279 through a combination of community koha grants (under $25,000) and partnership grants (over $25,000, spanning 1 to 3 years), supporting kaupapa that nurture whānau wellbeing and uplift community solutions and leadership.

Partnerships for long-term transformation

Among the many investments we've made in health and wellbeing, several multi-year partnership grants stand out for their depth and long-term potential. Spanning 2 to 3 years, these grants reflect our commitment to sustained, meaningful partnerships that address deep-rooted challenges and support systemic change. We are proud to be supporting Tūpuna Parenting – Pēpi Penapena ($100,000) in developing a digital platform to preserve and share tūpuna Māori parenting knowledge – strengthening cultural identity and intergenerational wellbeing.

Te Manawahoukura / Te Wānanga o Aotearoa ($315,338) is leading Āio Pipī, a reo Māori and bilingual wellbeing programme embedded in Māori-medium schools, designed to promote mental health and resilience through mātauranga Māori.

In Waipatu, Taku Mamia Trust ($272,000) is delivering Tākuta Tamaiti, a marae-based, culturally grounded perinatal initiative supporting māmā and pēpi. These are just some of the initiatives we've invested in as part of our long-term commitment to pro-Tiriti, pro-Equity, and equity-driven systems that centre whānau, uphold cultural integrity and enable kaupapa Māori solutions to thrive.

MAS Foundation timeline

- **2018** – 88% of Members who voted supported the establishment of a charitable trust
- **2019** – 1 Dec 2019 MAS Foundation is established
- **2020** – 10 Sept 2020 MAS Foundation Te Tiriti o Waitangi Position Statement approved
- **2021** – March 2021: Heads of Foundation Dr Julie Wharewera-Mika and Mafi Funaki-Tahifote appointed in a Te Tiriti partnership role
- **2021** – FY21: $916k committed in grants
- **2022** – FY22: $2.587m committed in grants
- **2023** – FY23: $726k committed in grants
- **2024** – FY24: $1.766m committed in grants
- **2025** – FY25: $1.996m committed in grants

Since MAS Foundation's establishment: $7.991m in grants to 80 organisations have been committed and $12.0m distributed by MAS to MAS Foundation.

Backing systemic change

Our commitment to systems-change funding is reflected in recent support for 2 key initiatives. Hei Āhuru Mōwai – Māori Cancer Leadership received $300,000 to advance their Sustainability Programme, embedding rangatiratanga in cancer care and improving equity for whānau Māori. The Waikato Wellbeing Project received $80,000 to complete the Kai Systems Challenge, using lived experiences to inform long-term, community-led responses to food insecurity in the Waikato.

Collaborative philanthropy in action

We continue to strengthen our approach to partner funding by working alongside likeminded philanthropic organisations such as Foundation North and the J R McKenzie Trust. These collaborations enable us to align on shared values and amplify the impact of our collective investment in communities.

Te Tikitiki a Taranga: A new strategic focus

Our strategic direction has continued to evolve, shaped by a comprehensive review of our grant funding over the past three-and-a-half years. This revealed the need for deeper investment in the early years of life within a whānau context. From this understanding, we developed Te Tikitiki a Taranga – a kaupapa that centres on the first 2,000 days of a child's life, from conception to age 5. Inspired by Taranga, the nurturing mother of Māui, this approach highlights the critical role early childhood plays in shaping lifelong health and wellbeing. It draws on Māori and Pacific knowledge systems and prioritises cultural safety, whānau autonomy and intergenerational healing.

Acknowledging our departing people

We would like to acknowledge the significant contribution of our outgoing inaugural trustee, Folasāitu Professor Julia Ioane, whose dedication and leadership have been instrumental in shaping our foundation's early direction. We also extend our heartfelt thanks to our Pasifika Cultural Advisor and Trustee, Tagaloa Dr Avataeao Junior Ulu, who has stepped down from the role. Junior's guidance has been invaluable in ensuring cultural integrity and connection throughout our work. We are deeply grateful to both Julia and Junior for their service and commitment.

Empowering our leaders to shape the future

We also strengthened our internal capability by investing in leadership for the future. Thanks to the support of MAS and The Tindall Foundation, our Heads of Foundation, Dr Julie Wharewera-Mika and Mafi Funaki-Tahifote, participated in the prestigious Global Women Breakthrough Leaders Programme. This year-long initiative supports wāhine in reimagining leadership through experiential learning, gender equity and culturally grounded design. It integrates the past, present and future to shape enduring, values-led organisations.

Looking ahead: A continued commitment to equity

Looking ahead, we remain firmly committed to investing in community-driven, culturally meaningful solutions that uphold Te Tiriti, support hauora and create long-term change for whānau across Aotearoa New Zealand.

Finally, I would like to thank our Heads of Foundation for their continued commitment to our ground-breaking work, our Trustees, the Board and management of MAS, and of course, the MAS Members who have supported our work since our inception.

Jennifer Gill, ONZM
Chair, MAS Foundation

Brett Sutton
Chair

Appointed as Chair 28 September 2022
Appointed to the Board 15 February 2016

Brett is an experienced independent director. He is currently Chair of the Co-operative Bank, Stevenson Holdings, Mint Asset Management, Woolyarns Holdings and the Reddy Group Investment Committee. He is also a director of Datacom and H J Asmuss & Co, and a member of the Scott & Ricketts Advisory Board. His previous employment experience included senior investment roles at New Zealand Superannuation Fund and Todd Corporation.

Dr Doug Hill
Deputy Chair

Appointed as Deputy Chair 30 November 2023
Appointed to the Board 29 August 2018

Doug is a General Practitioner and the owner of Broadway Medical Centre, Dunedin. He is a GPSI in both orthopaedics and skin cancer surgery. Doug's roles outside of General Practice are Chair of WellSouth Primary Health Network and until recently, Chair of the Columba College Board of Proprietors. He is a member of the NZ Advisory Board of the Skin Cancer College of Australasia and a Chartered Fellow of the Institute of Directors in New Zealand.

Professor Frank Frizelle ONZM
Appointed 28 August 2013

Frank is a surgeon working in Christchurch. He is Professor of Surgery University of Otago, Christchurch, and is Editor in Chief of the New Zealand Medical Journal and the Pacific Health Digest. He is President of the Colorectal Surgical Society of Australia and New Zealand (CSSSANZ), and is also a Patron of Canterbury Ostomy Society, Chair of the Christchurch Cancer Foundation, the ANZ Prostate Cancer Registry and Bowel Cancer Research Aotearoa, and Deputy Chair of the ANZ Bowel Cancer Registry. Frank is a medical advisor to Bowel Cancer New Zealand and chairs the clinical governance committee for Mobile Health Ltd and for Southern Cross hospital in Christchurch. He is also a director of Geordie Hill Station and Christchurch Colorectal Group. He is member of the Institute of Directors in New Zealand.

Dr Kate Baddock
Appointed 1 April 2016

Kate is a Fellow of the Royal NZ College of General Practitioners and a member of the Institute of Directors in New Zealand. She gained her medical degree at the University of Otago and currently works part time as a GP at Kawau Bay Health in Warkworth. Kate also has an MS in the Science of Healthcare Delivery and teaches undergraduate medical students, postgraduate doctors and registrars, in General Practice training programmes. Kate also mentors rural medical students through their training.

Steve Merchant
Appointed 26 August 2020

Steve is a veterinarian, and has held numerous directorships, particularly in the veterinary profession. He was a board member the NZ Veterinary Association from 2005 to 2016 and served as Chair/President from 2013 to 2015. On stepping down from these roles, he was recognised with the NZVA Outstanding Service Award. Previously, he served as director of the RNZSPCA and as director and CEO of Pet Doctors Group, New Zealand's largest group of companion animal veterinary clinics. As a co-founder, he led the business through to the Group's sale to an ASX-listed company in 2018. Steve is currently involved with the provision of AI/digital solutions to businesses, including to the international veterinary sector.

Brendan O'Donovan
Appointed 1 July 2021

Brendan has extensive experience in the financial services industry, spending more than a dozen years as a Chief Economist at several New Zealand banks and chairing Investment Committees. Through his service as Chairman of The Co-operative Bank and Chairman of Co-operative Life, he brings a wealth of governance experience. He has also been a director to private companies, a Licensed Independent Trustee, as well as Specialist Advisor to Parliament's Finance and Expenditure Select Committee. He has been involved with MAS in a governance capacity since 2012 as a Licensed Independent Trustee, and more recently as Chair of the Investment Committee.

Lindsay Knowles
Re-appointed 28 March 2024

Lindsay served on the MAS Board for 10 years until August 2023, including as Chair of the Audit & Risk Committee. He was reappointed on 28 March 2024 to fill a vacancy. Lindsay is Managing Director of New Zealand import distribution business Acme Supplies Limited and is an experienced independent director having served on several other boards in varied industries. His previous employment experience included 15 years as a corporate banker with ANZ Bank, specialising in capital markets debt raising and asset securitisation. Lindsay is a CA member of Chartered Accountants Australia New Zealand, and a Chartered Member of the Institute of Directors New Zealand.

Melissa Macfarlane
Appointed 1 February 2025

Melissa brings extensive expertise in financial services, with significant leadership capabilities in strategy, risk, technology, transformation and change management. Melissa has held prominent roles at Westpac Bank including Chief Digital Officer, Head of Corporate Strategy, and COO of Wealth and Insurance. Melissa also serves as New Zealand Country Head for Constantinople, a retail and business banking platform offering a fully managed software and operations platform for banks to enhance customer experiences.

MAS Foundation Trustees

Jennifer Gill ONZM
Chair

Appointed as Chair 1 April 2020
Appointed to the Board 1 December 2019

Jennifer (Jenny) has had a range of governance roles in community and family foundations and retired in 2004 as the CEO of Foundation North, Aotearoa's largest philanthropic trust. Jenny is active in philanthropy and is currently a trustee of the Selwyn Foundation and Te Rourou, One Aotearoa Foundation. In 2017, Jenny was made an Officer of the New Zealand Order of Merit for services to philanthropy and was the inaugural winner of the Philanthropy New Zealand Perpetual Guardian Lifetime Achievement in Philanthropy Award.

Associate Professor Dr Matire Harwood
Ngāpuhi

Deputy Chair

Appointed as Deputy Chair 4 March 2025
Appointed to the Board 1 February 2022

Matire (MBChB, PhD) is the Deputy Dean at the Faculty of Medical and Health Sciences Waipapa Taumata Rau | University of Auckland and a GP. She is a current board director at the Heart Foundation and has served on numerous boards including Health Research Council and Waitematā DHB and is Editor for the Māori Health Research Review. In 2019, she received the Health Research Council's Te Tohu Rapuora award for leadership in research to improve Māori health, and in 2022 the Royal New Zealand College awarded Matire the Community Service Medal. Matire received the King's Service Medal at the 2025 Birthday Honours for services to Māori health.

Folasaitu Professor Julia Ioane

Appointed 1 December 2019
Retired 31 December 2024

Folasaitu Dr Julia Ioane is a bilingual New Zealand-born Samoan, raised in South Auckland with a Matai title from the village of Fasitoouta, Samoa. Julia is a Professor in psychology at Massey University and a registered clinical psychologist. She has board and governance experience in both the public and not-for-profit sectors. Julia promotes research that is practice-informed and evidence-based to ensure it has a meaningful impact on our communities; and that health education and promotion is delivered appropriately and inclusively for all diverse communities in Aotearoa New Zealand.

Professor Boyd Swinburn

Appointed 1 December 2019

Professor Boyd Swinburn is an internationally recognised public health physician and has more than 30 years' experience in health research. He is currently a Professor of Population Nutrition and Global Health at the University of Auckland and has been a MAS Member for all of his career.

Dr Carrie Bryers
Ngāpuhi

Appointed 1 December 2019

Dr Carrie Bryers has a diverse background in Māori Health, Nursing and Medicine. Carrie is a Public Health Medicine Specialist and Medical Officer of Health at Te Whatu Ora Health New Zealand Northern Region. Carrie completed her specialist training with the New Zealand College of Public Health Medicine.

Dr Kate Baddock

Appointed 1 April 2023

Dr Kate Baddock is also on our Board of Directors.
See the previous page for her bio.

Tagaloa Dr Junior Ulu
Samoan (Toamua – Faleata, Salani – Falealili)

Appointed 1 January 2025
Retired 29 April 2025

Tagaloa Dr Junior Ulu is Samoan and is passionate about equitable outcomes for Pacific people. Junior has broad professional experience in both health and development and is currently the Director Pacific Health at Ministry of Health – Manatū Hauora.

Dr Julie Wharewera-Mika – Head of the MAS Foundation
Ngāti Awa, Ngāi Tuhoe, Te Whānau-a-Apanui

Appointed 29 March 2021

Julie is a senior clinical psychologist and kaupapa Māori researcher with extensive expertise in mental health and wellbeing. She completed a postdoctoral clinical research fellowship with Brain Research NZ, and co-leads the Aotearoa Brain Project, promoting Te Tiriti-based co-governance. Julie is a Commissioner at Mana Mokopuna – Children and Young People's Commission, the Independent Chair of the South Auckland Social Wellbeing Board (Ministerial appointment), and Director of The Tātou Collective, a new Whānau Ora Commissioning Entity.

Mafi Funaki-Tahifote – Head of the MAS Foundation

Appointed 29 March 2021

Mafi is Tongan, and though born in New Zealand, she was raised in Tonga. Mafi returned to New Zealand for further education, qualifying as a dietitian and later an MBA from the University of Auckland. Mafi has extensive experience in the health field, having worked for the National Heart Foundation of New Zealand for 20 years, holding both dietetic and senior executive management roles. She continues to practice part-time as a dietitian and contributes her Pacific nutrition expertise across various community and professional settings. Mafi also has considerable governance experience, which includes being a former ministerially appointed board member of Te Hiringa Hauora/Health Promotion Agency and past Chair on the Board for Action Nutrition Aotearoa (ANA).

Financial Report

Consolidated Statement of Comprehensive Income for the year ended 31 March 2025

	Note	2025 $000	2024 $000
Continuing operations			
Insurance revenue		221,390	190,943
Insurance service expense		(116,357)	(107,528)
Net expense from reinsurance contracts held		(49,649)	(49,085)
Insurance service result		**55,384**	**34,330**
Insurance investment income	3.1	8,641	7,815
Interest revenue calculated using the effective interest method		6,598	5,066
Total investment income		**15,239**	**12,881**
Insurance finance expense		(1,649)	(2,952)
Reinsurance finance income		1,692	1,491
Net insurance financial result		**43**	**(1,461)**
Fund management income	8.6	**22,533**	**21,198**
Other expenses	8.4	(47,731)	(41,457)
Interest expense	8.4	(421)	(425)
Investment income (non insurance)	3.1	7,230	15,181
Fee and other income		2,895	2,721
Acquisition of business	5.3	841	–
Net profit from continuing operations		**56,013**	**42,968**
Loss from discontinued operations		–	(1,369)
Total other comprehensive income/(loss)		–	**(1,369)**
Total comprehensive income		**56,013**	**41,599**

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2025

	Note	Share capital $000	Retained earnings $000	Asset revaluation reserve $000	Total $000
At 1 April 2024		**110**	**248,161**	**3,079**	**251,350**
Net profit from continuing operations		–	56,013	–	56,013
Total other comprehensive income/(loss)		–	–	–	–
Total comprehensive income		–	56,013	–	56,013
Transfer of asset revaluation reserve		–	3,079	(3,079)	–
At 31 March 2025		**110**	**307,253**	**–**	**307,363**

	Note	Share capital $000	Retained earnings $000	Asset revaluation reserve $000	Total $000
At 1 April 2023		**110**	**206,562**	**3,079**	**209,751**
Net profit from continuing operations		–	42,968	–	42,968
Total other comprehensive income/(loss)		–	(1,369)	–	(1,369)
Total comprehensive income		–	41,599	–	41,599
At 31 March 2024		**110**	**248,161**	**3,079**	**251,350**

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Financial Position as at 31 March 2025

	Note	2025 $000	2024 $000
Equity			
Ordinary shares	5.1	110	110
Retained earnings		307,253	248,161
Asset revaluation reserve		–	3,079
Total equity		**307,363**	**251,350**
Assets			
Cash and cash equivalents	5.2	5,496	3,446
Trade and other receivables	7.1	2,734	6,126
Investments	3.2	433,368	357,125
Reinsurance contract assets	2.2	48,168	64,482
Prepayments		891	1,038
Assets held for sale	7.2	–	4,167
Intangibles	7.4	541	1,263
Right-of-use assets	7.5	7,166	8,402
Property, plant and equipment	7.3	1,895	2,243
Total assets		**500,259**	**448,292**
Liabilities			
Trade and other payables	7.6	6,432	6,587
Provisions	7.7	6,937	5,957
Fees in advance		269	264
Insurance contract liabilities	2.2	170,782	174,506
Lease liabilities	7.5	8,476	9,628
Total liabilities		**192,896**	**196,942**
Net assets		**307,363**	**251,350**

Approved for issue for and on behalf of the Board of Medical Assurance Society New Zealand Limited on 27 June 2025.

B C Sutton

Director **Director**

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2025

	Note	2025 $000	2024 $000
Operating activities			
Premium received		227,440	201,151
Interest revenue received on loans		–	37
Loan repayments		–	469
Fund management income and other income		29,046	20,396
Rent received		–	105
Other operating payments		(43,965)	(43,153)
Reinsurance recoveries received		31,107	70,756
Reinsurance premiums paid		(62,749)	(53,676)
Payment of claims and other insurance service expenses		(128,010)	(181,340)
Interest paid on funding		(421)	(425)
Interest received		11,790	8,232
Dividend received		3,631	2,007
Net cash flows from operating activities	**8.5**	**67,869**	**24,559**
Investing activities			
Contributions to investment funds		(203,449)	(157,996)
Withdrawals from investment funds		134,477	135,375
Proceeds from sale of property, plant and equipment		–	208
Proceeds from sale of assets held for sale		4,167	–
Purchase of property, plant and equipment, and intangibles		(412)	(879)
Acquisition of business	5.3	618	–
Net cash flows for investing activities		**(64,599)**	**(23,292)**
Financing activities			
Payment of principal portion of lease liability		(1,220)	(1,159)
Net cash flows for financing activities		**(1,220)**	**(1,159)**
Net movement in cash held		2,050	108
Cash and cash equivalents at 1 April		3,446	3,338
Cash and cash equivalents at 31 March		**5,496**	**3,446**

The accompanying notes form part of and should be read in conjunction with these financial statements.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2025

1. Overview

1.1 About Medical Assurance Society New Zealand Limited

Registered office:
10 Waterloo Quay
Pipitea
Wellington

Medical Assurance Society New Zealand Limited ('the Company', 'the Parent' or 'MAS') operates on mutual principles within New Zealand, and the control is vested in its Members. The subsidiaries engage in the provision of financial services to Members of MAS and work to make a difference to the health of people in New Zealand, particularly those communities traditionally underserved by our health system.

These financial statements are the consolidated financial statements of the Parent and its subsidiaries as detailed in note 6.1. The Parent together with its subsidiaries are referred to as the Group in this financial report.

The Parent is incorporated and domiciled in New Zealand.

1.2 Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared in accordance with the Companies Act 1993 and the Charities Act 2005.

The Parent was registered as a charity under the Charities Act 2005 on 1 December 2019. The Group is registered as the "MAS Charitable Group" and all subsidiaries are members of the Charitable Group. The Parent and its subsidiaries remain profit-oriented entities for financial reporting purposes.

The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities as outlined in the accounting policies.

Both the functional and presentation currency of the Group is New Zealand dollars ($). The financial statements are presented in New Zealand dollars and rounded to the nearest thousand dollars unless stated otherwise.

Certain comparative information in note 2.2.3, note 2.2.4 and note 2.4 has been reclassified to be consistent with the current period’s presentation.

1.3 Material accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. Estimates and assumptions are reviewed on an ongoing basis. Where revisions are made to estimates and assumptions, any financial impact is recognised in the period in which the estimate is revised.

The material accounting judgements, estimates and assumptions applied are noted below.

- Measurement of insurance and reinsurance contract assets and liabilities (note 2.6).
- Useful life and impairment of software intangibles (note 7.4).
- Lease liabilities and right-of-use assets (note 7.5).

1.4 Segment information

The Group's operating segments are:

- General insurance (performed by Medical Insurance Society Limited)
- Life assurance (performed by Medical Life Assurance Society Limited)
- Funds management (performed by Medical Funds Management Limited).

Other represents activities that do not from part of the Group's insurance and fund management operations and includes corporate activity.

The operational segment table includes intra-group transactions at the segment level. These transactions net to nil at the Group level.

1. Overview – continued

1.4 Segment information – continued

For the year ended 31 March 2025

	General insurance $000	Life assurance $000	Funds management $000	Other $000	Total $000
Insurance revenue	164,556	56,834	–	–	221,390
Insurance service expense	(81,845)	(34,512)	–	–	(116,357)
Net (expense)/income from reinsurance contracts held	(41,072)	(8,577)	–	–	(49,649)
Insurance service result	**41,639**	**13,745**	**–**	**–**	**55,384**
Total investment income/(loss)	4,560	4,081	(6)	7,236	15,871
Interest revenue/(expense)	5,257	1,341	–	(421)	6,177
Net insurance financial result	269	(226)	–	–	43
Management fee revenue	–	–	22,533	–	22,533
Other expenses	(16,821)	(8,319)	(19,582)	(3,009)	(47,731)
Other income	283	841	–	2,612	3,736
Intra-group interest (expense)/revenue	(19)	(143)	183	(21)	–
Net profit	**35,168**	**11,320**	**3,128**	**6,397**	**56,013**

For the year ended 31 March 2024

	General insurance $000	Life assurance $000	Funds management $000	Other $000	Total $000
Insurance revenue	140,198	50,745	–	–	190,943
Insurance service expense	(71,325)	(36,203)	–	–	(107,528)
Net (expense)/income from reinsurance contracts held	(47,238)	(1,847)	–	–	(49,085)
Insurance service result	**21,635**	**12,695**	**–**	**–**	**34,330**
Total investment income/(loss)	3,031	4,785	173	15,007	22,996
Interest revenue/(expense)	3,965	1,101	–	(425)	4,641
Net insurance financial result	(41)	(1,420)	–	–	(1,461)
Management fee revenue	–	–	21,198	–	21,198
Other expenses	(12,756)	(7,630)	(17,177)	(3,894)	(41,457)
Other income	473	–	–	2,248	2,721
Intra-group interest (expense)/revenue	(101)	(88)	217	(28)	–
Net profit	**16,206**	**9,443**	**4,411**	**12,908**	**42,968**

2. Underwriting activities

This section provides information on the Group's underwriting activities.

2.1 Insurance revenue

For the year ended 31 March 2025

	General $000	Life $000	Total $000
Contracts measured under the premium allocation approach			
Insurance revenue from contracts measured under the premium allocation approach	164,556	30,885	195,441
Contracts measured under the general model			
Amounts relating to the changes in the liability for remaining coverage			
Insurance service expenses incurred in the period	–	19,661	19,661
Changes in the risk adjustment	–	424	424
Contractual service margin recognised in profit or loss	–	5,814	5,814
Insurance revenue from contracts measured under the general model	–	25,899	25,889
Contracts measured under the variable fee approach			
Insurance revenue from contracts measured under the variable fee approach	–	50	50
Total insurance revenue	**164,556**	**56,834**	**221,390**

For the year ended 31 March 2024

	General $000	Life $000	Total $000
Contracts measured under the premium allocation approach			
Insurance revenue from contracts measured under the premium allocation approach	140,198	29,230	169,428
Contracts measured under the general model			
Amounts relating to the changes in the liability for remaining coverage			
Insurance service expenses incurred in the period	–	14,223	14,223
Changes in the risk adjustment	–	1,982	1,982
Contractual service margin recognised in profit or loss	–	5,249	5,249
Insurance revenue from contracts measured under the general model	–	21,454	21,454
Contracts measured under the variable fee approach			
Insurance revenue from contracts measured under the variable fee approach	–	61	61
Total insurance revenue	**140,198**	**50,745**	**190,943**

2. Underwriting activities – continued

2.1 Insurance revenue – continued

Insurance revenue comprises the premiums charged for providing insurance coverage, excluding taxes and levies collected on behalf of third parties. Insurance revenue is from contracts measured using 3 different measurement models: the general measurement model, the premium allocation approach and the variable fee approach.

Premium allocation approach

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

General measurement model and variable fee approach

Insurance revenue comprises amounts relating to the changes in the liability for remaining coverage which comprises of:

- Insurance service expenses expected to be incurred in the period. Insurance service expenses includes incurred claims and other expenses and excludes repayments of investment components and amounts related to income tax that are specifically chargeable to the policyholder.
- Changes in the risk adjustment for non-financial risk, excluding any changes included in insurance finance income or expenses.
- The contractual service margin (CSM) release, which is the CSM recognised in profit or loss for the services provided in the period.
- Experience adjustments for premium receipts.
- Amounts related to insurance acquisition cash flows.

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts

31 March 2025

	General $000	Life $000	Total $000
Insurance liability for incurred claims	45,819	65,808	111,627
Insurance liability/(asset) for remaining coverage	61,729	(2,575)	59,154
Insurance contract liabilities	**107,548**	**63,233**	**170,782**
Recoveries of incurred claims	(16,232)	(38,327)	(57,559)
Reinsurance liability for remaining coverage	4,377	2,014	6,391
Reinsurance contract (assets)	**(11,855)**	**(36,313)**	**(48,168)**
Net contract liabilities	**95,693**	**26,920**	**122,614**

31 March 2024

	General $000	Life $000	Total $000
Insurance liability for incurred claims	57,434	63,148	120,582
Insurance liability/(asset) for remaining coverage	54,251	(327)	53,924
Insurance contract liabilities	**111,685**	**62,821**	**174,506**
Recoveries of incurred claims	(33,786)	(36,017)	(69,803)
Reinsurance liability for remaining coverage	5,009	312	5,321
Reinsurance contract (assets)	**(28,777)**	**(35,705)**	**(64,482)**
Net contract liabilities	**82,908**	**27,116**	**110,024**

Insurance contract liabilities represent the rights and obligations arising from insurance contracts issued and comprise the liability for remaining coverage, which is the obligation to provide future insurance services for those contracts issued, and the liability for incurred claims, which is the obligation to pay claims reported but not yet paid.

Insurance contracts and reinsurance contracts held are required to be measured using a general measurement model (GMM) unless the contracts meet certain criteria. The variable fee approach (VFA) is applied to insurance contracts with direct participation features. Contracts can be measured using a simplified model, the premium allocation approach (PAA), where the coverage period is less than 1 year or if the liability for remaining coverage under the PAA approach does not materially differ from that determined under the GMM. Further information on how the Group determined appropriate measurement models is outlined in note 2.6.

Insurance and reinsurance contracts are required to be split into portfolios of contracts with similar risks that are managed together. Portfolios of insurance contracts that are assets are required to be presented separately from those that are liabilities. All insurance contract portfolios are liabilities and all reinsurance contract portfolios are assets.

The liability for incurred claims (and reinsurance amounts recoverable on incurred claims) comprise the estimates of the present value of future cash flows (PVFCF) and risk adjustment for non-financial risk. The Group has no onerous contracts and therefore, does not have a loss component disclosure. Refunds of premiums have been included in the cashflow line for premiums received.

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.1 Movement in the insurance contract liabilities

		Liability for incurred claims		
	Liability for remaining coverage $000	Estimates of the PVFCF $000	Risk adjustment $000	Total $000
Insurance contract liabilities	53,925	105,455	15,126	174,506
Net insurance contract liabilities at 1 April 2024	**53,925**	**105,455**	**15,126**	**174,506**
Contracts under the modified retrospective approach	(23,652)	–	–	(23,652)
Contracts under the fair value approach	(50)	–	–	(50)
Other contracts	(197,688)	–	–	(197,688)
Insurance revenue	(221,390)	–	–	(221,390)
Incurred claims and other expenses	–	116,100	4,715	120,815
Changes relating to past service	–	874	(5,332)	(4,458)
Insurance service expense	–	116,974	(617)	116,357
Insurance service result	**(221,390)**	**116,974**	**(617)**	**(105,033)**
Insurance finance (income)/expenses	**(827)**	**2,429**	**270**	**1,872**
Total changes in the statement of comprehensive income	**(222,217)**	**119,403**	**(347)**	**(103,161)**
Cashflows				
Premiums received	227,447	–	–	227,447
Claims and expenses paid	–	(128,011)	–	(128,011)
Total cash flows	**227,447**	**(128,011)**	**–**	**99,436**
Insurance contract liabilities	59,154	96,850	14,778	170,782
Net insurance contract liabilities at 31 March 2025	**59,154**	**96,850**	**14,778**	**170,782**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.1 Movement in the insurance contract liabilities – continued

		Liability for incurred claims		
	Liability for remaining coverage $000	**Liability for incurred claims $000**	**Risk adjustment $000**	**Total $000**
Insurance contract liabilities	42,055	160,354	32,749	235,159
Net insurance contract liabilities at 1 April 2023	**42,055**	**160,354**	**32,749**	**235,159**
Contracts under the modified retrospective approach	(21,454)	–	–	(21,454)
Contracts under the fair value approach	(61)	–	–	(61)
Other contracts	(169,428)	–	–	(169,428)
Insurance revenue	(190,943)	–	–	(190,943)
Incurred claims and other expenses	–	121,104	3,498	124,602
Changes relating to past service	–	4,247	(21,322)	(17,074)
Insurance service expense	–	125,351	(17,823)	107,528
Insurance service result	**(190,943)**	**125,351**	**(17,823)**	**(83,415)**
Insurance finance expenses	**1,663**	**1,090**	**199**	**2,952**
Total changes in the statement of comprehensive income	**(189,280)**	**126,441**	**(17,624)**	**(80,463)**
Cashflows				
Premiums received	201,150	–	–	201,150
Claims and expenses paid	–	(181,340)	–	(181,340)
Total cash flows	**201,150**	**(181,340)**	**–**	**19,810**
Insurance contract liabilities	53,925	105,455	15,126	174,506
Net insurance contract liabilities at 31 March 2024	**53,925**	**105,455**	**15,126**	**174,506**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.2 Movement in the net reinsurance contract assets/liabilities

		Amounts recoverable for incurred claims		
	Liability for remaining coverage $000	**Estimates of the PVFCF $000**	**Risk adjustment $000**	**Total $000**
Reinsurance contract (liabilities)/assets	(5,320)	63,477	6,325	64,482
Net reinsurance contract (liabilities)/assets at 1 April 2024	**(5,320)**	**63,477**	**6,325**	**64,482**
Allocation of reinsurance premiums	(63,149)	–	–	(63,149)
Recovery of incurred claims and expenses	–	20,989	573	21,562
Changes to amounts recoverable for incurred claims	–	(6,172)	(1,891)	(8,063)
Changes in non-performance risk of reinsurers	–	1	–	1
Net income from reinsurance contracts held	–	14,818	(1,318)	13,500
Reinsurance finance income	4	1,535	153	1,692
Statement of comprehensive income	**(63,145)**	**16,353**	**(1,165)**	**(47,957)**
Cashflows				
Premiums paid	62,074	–	–	62,074
Recoveries received	–	(30,432)	–	(30,432)
Total cash flows	**62,074**	**(30,432)**	**–**	**(31,642)**
Reinsurance contract (liabilities)/assets	(6,391)	49,398	5,161	48,168
Net reinsurance contract (liabilities)/assets at 31 March 2025	**(6,391)**	**49,398**	**5,161**	**48,168**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.2 Movement in the net reinsurance contract assets/liabilities – continued

		Amounts recoverable for incurred claims		
	Liability for remaining coverage $000	Estimates of the PVFCF $000	Risk adjustment $000	Total $000
Reinsurance contract (liabilities)/assets	(6,405)	112,937	22,627	129,159
Net reinsurance contract (liabilities)/assets at 1 April 2023	**(6,405)**	**112,937**	**22,627**	**129,159**
Allocation of reinsurance premiums	(53,369)	–	–	(53,369)
Recovery of incurred claims and expenses	–	23,605	601	24,206
Changes to amounts recoverable for incurred claims	–	(2,894)	(17,014)	(19,908)
Changes in non-performance risk of reinsurers	–	(14)	–	(14)
Net income from reinsurance contracts held	–	20,697	(16,413)	4,284
Reinsurance finance income	779	600	112	1,491
Statement of comprehensive income	**(52,590)**	**21,297**	**16,301**	**47,594**
Cashflows				
Premiums paid	53,675	–	–	53,675
Recoveries received	–	(70,757)	–	(70,757)
Total cash flows	**53,675**	**(70,757)**	**–**	**(17,082)**
Reinsurance contract (liabilities)/assets	(5,320)	63,477	6,325	64,482
Net reinsurance contract (liabilities)/assets at 31 March 2024	**(5,320)**	**63,477**	**6,325**	**64,482**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.3 Movement in the net insurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Insurance contract (assets)/liabilities	(27,429)	26,321	49,874	48,766
Net insurance contract (assets)/liabilities at 1 April 2024	**(27,429)**	**26,321**	**49,874**	**48,766**
Changes that relate to current services				
CSM recognised for services provided	–	–	(5,814)	(5,814)
Changes in risk adjustment	–	(424)	–	(424)
Experience adjustments	11,502	–	–	11,502
Changes that relate to future services				
Contracts initially recognised in the period	(6,442)	1,598	4,844	–
Changes that adjust the CSM	(5,405)	1,341	4,064	–
Changes that relate to past services				
Adjustments to liability for incurred claims	(11,029)	(1,103)	–	(12,132)
Insurance service result	(11,374)	1,412	3,094	(6,868)
Insurance finance (income)/expenses	(1,615)	1,340	1,969	1,694
Statement of comprehensive income	**(12,989)**	**2,752**	**5,063**	**(5,174)**
Premiums received	23,929	–	–	23,929
Claims and other expenses paid	(19,702)	–	–	(19,702)
Total cash flows	**4,227**	**–**	**–**	**4,227**
Insurance contract (assets)/liabilities	(36,191)	29,073	54,937	47,819
Net insurance contract (assets)/liabilities at 31 March 2025	**(36,191)**	**29,073**	**54,937**	**47,819**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.3 Movement in the net insurance contract assets/liabilities – for contracts measured under the GMM – continued

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Insurance contract (assets)/liabilities	(22,938)	23,676	40,270	41,008
Net insurance contract (assets)/liabilities at 1 April 2023	**(22,939)**	**23,676**	**40,270**	**41,008**
Changes that relate to current services				
CSM recognised for services provided	–	–	(5,249)	(5,249)
Changes in risk adjustment	–	(1,928)	–	(1,928)
Experience adjustments	11,221	–	–	11,221
Changes that relate to future services				
Contracts initially recognised in the period	(7,615)	1,889	5,725	–
Changes that adjust the CSM	(9,136)	1,734	7,403	–
Changes that relate to past services				
Adjustments to liability for incurred claims	(4,279)	600	–	(3,678)
Insurance service result	(9,809)	2,295	7,879	365
Insurance finance expenses	461	350	1,725	2,536
Statement of comprehensive income	**(9,348)**	**2,645**	**9,604**	**2,901**
Premiums received	23,331	–	–	23,331
Claims and other expenses paid	(18,474)	–	–	(18,474)
Total cash flows	**4,857**	**–**	**–**	**4,857**
Insurance contract (assets)/liabilities	(27,429)	26,321	49,874	48,766
Net insurance contract (assets)/liabilities at 31 March 2024	**(27,429)**	**26,321**	**49,874**	**48,766**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.4 Movement in the net reinsurance contract assets/liabilities – for contracts measured under the GMM

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Reinsurance contract (liabilities)/assets	(3,922)	12,108	29,653	37,839
Net reinsurance contract (liabilities)/assets at 1 April 2024	**(3,922)**	**12,108**	**29,653**	**37,839**
Changes that relate to current services				
CSM recognised for services received	–	–	(4,278)	(4,278)
Changes in risk adjustment	–	(366)	–	(366)
Experience adjustments	12,828	–	–	12,828
Changes that relate to future services				
Contracts initially recognised in the period	(3,687)	915	2,772	–
Changes that adjust the CSM	(3,367)	835	2,532	–
Changes that relate to past services				
Adjustments to recoveries for incurred claims	(7,098)	(710)	–	(7,808)
Reinsurance service result	(1,324)	674	1,026	376
Reinsurance finance income	16	530	1,146	1,692
Statement of comprehensive income	**(1,308)**	**1,204**	**2,172**	**2,068**
Premiums paid	(8,375)	–	–	(8,375)
Recoveries received	5,735	–	–	5,735
Total cash flows	**(2,640)**	**–**	**–**	**(2,640)**
Reinsurance contract assets/(liabilities)	(7,870)	13,312	31,825	37,267
Net reinsurance contract (liabilities)/assets at 31 March 2025	**(7,870)**	**13,312**	**31,825**	**37,267**

2. Underwriting activities – continued

2.2 Insurance and reinsurance contracts – continued

2.2.4 Movement in the net reinsurance contract assets/liabilities – for contracts measured under the GMM – continued

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Reinsurance contract (liabilities)/assets	(2,560)	10,741	24,196	32,378
Net reinsurance contract assets/(liabilities) at 1 April 2023	**(2,560)**	**10,741**	**24,196**	**32,378**
Changes that relate to current services				
CSM recognised for services received	–	–	(3,151)	(3,151)
Changes in risk adjustment	–	(1,305)	–	(1,305)
Experience adjustments	3,897	–	–	3,897
Changes that relate to future services				
Contracts initially recognised in the period	(4,053)	1,006	3,047	–
Changes that adjust the CSM	(5,664)	1,137	4,527	–
Changes that relate to past services				
Adjustments to recoveries for incurred claims	131	334	–	465
Reinsurance service result	(5,688)	1,171	4,423	(94)
Reinsurance finance income	773	196	1,034	2,002
Statement of comprehensive income	**(4,915)**	**1,366**	**5,457**	**1,908**
Premiums paid	7,929	–	–	7,929
Recoveries received	(4,375)	–	–	(4,375)
Total cash flows	**3,554**	**–**	**–**	**3,554**
Reinsurance contract assets/(liabilities)	(3,922)	12,108	29,653	37,839
Net reinsurance contract assets/(liabilities) at 31 March 2024	**(3,922)**	**12,108**	**29,653**	**37,839**

2. Underwriting activities – continued

2.3 Contracts issued in the period

The following table provides an analysis of insurance contracts measured under the general measurement model that were issued in the period. There were no new insurance contracts issued which are measured under the variable fee approach. No contracts measured under the GMM were acquired from other entities during the period and no groups of contracts recognised are onerous.

Insurance contracts	2025 $000	2024 $000
Estimates of the present value of future insurance cash inflows	(13,522)	(17,442)
Estimates of the present value of future insurance cash outflows	7,080	9,828
Risk adjustment for non-financial risk on insurance contracts	1,598	1,889
Contractual service margin on insurance contracts	4,844	5,725
Insurance acquisition cash flows	–	–
	–	–

Reinsurance contracts	2025 $000	2024 $000
Estimates of the present value of future reinsurance cash inflows	5,590	6,967
Estimates of the present value of future reinsurance cash outflows	(1,903)	(2,914)
Risk adjustment for non-financial risk on reinsurance contracts	(915)	(1,006)
Contractual service margin on reinsurance contracts	(2,772)	(3,047)
	–	–

2.4 Maturity profile for insurance contract liabilities

Expected timing of settlement of the present value of future cash flows

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented. The liability for remaining coverage measured under the PAA relating to insurance contracts is excluded from the table below.

The majority of the Group's general insurance claims are settled within 12 months. General insurance claims expected to take more than 12 months to settle relate to catastrophe events.

The Group's life claims are expected to be paid out with 1 year as they are typically settled within a short timeframe of the claim being recognised.

At 31 March 2025 Insurance contract liabilities (excluding liability for remaining coverage under PAA)	General $000	Life $000	Total $000
Up to 1 year	28,738	3,322	32,060
1–2 years	1,970	706	2,676
2–3 years	1,998	(1,043)	955
3–4 years	1,821	(1,893)	(72)
4–5 years	1,481	(2,369)	(888)
5+ years	806	(27,950)	(27,144)
Total	**36,814**	**(29,227)**	**7,587**

2. Underwriting activities – continued

2.4 Maturity profile for insurance contract liabilities – continued

At 31 March 2024 Insurance contract liabilities (excluding liability for remaining coverage under PAA)	General $000	Life $000	Total $000
Up to 1 year	39,571	5,260	44,831
1–2 years	3,127	2,318	5,445
2–3 years	2,714	379	3,093
3–4 years	1,894	(769)	1,125
4–5 years	695	(1,485)	790
5+ years	–	(26,773)	(26,773)
Total	**48,001**	**(21,070)**	**26,931**

A description of how the Group manages its liquidity risk is included in note 4.5. The table below summarises the expected utilisation or settlement of insurance liabilities and reinsurance assets.

At 31 March 2025 Insurance contract liabilities	General $000	Life $000	Total $000
No more than 12 months	99,473	22,661	122,134
More than 12 months	8,076	40,572	48,648
Total	**107,549**	**63,233**	**170,782**
Reinsurance contract assets			
No more than 12 months	11,855	5,966	17,821
More than 12 months	–	30,347	30,347
Total	**11,855**	**36,313**	**48,168**

At 31 March 2024 Insurance contract liabilities	General $000	Life $000	Total $000
No more than 12 months	103,256	21,996	125,252
More than 12 months	8,430	40,824	49,254
Total	**111,686**	**62,820**	**174,506**
Reinsurance contract assets			
No more than 12 months	28,777	5,244	34,021
More than 12 months	–	30,461	30,461
Total	**28,777**	**35,705**	**64,482**

2. Underwriting activities – continued

2.4 Maturity profile for insurance contract liabilities – continued

Expected timing of contractual service margin release

The following table shows when the contractual service margin is expected to be recognised in profit or loss.

Insurance contract liabilities	2025 $000	2024 $000
Less than 1 year	7,010	6,426
2 to 5 years	20,571	18,747
More than 5 years	27,357	24,701
Total	**54,938**	**49,874**
Reinsurance contract assets		
Less than 1 year	4,089	3,842
2 to 5 years	12,064	11,292
More than 5 years	15,672	14,519
Total	**31,825**	**29,653**

Medical Life Assurance Society Limited operates a sub-fund in respect of its participating policyholders as required under the Insurance (Prudential Supervision) Act and Regulations. The balance of the participating fund is $4.8 million at 31 March 2025 (2024: $4.9 million). No other amounts are payable on demand at 31 March 2025 (2024: none). The balance of the participating fund is recognised within the asset/liability for remaining coverage.

Based on the recommendations of the Appointed Actuary, the Board has approved a bonus declaration for participating policyholders:

Bonus on sum insured	2.0% (2024: 2.0%)
Bonus on existing bonuses	3.2% (2024: 3.2%)

2. Underwriting activities – continued

2.5 Impact of changes in key variables

Insurance contract liabilities are sensitive to the key assumptions in the table below to an extent that changes may impact profit or loss materially. The sensitivity analysis below shows how profit or loss and equity may be impacted by reasonably possible movements in key assumptions, with all other assumptions held constant. The changes are shown gross and net of reinsurance held.

Sensitivity analysis – general insurance business	Impact on profit and equity Gross of reinsurance 2025 $000	2024 $000	Impact on profit and equity Net of reinsurance 2025 $000	2024 $000
Risk adjustment – flood claims – increase 5% (2024: flood and cyclone claims)	(129)	(501)	–	–
Risk adjustment – flood claims – decrease 5% (2024: flood and cyclone claims)	129	501	–	–
Risk adjustment – earthquake claims – increase 5%	(306)	(453)	(288)	(426)
Risk adjustment – earthquake claims – decrease 5%	306	453	288	426
Risk adjustment for other claims – increase 5%	(906)	(1,336)	(906)	(1,336)
Risk adjustment for other claims – decrease 5%	906	1,336	906	1,336
Interest rate – increase 1%	219	102	219	102
Interest rate – decrease 1%	(229)	(102)	(229)	(102)

Sensitivity analysis – life insurance business (income protection)	Impact on profit and equity Gross of reinsurance 2025 $000	2024 $000	Impact on profit and equity Net of reinsurance 2025 $000	2024 $000
Insurance liability for incurred claims				
Interest rate – increase 1%	3,029	3,433	1,352	1,521
Interest rate – decrease 1%	(3,189)	(3,260)	(1,423)	(1,446)
Claim terminations (morbidity) – increase 10%	2,475	2,793	1,027	1,130
Claim terminations (morbidity) – decrease 10%	(2,661)	(2,597)	(1,104)	(1,051)
Insurance (asset)/liability for remaining coverage				
Interest rate – increase 1%	(4,865)	(4,331)	(3,089)	(2,757)
Interest rate – decrease 1%	5,108	4,547	3,243	2,896
Claim frequencies (morbidity) – increase 10%	(257)	(344)	(589)	(669)
Claim frequencies (morbidity) – decrease 10%	257	344	589	669
Lapses and cancellations – increase 10%	(400)	(319)	(276)	(202)
Lapses and cancellations – decrease 10%	424	339	293	215
Expenses – increase 10%	(110)	(156)	(110)	(156)
Expenses – decrease 10%	110	156	110	156

2. Underwriting activities – continued

2.5 Impact of changes in key variables – continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises market interest rates (interest rate risk); and market prices (price risk).

Interest rate risk

The Group is exposed to interest rate movements through its insurance contract liabilities and reinsurance contracts held, as the liability is discounted to present value by reference to risk-free rates (see note 2.6). The Group is also exposed to interest rate movements through its fixed interest investments. Changes in insurance/reinsurance finance income or expenses and changes in investment income/loss are interrelated to the extent that impact of changes in interest rates on the liability for incurred claims will be partially offset by the impact on the fixed interest investments.

Price risk

The Group is subject to price risk arising from changes in the market values of its directly held domestic fixed interest and unit trust investments. The Group's insurance contracts are not exposed to material price risk.

The following table shows the impact of movement in rates and prices as at balance date:

Sensitivity analysis - investments at fair value through profit or loss	2025 $000	2024 $000
Interest rates increase by 1%	(793)	(4,626)
Interest rates decrease by 1%	793	4,626
Unit prices increase by 10%	20,090	12,833
Unit prices decrease by 10%	(20,090)	(12,833)

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held

Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios of insurance contracts are divided into 3 groups based on whether there is:

1) no significant possibility of becoming onerous

2) onerous contracts at initial recognition and

3) remaining contracts.

Portfolios of reinsurance contracts are divided into 3 groups based on whether there is:

1) no significant possibility of a net gain arising subsequent to initial recognition

2) a net gain on initial recognition and

3) remaining contracts.

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

Contracts issued more than 1 year apart cannot be included in the same group. During the year, the Group was transferred a portfolio of insurance contracts (short-term income protection insurance contracts) and a portfolio of reinsurance contracts (short-term income protection reinsurance contracts held). Refer to note 5.3 for further information. The portfolios are detailed in the following table.

Portfolio	Measurement model
General insurance business	
Domestic property insurance contracts	PAA
Commercial property insurance contracts	PAA
Domestic motor insurance contracts	PAA
Loss occurring reinsurance contracts held	PAA
Risk attaching reinsurance contracts held	PAA
Property catastrophe reinsurance contracts held	PAA
Life insurance business	
Life insurance contracts – stepped	PAA
Life insurance contracts – level premium term life	GMM
Long-term income protection insurance contracts	GMM
Short-term income protection insurance contracts	PAA
Whole of life insurance contracts (participating)	VFA
Life reinsurance contracts held	PAA
Long-term income protection reinsurance contracts held	GMM
Short-term income protection reinsurance contracts held	GMM

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period to receive services from reinsurers or the Group has a substantive obligation to pay amounts to the reinsurer.

Accounting model eligibility

NZ IFRS 17 Insurance Contracts (NZ IFRS 17) introduces different measurement models in calculating insurance and reinsurance contract assets and liabilities reflecting the different extents of policyholder participation. The 3 models are the general measurement model (GMM), variable fee approach (VFA) and premium allocation approach (PAA).

The GMM is the default model and has been applied to level premium term life insurance contracts, long-term income protection insurance contracts and all income protection reinsurance contracts held.

The Group offers whole of life insurance contracts with direct participation features where the performance of underlying investment items is shared between the Group and policyholders. Insurance contracts with direct participation features are measured under the VFA. The VFA modifies the GMM to reflect that the consideration the Group receives for the contracts is a variable fee.

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

PAA can be applied to short-duration contracts (coverage period of 12 months of less) or where adopting PAA would produce a measurement of the liability for remaining coverage that does not differ materially from the one produced by applying GMM. The Group has determined that all its general insurance contracts, its stepped life insurance contracts and short-term income protection insurance contracts are eligible to apply PAA as the coverage period is 1 year or less. The contract boundary has been assessed as 12 months as the Group has the practical ability to reassess the risks of policyholders annually and, as a result, can set a price or level of benefits that fully reflects those risks. The level premium term life contracts rating structure requires the carry-forward of premiums to fund claims in future years, meaning the contract boundary is longer than 12 months and the GMM must be applied.

The Group has determined that its general insurance and life reinsurance contracts held are eligible to apply PAA as the resulting measurement under PAA does not differ materially from the result under the GMM.

The Group has determined that whole of life insurance contracts are eligible to apply VFA as they meet the following criteria.

- contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Measurement

Under the GMM, the Group measures the liability for remaining coverage as the sum of the present value of the fulfilment cash flows, a risk adjustment for non-financial risk and a CSM representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- premiums and related cash flows
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- payments to policyholders resulting from embedded surrender value options
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- non-claims expenses which are directly attributable to fulfilling insurance contracts such as claims handling costs and overheads
- transaction-based taxes.

Under the PAA, the Group measures the liability for remaining coverage as the premiums received net of amounts recognised as insurance revenue for coverage that has been provided. Under the VFA, the Group measures the liability for remaining coverage based on the amount of the participating fund at balance date. Under GMM and PAA, the liability for incurred claims (and asset for recoveries of incurred claims) is measured as the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable insurance expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- future cash flows consider the need to allow for the effect of non-performance by reinsurers, including losses from disputes
- the risk adjustment for non-financial risk considers the amount of risk being transferred to the reinsurer.

Where there is a net gain on initial recognition of reinsurance contracts, a negative CSM is recognised reflecting that expected reinsurance premiums are less than expected reinsurance recoveries.

Liability for incurred claims – general insurance business

There is significant uncertainty in relation to the claims arising from Cyclone Gabrielle and the Canterbury earthquakes and significant judgement is required in regards to elements such as increases in building claim costs, litigation, reopening of claims, apportionment between earthquake events and claim handling expenses. Due to these uncertainties a higher risk adjustment is carried for cyclone and earthquake claims.

Modifications

There have been no modifications to insurance contracts issued or reinsurance contracts held during the year (2024: none).

Insurance acquisition cash flows (IACFs)

IACF arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. IACFs relating to the Group's long-term income protection insurance contracts are implicitly deferred

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

through the CSM. The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate IACFs to groups of insurance contracts. The Group allocates IACFs to groups in proportion to the unit of cover.

For all other insurance contracts, the Group has determined that it does not have any material expenses which meet the definition of IACFs, or is eligible to recognise them as expenses, and therefore recognises IACFs as insurance service expenses in profit or loss.

Insurance/reinsurance finance income or expenses

Insurance/reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued/reinsurance contracts held arising from:

- the effect of the time value of money and changes in the time value of money
- the effect of financial risk and changes in financial risk.

Key assumptions – insurance contracts under the GMM (life insurance business)

Expenses, lapses and cancellations, and inflation rate assumptions relate to the calculation of the liability for remaining coverage. Morbidity assumptions relate to the calculation of the liability for remaining coverage and liability for incurred claims.

Morbidity – income protection products

Claim frequencies and claim terminations are based on adjustments to the Commissioners Individual Disability (CIDA) table, reflecting the Group's experience.

Expenses

Expenses that are directly attributable to the fulfilment of insurance contracts are within the contract boundary and included in the measurement of the group of insurance contracts. These expenses include costs of administering policies in-force, costs of new business, and an allocation of overhead expenses. Future expenses are projected using past actual experience and are adjusted for expected inflation. Expected inflation rates are based on management estimates.

Lapses and cancellations

Assumptions are made around changes in level of cover and policy lapses. Assumptions are primarily based on recent experience. Lapse rate is assumed at 6.00% per annum for yearly renewable life contracts (2024: 6.00%), with additional selective lapses above age 60 (2024: no change). A 5.00% lapse rate is assumed for the Group's in-force Income protection policy (2024: 5.00%). Higher lapse rates are assumed for closed income protection plans.

Inflation rates

Inflation impacts on the valuation in broadly 2 ways. Some contracts provide for the increase of future benefits in line with the Consumer Price Index (CPI), subject to a minimum materiality level. The CPI for lump sum policy increases is assumed to be 2.50% per annum (2024: 2.50%). The assumed indexation for income protection benefits varies between 0.00% and 2.00% depending on the product (2024: 0.00% and 2.00%). The assumed rate of expense inflation is assumed to be 2.00% per annum (2024: 2.00%).

The lump sum indexation assumption applies to those products that offer indexation benefits, and those policyholders with that product that have opted for the indexation benefit (2024: no change). The income protection indexation assumption applies to all covers of each respective product type (2024: no change).

Risk adjustment (RA) for non-financial risk

The RA reflects the compensation required for bearing the uncertainty about the amount and timing of the cashflows that arise from non-financial risk. For contracts measured under PAA, a risk adjustment is only applied for the measurement of the liability for incurred claims and asset for recoveries of incurred claims. The RA included in the asset for recoveries of incurred claims represents the amount of risk being transferred by the Group to its reinsurers. The Group does not disaggregate the change in RA between a financial and non-financial portion and includes the entire change as part of the insurance service result.

General insurance business

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level of an estimated probability distribution of the future cash flows (2024: no change).

Life insurance business

A confidence level approach has been used to determine the RA for non-financial risk. The confidence level, inclusive of diversification benefits, is 75.00% (2024: 75.00%).

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

Assumptions adopted in calculation of the liability for incurred claims and asset for recoveries of incurred claims

Portfolio	2025	2024
General insurance business		
Risk adjustment – cyclone claims	25.00%	25.00%
Risk adjustment – earthquake claims	43.00%	62.00%
Risk adjustment for other claims	13.10%	12.70%
Life insurance business		
Risk adjustment for non-financial risk	75.00%	75.00%

Asset for recoveries of incurred claims

As is the case for claims, recoveries of incurred claims from reinsurers must be estimated at reporting date. The recoverability of these assets is assessed on a periodic basis to ensure that as best can be determined, the balance is reflective of the amounts which will ultimately be received. This takes into consideration factors such as the risk of non-performance of reinsurers, which includes both counterparty credit risk and dispute risk.

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

Discount rates used to estimate the present value of future cash flows

The Group is required to discount the estimates of future cash flows to reflect the time value of money and financial risks related to those cash flows. The Group has discounted its insurance contract liabilities and reinsurance contract assets where this criteria are met.

For insurance contracts issued and reinsurance contracts held under the PAA, the Group has elected not to discount the asset/liability for remaining coverage held as the time between providing each part of the services and the related premium due date is no more than 1 year. The Group has elected not to discount the liability for incurred claims and asset for recoveries of incurred claims as cash flows are expected to be paid or received within 1 year from the date the relevant claim was incurred. The Group has elected to determine the discount rate by using the bottom-up approach. For the general insurance business, the rate is determined by reference to risk-free rates with an illiquidity premium adjustment of 10.00% (2024: 10.00%). The discount rate applied is 3.89% at 31 March 2025 (2024: 5.06%).

For the life insurance business, this rate is determined by reference to risk-free rates with an illiquidity premium adjustment of 10.00% on the liability for incurred claims and asset for recoveries of incurred claims (2024: 10.00%) and 5.00% on the asset/liability for remaining coverage (2024: 5.00%). The risk free rates for the life insurance business are based on New Zealand treasury yield curves for the valuation of long-term liabilities as at balance date (2024: no change). The table below discloses rates used to discount future cashflows for contracts issued under GMM. These rates exclude the 5.00% illiquidity premium.

	2025	2024
1 year	3.73%	5.25%
5 years	4.05%	4.41%
10 years	4.71%	4.69%
15 years	5.06%	4.86%
20 years	5.24%	4.94%
25 years	5.35%	4.99%

Current discount rates are used to measure the fulfilment cash flows. Interest accreted on the carrying amount of the CSM during the reporting period and changes to the CSM are measured at the discount rates at initial recognition.

Contractual Service Margin (CSM)
Insurance contracts issued

The CSM, which applies to insurance contracts measured under the GMM and VFA, is a component of the carrying amount of the asset or liability for a group of insurance contracts issued and represents the expected future profit that the Group will recognise as it provides coverage in the future.

A negative CSM at the date of inception occurs when a group of insurance contracts issued are onerous. A loss from onerous contracts is recognised immediately. No CSM is recognised on the balance sheet at initial recognition and a loss component is recognised.

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, the expected coverage period and time value of money. The coverage unit is the sum insured. The CSM accrues at the locked-in discount rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period.

The CSM is adjusted for changes in fulfilment cash flows that relate to future service. These changes comprise experience adjustments, changes in estimates of the present value of future cash flows and changes in the risk adjustment for non-financial risk that relate to future service.

Reinsurance contracts held

The initial and subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force. The coverage unit is the sum reinsured.

Onerous contracts

A group of insurance contracts becomes onerous if its estimated cash outflows exceed its estimated cash inflows. Under the PAA, insurance contracts are assumed not to be onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group has identified facts and circumstances that would trigger an assessment to consider whether a group of insurance contracts is onerous, including management reporting.

Under the GMM and VFA, the Group assesses whether contracts have no significant possibility of becoming

2. Underwriting activities – continued

2.6 Material accounting judgements, estimates and assumptions – insurance contracts issued and reinsurance contracts held – continued

onerous based on the likelihood of changes in significant assumptions and using information provided by its internal reporting processes.

The Group has assessed that it has no onerous insurance contracts during the year ended 31 March 2025 (2024: none).

Investment components – whole of life insurance contracts

Investment components are amounts that the Group is required to repay to policyholders in all circumstances, regardless of whether an insured event occurs. The Group has assessed that the surrender value of its whole of life insurance contracts meet the definition of a non-distinct investment component as the contract includes a surrender value payable on cancellation of the policy. The investment component has been determined as non-distinct it is highly interrelated with the insurance contract and is therefore not separately accounted for, however, receipts and payments of the investment component are excluded from insurance revenue and insurance service expense. The Group's products do not include any distinct components.

Assumed future bonus rates – whole of life insurance contracts

The Group's philosophy is to set bonus rates such that over longer periods, the returns to participating policyholders will be commensurate with the investment returns on the assets held. Distributions are split between policyholders and shareholders, with shareholders assumed to be entitled to 25% of the distribution to policyholders. Assumed rates of future bonus have been set so that the present value of the policy liabilities equals the present value of the assets supporting the business. Allowance is made for the shareholders' right to participate in the distributions. Assumed future bonus rates for participating policies were:

Bonus rate on sum assured: $26 per mille (2024: $28 per mille)

Bonus rate on existing bonuses: $41 per mille (2024: $44 per mille).

2. Underwriting activities – continued

2.7 Claims development

General insurance business

The tables illustrates how estimates of cumulative claims have developed over time on a gross of reinsurance basis. They show how estimates of total claims for each accident year have developed over time, together with cumulative payments to date.

Disclosure is provided for claims development for the past 10 accident years. There is significant uncertainty in relation to the claims arising from Cyclone Gabrielle and the Canterbury earthquakes. With the exception of Canterbury earthquake claims (accident years 2011 and 2012) there are no material claims for which there is uncertainty about the amount and timing of claim payment that pre-dates this 10-year period.

	Prior $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	Total $000
At end of incident year		33,118	48,602	40,393	39,127	43,289	51,296	55,294	146,087	71,294	61,147	
1 year later		34,324	52,449	39,424	40,389	44,417	56,941	56,584	148,621	70,610	–	
2 years later		34,514	53,473	39,870	40,552	44,633	58,738	54,867	150,953	–	–	
3 years later		34,426	53,915	40,006	40,646	44,681	58,978	54,987	–	–	–	
4 years later		34,518	53,874	40,129	40,661	44,890	59,586	–	–	–	–	
5 years later		34,543	53,893	40,140	40,671	45,032	–	–	–	–	–	
6 years later		34,578	54,074	40,120	40,715	–	–	–	–	–	–	
7 years later		34,578	54,148	40,136	–	–	–	–	–	–	–	
8 years later		34,577	54,192	–	–	–	–	–	–	–	–	
9 years later		34,566	–	–	–	–	–	–	–	–	–	
Current estimated claim cost		34,566	54,192	40,136	40,715	45,032	59,586	54,987	150,953	70,610	61,147	
Cumulative payments		(34,566)	(54,175)	(40,130)	(40,710)	(45,016)	(59,467)	(54,886)	(148,392)	(68,677)	(46,798)	
Gross undiscounted liabilities for incurred claims	18,656	–	18	7	5	16	120	101	2,561	1,933	14,348	37,765
Effect of discounting												(952)
Risk adjustment												9,005
Total liabilities for incurred claims – general insurance business												**45,819**

2. Underwriting activities – continued

2.7 Claims development – continued

Life insurance business

The following table illustrates how estimates of cumulative incurred income protection claims have developed over time on a gross of reinsurance basis. The table shows how the estimates of total claims for each accident year have developed over time, together with cumulative payments to date. Due to the long tail nature of income protection claims, the Group has a number of active claims that pre-date 2016. Life claims are excluded from the analysis as they are typically settled within a short timeframe of the claim being recognised

	Prior $000	2016 $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	Total $000
At end of incident year		7,561	6,549	7,577	6,630	9,231	14,054	16,735	13,323	13,184	17,406	
1 year later		7,475	10,151	9,018	8,389	14,006	19,915	18,772	14,529	7,946	–	
2 years later		7,360	11,761	11,349	8,663	15,390	18,805	18,983	15,162	–	–	
3 years later		7,477	14,243	9,772	9,101	17,121	19,521	17,075	–	–	–	
4 years later		8,267	16,625	11,268	9,134	18,225	18,910	–	–	–	–	
5 years later		8,815	17,496	10,229	10,146	19,336	–	–	–	–	–	
6 years later		8,534	17,570	9,474	10,456	–	–	–	–	–	–	
7 years later		8,633	19,758	9,496	–	–	–	–	–	–	–	
8 years later		8,802	20,540	–	–	–	–	–	–	–	–	
9 years later		9,373	–	–	–	–	–	–	–	–	–	
Current estimated claim cost		9,373	20,540	9,496	10,456	19,336	18,910	17,075	15,162	7,946	17,406	
Cumulative payments		(7,745)	(12,031)	(6,899)	(7,192)	(11,080)	(10,107)	(7,484)	(8,418)	(2,987)	(2,656)	
Gross undiscounted liabilities for incurred claims	6,082	1,628	8,509	2,597	3,264	8,257	8,803	9,591	6,744	4,959	14,750	75,183
Effect of discounting												(17,524)
Risk adjustment												5,772
Total liabilities for incurred claims – life insurance business												**63,430**

	2025 $000	2024 $000
Liability for incurred claims – general insurance	45,819	57,434
Life insurance contracts – stepped	2,143	1,493
Life insurance contracts – level premium term life	–	–
Short-term income protection insurance contracts	235	–
Long-term income protection insurance contracts	63,430	61,655
Total liability for incurred claims	**111,627**	**120,582**

3. Investment activities

This section provides information on the Group's investment activities.

The Group invests across a wide range of asset classes to balance considerations on risk and return. In principle, those investment funds that support the insurance businesses are held in lower risk and highly liquid assets.

All investment funds are held in accordance with a Statement of Investment Policy and Objectives (SIPO) that is specific to each entities needs.

3.1 Investment income

	2025 $000	2024 $000
On call and term deposits	1,047	1,177
Fixed interest	9,904	7,865
Equities	4,779	13,954
Private equity	141	–
Total investment income	**15,871**	**22,996**
Realised investment income	8,807	4,971
Unrealised investment gain	7,064	18,025
Total investment income	**15,871**	**22,996**
Investment income – insurance entities	8,641	7,815
Investment income – other	7,230	15,181
Total investment income	**15,871**	**22,996**

Any movements in fair value, interest and dividend income, and fund distributions are recognised in the statement of comprehensive income as investment income or loss.

3.2 Investment assets

	2025 $000	2024 $000
On call and term deposits	117,767	130,060
Domestic fixed interest	18,408	98,734
Domestic fixed interest (unit trust)	92,150	–
International fixed interest (unit trust)	13,573	22,424
MAS Wholesale International Equities Fund	43,054	63,660
MAS Wholesale NZ Fixed Interest Fund	50,045	10,786
MAS Wholesale Australasian Equities Fund	94,231	31,461
Private equity	4,140	–
Total investments	**433,368**	**357,125**

3. Investment activities – continued

3.2 Investment assets – continued

Funds are invested in both unitised or pooled vehicles and direct holdings. Investment fund values for unitised or pooled vehicles are supplied by the relevant fund manager.

Fixed interest and equity investments are mandatorily required to be measured as financial assets at fair value through profit or loss under NZ IFRS 9 Financial Instruments. On call and term deposits are measured as financial assets at amortised cost. They comprise cash on call and short-term deposits, balances with other financial institutions with maturities of less than 3 months and other types of short-term financial assets.

3.3 Investment by entity

	2025 $000	2024 $000
Life assurance investment funds – Medical Life Assurance Society Limited	88,950	88,805
General insurance investment funds – Medical Insurance Society Limited	159,837	142,293
Funds management investment funds – Medical Funds Management Limited	3,057	3,063
MAS Foundation investment funds	4,951	4,251
Other investment funds	176,573	118,713
Total investments	**433,368**	**357,125**

3.4 Fair value hierarchy

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2025				
Domestic fixed interest	–	18,408	–	18,408
Domestic fixed interest (unit trust)	–	92,150	–	92,150
International fixed interest (unit trust)	–	13,573	–	13,573
MAS Wholesale International Equities Fund	–	43,054	–	43,054
MAS Wholesale NZ Fixed Interest Fund	–	50,045	–	50,045
MAS Wholesale Australasian Equities Fund	–	94,231	–	94,231
Private equity	–	–	4,140	4,140
Total investments at fair value through profit or loss	**–**	**311,461**	**4,140**	**315,601**
2024				
Domestic fixed interest	–	98,734	–	98,734
International fixed interest (unit trust)	–	22,424	–	22,424
MAS Wholesale International Equities Fund	–	63,660	–	63,660
MAS Wholesale NZ Fixed Interest Fund	–	10,786	–	10,786
MAS Wholesale Australasian Equities Fund	–	31,461	–	31,461
Total investments at fair value through profit or loss	**–**	**227,065**	**–**	**227,065**

3. Investment activities – continued

3.4 Fair value hierarchy – continued

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values are based on relevant information available as at balance date. While judgement is used in obtaining the fair value of financial instruments, there are inherent weaknesses in any estimation technique.

Many of the estimates involve uncertainties and matters of significant judgement, and changes in underlying assumptions could significantly affect these estimates. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used, which may not reflect the price that would apply in an actual sale. The methodologies and assumptions used, when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

Domestic fixed interest

The fair value for fixed interest investments is determined by reference to quoted prices in active markets for similar assets or liabilities. Where not available or the market is considered to be lacking sufficient depth to be active, fair value is determined by reference to other significant inputs that are based on observable market data, for example interest rate yield curves and the maturity profile. The average maturity is 2.70 years (2024: 4.40 years).

International fixed interest (unit trust)

The fair value for investments in managed funds is determined based on unit prices provided by the relevant fund manager.

Unit trust and MAS Wholesale Funds

The fair value for investments in managed funds is determined based on unit prices provided by the relevant fund manager.

Fair value hierarchy

A level 1 financial asset or liability comprises those assets and liabilities that are valued by reference to published quotes in an active market and the price reflects actual and regularly occurring market transactions on an arm's length basis.

A level 2 financial asset or liability is measured using industry standard valuation techniques and are based on market observable inputs but where the prices have not been determined in an active market.

A level 3 financial asset or liability value is determined in part, or in whole, using valuation techniques based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

There have been no transfers between the levels during year (2024: no transfers).

4. Risk management

Effective risk management is key to achieving the Group's strategic goals. The Board approves the Risk Appetite Statement, which sets the risk tolerances the Group is willing to take. Other key documents within the risk management framework include:

- risk management programmes for the core operating subsidiaries
- business continuity and disaster recovery plans
- capital management plans for the Parent and subsidiaries
- reinsurance management policies for the insurance entities; and
- Statement of Investment Policy and Objectives (SIPO's) and Treasury Policies.

The Group operates the Three Lines model as a risk management approach. Key risk categories used to classify risk are outlined below.

4. Risk management – continued

4.1 Strategic risk

Strategic risk is the risk arising from business decisions and/or external factors that impact the Group's ability to execute its strategy.

Performance is monitored against Board approved plans and targets. These plans include monitoring financial performance, staff engagement and reputational risks.

The Audit and Risk Committee formally review risks (both current and emerging) on a 6-monthly basis. This review includes the potential for negative impacts on strategic priorities from environmental, social and governance (ESG) risks, and climate-related risks and opportunities.

4.2 Capital risk

Capital management policies and objectives

When managing capital, management's objective is to ensure the Group continues as a going concern, adheres to regulatory requirements, and maintains optimal returns to shareholders (Members and the MAS Foundation) and benefits for other stakeholders. The MAS Foundation receives distributions from the Group and funds health initiatives in line with the Group's charitable purpose. Target levels of capital for the Parent and subsidiary entities are outlined in Board approved capital management plans. These plans consider the expected levels of capital over the next 5 years. Scenario and stress testing of the current and future capital position is carried out.

Capital requirements

The Group as a whole is not subject to any externally imposed capital requirements. However, a number of the subsidiary companies are. These requirements include:

Medical Funds Management Limited (MFM)

MFM holds a Managed Investment Scheme Manager Licence and must calculate its Net Tangible Assets (NTA) at least monthly. If the calculated NTA is not positive, MFM must notify its Supervisor. At 31 March 2025, MFM was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2024: no breaches).

Medical Insurance Society Limited (MIS) and Medical Life Assurance Society Limited (MLA)

Both MIS and MLA are licensed insurers under the Insurance (Prudential Supervision) Act 2010 (IPSA). Conditions are imposed as part of licencing including maintaining a solvency margin of at least $0.

MIS and MLA have capital management plans and reporting processes in place to assist the companies in maintaining continuous and full compliance with the solvency standard.

The solvency position of MIS and MLA as per solvency standards is disclosed below. The reported amounts for 2025 reflect the current RBNZ solvency standard - Interim Solvency Standard 2023 and incorporates the amendments issued on 5 December 2024 and 6 June 2023 (2024: Interim Solvency Standard 2023 and amendment issued 6 June 2023). Further amendments are planned to the solvency standard which is likely to impact reported solvency.

MIS's solvency position as per the solvency standard is as follows:

	2025 $000	2024 $000
Solvency capital	67,339	62,772
Adjusted prescribed capital requirement	39,715	30,598
Adjusted solvency margin	27,624	32,174
Adjusted solvency ratio	1.70	2.05

The Medical Life Assurance Statutory Fund encompasses all the assets and liabilities of MLA. The solvency position of the statutory fund is the same as MLA.

MLA's solvency position as per the solvency standard is as follows:

	2025 $000	2024 $000
Solvency capital	228,125	226,407
Adjusted prescribed capital requirement	214,689	201,957
Adjusted solvency margin	13,436	24,450
Adjusted solvency ratio	1.06	1.12

4. Risk management – continued

4.3 Insurance risk

Insurance risk is the risk that either inadequate or inappropriate product design, pricing, underwriting, reserving, claims management or reinsurance management will expose the Group to financial loss.

There are a number of key policies in place which mitigate insurance risk, including:

- the recruitment, retention and ongoing training of suitably qualified personnel
- delegated authorities for the underwriting of risks, claims acceptance and settlement
- the use of external actuarial expertise to assist in determining premium levels and monitoring claims patterns
- the use of reinsurance to limit the Group's exposure to large single claims and accumulations of claims that arise from a singular event
- the reduction in the variability in loss experience through diversification over classes of insurance business; and
- the modelling and monitoring of concentrations of risk which are particularly relevant in the case of natural disasters and catastrophes and accordingly must be recognised in the development of the reinsurance programme.

The concentration of insurance risk is mitigated through the use of reinsurance and the diversification of risk across a number of products (both life and general insurance).

The Group's general insurance operations are protected from the impact of large losses and catastrophic events, by way of a comprehensive reinsurance programme arranged with some of the world's strongest reinsurance companies and syndicates. The programme is developed once external professional advice involving comprehensive modelling, is obtained to establish potential exposures and to assess how much any claim or series of claims MIS can retain for its own account. MIS's reinsurance purchase considers the Reserve Bank of New Zealand's solvency requirements for catastrophe risk. The concentration of reinsurance risk is mitigated through policies, which contain requirements to limit the level of exposure to individual reinsurers, and a requirement that all reinsurers hold a minimum Standard & Poor's (S&P), or equivalent, rating of A- at the time of placement.

4.4 Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a financial instrument as a result of changes in credit risk on that instrument. Credit risk principally arises from the Group's fixed interest and cash investments, policyholder premiums and reinsurance exposures. The maximum credit risk exposures are the carrying amounts.

The Group manages credit risk in its insurance operations by:

- the use of standard credit control techniques, which ensure that premium payments are made within a reasonable timeframe or cover and hence exposure to claim is cancelled
- the placement of reinsurance cover in accordance with its reinsurance policies. The policies contain requirements to limit the level of exposure to an individual reinsurer and requires reinsurers to have a minimum S&P credit rating (or equivalent) of A- at the time of placement; and
- ongoing monitoring of a reinsurer's credit risk rating.

The following table provides information on the credit risk exposure for financial assets with external credit ratings. The credit rating analysis is only shown for fixed interest investments held directly by the Group. Investments in unit trusts are not included in the table below as the funds are invested in unitised or pooled vehicles. The underlying credit quality of the funds is mandated by the SIPO.

4. Risk management – continued

4.4 Credit risk – continued

31 March 2025	AAA	AA	A	BBB	Below BBB and not rated	Carrying value $000
On call and term deposits	0%	52%	48%	0%	0%	117,767
Domestic fixed interest	74%	0%	0%	0%	26%	18,408
Reinsurance recoveries of incurred claims	0%	85%	13%	2%	0%	54,559

31 March 2024	AAA	AA	A	BBB	Below BBB and not rated	Carrying value $000
On call and term deposits	0%	61%	39%	0%	0%	130,060
Domestic fixed interest	48%	32%	6%	10%	5%	98,734
Reinsurance recoveries of incurred claims	0%	32%	68%	0%	0%	69,803

Concentration of credit risk arises when the Group has a large exposure to an individual counterparty, or enters into a number of contracts or financial instruments with entities that are engaged in similar business activities or exposed to similar economic factors. Investment concentration risk is managed through credit rating limits and counterparty limits. There are no material concentrations of credit risk arising from insurance contracts.

The following table discloses the number of counterparties the Group has an exposure to in excess of 10% of equity. All counterparty exposures in excess of 10% of equity are rated at least A (2024: minimum of A).

	2025	2024
10%–20% of equity	1	1
20%–30% of equity	–	–
30%–40% of equity	–	1

4. Risk management – continued

4.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities; principally claims payments and creditors, as and when they fall due. Liquidity risk is reviewed on an ongoing basis. There are a number of key policies in place which mitigate liquidity risk, including:

- maintaining a minimum level of on-call funds
- conservative reinsurance retention levels; and
- the ability to access investment funds via the fund managers at short notice.

The following table summarises the Group's financial assets and liabilities at balance date into relevant maturity groupings based on the remaining period to the contractual maturity date (if applicable). Investments in unit trusts and cash on call do not have a maturity date.

Financial assets	No maturity date $000	0–12 months $000	1–5 years $000	Over 5 years $000	Total $000
31 March 2025					
Cash and cash equivalents	5,496	–	–	–	5,496
Trade and other receivables	–	2,734	–	–	2,734
Investments	346,268	69,667	3,860	13,573	433,368
31 March 2024					
Cash and cash equivalents	3,446	–	–	–	3,446
Trade and other receivables	–	6,126	–	–	6,126
Investments	169,888	92,964	42,112	52,161	357,125

Financial liabilities	No maturity date $000	0–12 months $000	1–5 years $000	Over 5 years $000	Total $000
31 March 2025					
Trade and other payables	–	6,432	–	–	6,432
Lease liabilities	–	1,169	4,142	3,165	8,476
31 March 2024					
Trade and other payables	–	6,587	–	–	6,587
Lease liabilities	–	1,181	4,213	4,233	9,628

4. Risk management – continued

4.5 Liquidity risk – continued

Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial assets and liabilities are recognised initially at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs.

Financial instruments – subsequent measurement

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. Cash and cash equivalents and trade and other receivables are classified as financial assets at amortised cost using the effective interest rate (EIR) method. The Group measures financial assets at amortised cost if:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) 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.

Investments are classified as fair value through profit or loss. Refer to section 3 and note 5.2 for further information on investments and cash and cash equivalents.

All financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.6 Operating risk

Operating risk is the risk of financial loss resulting from either external events, inadequate or failed systems or processes, or human error. Operational failures may lead to poor outcomes for Members, health and safety incidents, regulatory or legal implications, financial loss or reputational impacts. These risks are minimised whenever it is commercially sensible to do so.

There are a number of key policies in place, which mitigate operating risk, including:

- management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities
- Internal Assurance and Risk functions are charged with assisting staff in identifying current and emerging risks and ensuring the sufficiency of and ongoing presence of suitable mitigants
- regular external review and testing of the Group's information security including for cyber risks
- identifying critical outsourced providers and having appropriate plans in place in the event of supplier failure; and
- regular monitoring and reporting on risks, financial and operational performance to Senior Management and the Board.

4.7 Asset management risk

The Group is exposed to this risk due to its management of the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds (the Schemes). Management fee revenue earned from these Schemes is linked to the amount of funds under management (FUM). FUM could reduce due to a number of factors including: poor investment performance, market volatility and the competitiveness of the Scheme's offerings. The Group's Investment Committee regularly reviews the performance of the Schemes and the fund managers to minimise this risk.

5. Capital structure

When managing capital, management's objective is to ensure the Group continues as a going concern, adheres to regulatory requirements and maintains optimal returns to shareholders and benefits for other stakeholders, including MAS Foundation.

The Foundation receives distributions from the Group and funds health initiatives in line with the Group's charitable purpose. Directors may change the amount of dividends to be paid to shareholders (if any), return capital to shareholders, issue new shares or sell assets to reduce debt.

5.1 Contributed equity

	2025 $000	2024 $000
10,000 voting shares	110	110
1 non-voting distribution share	–	–
Total	**110**	**110**

5.2 Cash and cash equivalents

	2025 $000	2024 $000
Cash and cash equivalents	5,496	3,446

Cash and cash equivalents include liquid assets and amounts due from other financial institutions, with an original term to maturity of less than 3 months. Interest is earned at floating rates based on daily deposit rates. The carrying amount approximates fair value. The Parent company's bank overdraft facility of $1.0 million is unsecured (2024: secured by a first mortgage over its commercial property at Broderick Road, Johnsonville).

5.3 New Zealand Dental Insurance Society Limited (NZDIS) business combination

On 17 February 2025, the Reserve Bank of New Zealand approved a joint application from NZDIS and Medical Life Assurance Society Limited (MLA) for the transfer of NZDIS' insurance obligations to MLA. On 27 March 2025, the sale and purchase agreement between NZDIS and MLA was completed. The transfer aligns with MLA's strategic growth priority and target market of health professionals as NZDIS provides insurance services to dental health professionals.

As per the sale and purchase agreement, the Group transferred cash of $1.00 to NZDIS. The assets acquired and liabilities assumed were accounted for as a business combination under NZ IFRS 3 Business Combinations.

The fair values of the assets and liabilities the Group recognised as a result of the transfer are:

	$000
Cash transferred	618
Reinsurance contract assets	366
Insurance contract liabilities	(143)
Gain on transfer	**841**

The insurance asset for remaining coverage includes a $170,000 asset for insurance acquisition cash flows. The reinsurance liability for remaining coverage includes a $180,000 reinsurance liability comprising the contractual service margin component of the reinsurance contract acquired. Both amounts were recognised at fair value on acquisition date.

The gain on transfer is recognised in the other income line of the statement of comprehensive income. The transaction resulted in a gain as the fair value of assets transferred is higher than the fair value of the liabilities assumed. The Group recognised acquisition-related costs of $54,420 in insurance service expense and other expenses in the statement of comprehensive income.

The Group did not acquire any equity interests in NZDIS. No goodwill, intangible assets or contingent liabilities have been recognised by the Group.

The NZDIS insurance portfolio is made up of short-term income protection insurance contracts. The Group has determined it is eligible to apply PAA as the coverage period of each contract is 1 year or less. The Group has assessed that the group of insurance contracts is not onerous at 31 March 2025. The NZDIS reinsurance portfolio is made up of short-term income protection reinsurance contracts held. The Group has applied the general measurement model (GMM). The Group has applied accounting policies consistent with its other PAA and GMM portfolios, refer to note 2.6 for further information.

6. Related party information

6.1 Controlled entities

All transactions with controlled entities are eliminated in full.

	Equity holding 2025 %	Equity holding 2024 %
Ultimate parent entity:		
Medical Assurance Society New Zealand Limited (MAS)	n/a	n/a
Subsidiaries:		
Medical Funds Management Limited (MFM)	100	100
Medical Insurance Society Limited (MIS)	100	100
Medical Life Assurance Society Limited (MLA)	100	100
Medical Securities Limited (MSL)	100	100
Other controlled entities:		
MAS Foundation (the Foundation)	–	–

The Foundation is controlled by MAS as the directors of MAS are able to appoint and remove the Trustees of the Foundation.

6.2 Other related entities

The MAS KiwiSaver Scheme and the MAS Retirement Scheme are registered superannuation schemes issued by MFM. The MAS Investment Funds is a managed investment scheme issued by MFM.

MFM is the manager of MAS Wholesale Investment Funds, which provide unitised funds for wholesale investors. The Group invests in the MAS Wholesale Investment Funds

6.3 Related party transactions

Advances to and from subsidiary companies are unsecured and repayable on demand. Interest on advances is charged at the 90-day bank bill rate plus 1.00%. As at 31 March 2025, interest was charged at 4.61% for all subsidiaries (2024: 6.64%).

All transactions with Members, directors and employees are at market rates (2024: no change).

6.4 Compensation paid to key management personnel

	2025 $000	2024 $000
Salaries and other short-term employee benefits	4,175	4,054
Termination benefits	–	975
MAS Directors fees	732	763
Total compensation	**4,907**	**5,792**

6.5 Financial strength ratings

Two of the Group's subsidiaries are required to be rated. S&P Global Ratings Australia Pty Ltd has assigned Medical Insurance Society Limited and Medical Life Assurance Society Limited financial strength ratings of A (Strong).

7. Other balance sheet items

This section includes information that is not disclosed elsewhere.

7.1 Trade and other receivables

	2025 $000	2024 $000
GST receivable	163	248
Management fee receivable for funds management	1,975	1,784
Trade and other receivables	596	4,094
Allowance for expected credit losses	–	–
Total trade and other receivables	**2,734**	**6,126**

Trade receivables are non-interest bearing and are generally on terms of 30 days.

7. Other balance sheet items – continued

7.2 Assets held for sale

The Board determined that the Group's property was surplus to requirements and a decision was made to sell the property. The sale of the property was completed during the year.

	2025 $000	2024 $000
Opening value of assets held for sale	4,167	5,536
Purchase price	(4,300)	–
Cost to sell	133	–
Impairment loss recognised on the remeasurement to fair value less costs to sell	–	(1,369)
Assets held for sale	–	**4,167**

7.3 Property, plant and equipment

31 March 2025	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
Opening net book value	–	–	2,243	–	2,243
Additions	–	–	412	–	412
Transfers out of work in progress	–	–	–	–	–
Assets held for sale	–	–	–	–	–
Disposals	–	–	–	–	–
Revaluations	–	–	–	–	–
Depreciation expense	–	–	(760)	–	(760)
Closing net book value	–	–	**1,895**	–	**1,895**
Cost/revaluation	–	–	5,933	–	5,933
Accumulated depreciation	–	–	(4,038)	–	(4,038)
Closing net book value	–	–	**1,895**	–	**1,895**

Notes to and forming part of the financial statements for the year ended 31 March 2025

7. Other balance sheet items – continued

7.3 Property, plant and equipment – continued

31 March 2024	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
Opening net book value	3,900	1,572	2,369	220	8,061
Additions	–	–	1,094	–	1,094
Transfers out of work in progress	–	–	–	(220)	(220)
Assets held for sale	(3,900)	(1,572)	(64)	–	(5,536)
Disposals	–	–	(204)	–	(204)
Revaluations	–	–	–	–	–
Depreciation expense	–	–	(952)	–	(952)
Closing net book value	–	–	**2,243**	–	**2,243**
Cost/revaluation	–	–	8,101	–	8,101
Accumulated depreciation	–	–	(5,858)	–	(5,858)
Closing net book value	–	–	**2,243**	–	**2,243**

Furniture, fittings and equipment are held at cost and are depreciated on a straight line basis over their estimated economic lives, which are 3 to 10 years (2024: no change).

7.4 Intangibles

	2025 $000	2024 $000
Opening net book value	1,263	2,003
Amortisation expense	(722)	(740)
Closing net book value	**541**	**1,263**
Cost	27,530	27,727
Accumulated amortisation	(26,989)	(26,464)
Closing net book value	**541**	**1,263**

Intangible assets represent software and are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangibles are amortised over their estimated useful life; 5 years for general use software and 3 to 10 years for core systems.

7.5 Lease liabilities and right-of-use assets

The Group recognises a lease liability and right-of-use asset in the statement of financial position at commencement of a lease, except when the lease is a short-term lease.

The Group applied the practical expedient for short-term leases and recognised payments associated with short-term leases of properties, motor vehicles and printers on a straight-line basis as an expense in the statement of comprehensive income. The expense for the year ended 31 March 2025 was $94,000 (2024: $43,000).

7. Other balance sheet items – continued

7.5 Lease liabilities and right-of-use assets – continued

The Group recognised $421,000 (2024: $425,000) of interest expense on the lease liabilities and $1.31 million (2024: $1.24 million) of depreciation expense on the right-of-use assets for the year. The estimated useful life of right-of-use assets is the term of the lease.

31 March 2025	Properties $000	Motor vehicles $000	Printers $000	Total $000
Opening net book value	8,208	171	23	8,402
Additions	–	–	–	–
Reassessment of lease liabilities	35	37	–	72
Depreciation expense	(1,157)	(128)	(23)	(1,308)
Closing net book value	**7,086**	**80**	**–**	**7,166**
Cost	12,648	1,759	77	14,484
Accumulated depreciation	(5,562)	(1,679)	(77)	(7,318)
Closing net book value	**7,086**	**80**	**–**	**7,166**

31 March 2024	Properties $000	Motor vehicles $000	Printers $000	Total $000
Opening net book value	8,415	152	49	8,616
Additions	767	168	–	935
Reassessment of lease liabilities	15	77	–	92
Depreciation expense	(989)	(226)	(26)	(1,241)
Closing net book value	**8,208**	**171**	**23**	**8,402**
Cost	12,613	1,722	77	14,412
Accumulated depreciation	(4,405)	(1,551)	(54)	(6,010)
Closing net book value	**8,208**	**171**	**23**	**8,402**

Lease liabilities	2025 $000	2024 $000
Current	1,169	1,182
Non-current	7,307	8,446
Total lease liabilities	**8,476**	**9,628**

7. Other balance sheet items – continued

7.5 Lease liabilities and right-of-use assets – continued

Changes in lease liabilities	2025 $000	2024 $000
Balance at 1 April	9,628	9,760
Cash flows	(1,645)	(1,585)
Accretion of interest	421	425
Lease additions	–	935
Change in future lease payments	72	93
Balance at 31 March	**8,476**	**9,628**

7.6 Trade and other payables

	2025 $000	2024 $000
Trade and other payables	6,373	6,541
GST payable	59	46
Total trade and other payables	**6,432**	**6,587**

All payables are due within 12 months of balance date.

Payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They represent liabilities for goods and services provided to the Group prior to the end of the financial year but which are unpaid at reporting date and are classified as a financial liability at amortised cost.

7.7 Provisions

	2025 $000	2024 $000
Employee benefits	4,106	3,898
Incentive remuneration payable	2,315	1,980
Remediation	516	79
Total provisions	**6,937**	**5,957**
Current	4,483	4,360
Non-current	2,454	1,597
Total provisions	**6,937**	**5,957**

Employee benefits includes annual leave, accumulating sick leave and long service leave. The non-current provision represents expected future long service leave that will be payable. The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels and periods of service of current and former employees. Expected future payments are discounted using New Zealand Government Stock rates that most closely match the maturity term (2024: no change).

7. Other balance sheet items – continued

7.7 Provisions – continued

Set out below is the movement in the remediation provision:

	2025 $000	2024 $000
As at 1 April	79	5,158
Remediation addition	441	–
Remediation decrease	(4)	(2,430)
Remediation payments	–	(2,649)
As at 31 March	**516**	**79**

The Group is well advanced in its programme to remediate Members for issues that have been identified. The remediation provision reflects management's best estimate of the amount to meet these obligations. It is expected the remediation provision will be utilised within 12 months of balance date.

8. Other

This section includes information that is not disclosed elsewhere.

8.1 Accounting standards

Disclosure of Fees for Audit Firms' Services (Amendments to FRS 44)

The Group has applied the amending standard from 1 April 2024. The amending standard requires the Group to describe the services provided by its audit firm and to disclose the fees for those services using prescribed categories. As a result of applying the amending standard, the Group has changed the presentation and disclosure of the fees incurred for the audit of the MAS Wholesale Investment Funds. The MAS Wholesale Investment Funds are a related entity of the Group as they are managed by Medical Funds Management Limited. Aside from this, there were no material changes as a result of applying the amending standard. This information is disclosed in note 8.3.

Other standards and amendments adopted

Several other amendments and interpretations apply for the first time in the period ended 31 March 2025. These do not have a material impact on the financial statements of the Group. There have been no changes in accounting policies and disclosures during the current period.

Standards issued but not effective

NZ IFRS 18 Presentation and Disclosure in Financial Statements sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses. The standard is effective from 1 January 2027. The Group is currently assessing the impact of implementing NZ IFRS 18.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group does not expect any other standard, interpretation or amendment that has been issued but is not yet effective to materially impact the financial statements.

8.2 Fee and other income

Fee and other income includes sundry income and other revenue from contracts with customers.

Other revenue from contracts with customers is comprised of fee income from mortgage referrals, and revenue from other services including administration services, insurance broker services and HealthyPractice® operations.

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring services to customers. Mortgage referral fee income is recognised when a mortgage is drawn down and a fee is payable to the Group. Revenue from other services is typically recognised monthly as services are provided.

	2025 $000	2024 $000
Type of service		
Mortgage referral fee income	205	224
Other services	2,425	2,170
Total other revenue from contracts with customers	2,630	2,394
Sundry income	265	327
Total fee and other income	**2,895**	**2,721**
Timing of revenue recognition		
Services transferred over time	1,920	1,775
Services transferred at a point in time	710	619
Total other revenue from contracts with customers	2,630	2,394
Sundry income	265	327
Total fee and other income	**2,895**	**2,721**

8. Other – continued

8.3 Auditor remuneration

	2025 $000	2024 $000
Fees to auditors – for the audit of financial statements	283	198
Fees to auditors – for audit related services (assurance engagements)	120	48
Fees to auditors – for audit related services (agreed upon procedures)	9	9
Fees to auditors – for audit related services (other non-assurance engagements)	6	6
Fees to auditors – other services	4	21
Total auditor remuneration	**422**	**282**

The auditor of the Group is Ernst & Young (EY). Audit related services (assurance engagements) relate to reviews of regulatory reporting ($58,000) and are required by legislation to be provided by the auditor (2024: $48,000), the financial statement audits of the MAS Wholesale Investment Funds ($37,000) and MAS Investment Funds ($23,000) and the reasonable assurance compliance services for the MAS Investment Funds register of members ($2,000). The MAS Wholesale Investment Funds and MAS Investment Funds are managed by MFM. In the previous year, the fees for the audit of the MAS Wholesale Investment Funds were included in other expenses and have been reclassified to fees to auditors (2024: $29,000). No audit fees for the MAS Investment Funds were incurred in 2024.

Audit related services (agreed upon procedures) are for agreed upon procedures in relation to MFM's Net Tangible Asset calculation as required by the FMA (2024: no change). Audit related services (other non-assurance engagements) are for Supervisor and Trustee reporting (2024: no change). Fees to auditors for other services are for remuneration advice (2024: no change).

The Board has considered the non-audit work carried out by the auditor and is satisfied the work did not compromise auditor objectivity and independence. Total fees to EY were $422,000 (2024: $282,000).

8.4 Expense disclosures

	2025 $000	2024 $000
Salaries and other short-term employee benefits	40,402	38,641
Directors' fees	732	763
Loss on disposal of property, plant, equipment and intangibles	–	204
Depreciation, impairment and amortisation	2,801	2,933
MAS Foundation grants	1,996	1,766
Donations and koha	5	21
Interest expense	421	425

The expenses above are included within insurance service expense and other expenses in the statement of comprehensive income. Depreciation and amortisation includes $1.31 million of depreciation charges on the right-of-use lease assets (2024: $1.24 million).

8. Other – continued

8.5 Reconciliation of cash flows

	2025 $000	2024 $000
Net profit from continuing operations	56,013	42,968
Adjustments:		
Depreciation, impairment and amortisation	2,801	2,933
Loss on disposal of property, plant and equipment	–	204
Movement in impairment	–	(40)
Unrealised investment gain	(7,064)	(18,025)
Gain on acquisition of business	(841)	–
Changes in operating assets and liabilities:		
Trade and other payables and provisions	830	(4,767)
Trade and other receivables and prepayments	3,539	(3,202)
Loans	–	466
Insurance contract liabilities	(3,724)	(60,653)
Reinsurance contract assets	16,315	64,675
Net cash flows from operating activities	**67,869**	**24,559**

8.6 Fund management income

Fund management income of $22.5 million (2024: $21.2 million) represents fees for the management of the MAS KiwiSaver Scheme, MAS Retirement Savings Scheme and MAS Investment Funds (the Schemes).

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for transferring services to the Schemes. Revenue is calculated and accrued for management services provided to the Schemes, based on the daily funds under management balance.

8.7 Income and other taxes

Income tax

The Group became a registered charity on 1 December 2019. As such, its activities from that date are no longer subject to income tax.

Other taxes

Revenues and expenses are recognised net of goods and services tax (GST). GST related to insurance contracts and levies collected on behalf of Fire and Emergency New Zealand and Natural Hazards Commission (NHC) Toka Tū Ake are included as part of insurance contracts liabilities. GST unrelated to insurance contracts is included as part of trade and other payables/receivables.

8.8 Contingent liabilities

The Group is subject to several legal disputes at 31 March 2025 (2024: no change). The disputes are of a type common to any entity engaged in similar activities. Where such disputes lead to formal proceedings they will be defended by the Group. Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised.

8.9 Subsequent events

No material events have occurred after the reporting period.

Shape the future with confidence

Opinion

We have audited the financial statements of Medical Assurance Society New Zealand Limited ("the company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position of the Group as at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 Group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We provided remuneration benchmarking information, agreed upon procedures relating to a net tangible asset return compiled by a subsidiary, and regulatory audit and assurance services to certain subsidiaries. We have no other relationships with, or interests in, the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing, on behalf of the entity, the Group'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 Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (New Zealand) 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7-1/. This description forms part of our auditor's report.

Ernst & Young

Chartered Accountants
Wellington

27 June 2025

Five-Year Summary

	2025 $000	2024 $000	2023 $000	2022 $000	2021 $000
MIS insurance revenue*	164,556	140,198	113,580	102,255	89,884
MLA insurance revenue*	56,834	50,745	50,464	46,692	43,830
Fund management income	22,533	21,198	20,371	21,560	19,052
Investment and sundry income	26,205	30,783	159	7,308	35,676
Total comprehensive income/(loss)**	56,013	41,599	(11,234)	4,689	16,396
Total equity**	307,363	251,350	209,751	235,541	230,034

*Figures are unaudited. MIS and MLA revenue for FY23 onwards is insurance revenue under IFRS 17 (FY21–F22 premium revenue under IFRS 4).

**FY23–FY25 equity and total comprehensive income/(loss) prepared in accordance with IFRS 17. FY22 and prior periods prepared in accordance with IFRS 4.

Statutory Information

Directors' interests

Directors’ remuneration paid by the Parent Company, or due and payable, is as follows:

	Total fee	Board fee	Committee fee
B Sutton	155,000	150,000	5,000
D Hill	103,750	95,000	8,750
B O'Donovan	100,000	80,000	20,000
L Knowles	96,041	81,041	15,000
S Merchant	95,000	80,000	15,000
K Baddock	83,750	80,000	3,750
F Frizelle	80,000	80,000	–
M Macfarlane	18,333	13,333	5,000
Total	**731,874**	**659,374**	**72,500**

Statutory Information – Continued

Employee remuneration

The table below sets out the number of employees or former employees of MAS who received remuneration exceeding $100,000 for the years ended 31 March 2025 and 31 March 2024.

Remuneration includes base salary payments, performance payments, redundancy or other termination payments, and contributions of 3% of gross earnings for those individuals who are members of a KiwiSaver scheme (4% in 2025 for employees of MAS who are members of the MAS KiwiSaver Scheme).

	Number of employees	
	2025	2024
100,000–110,000	21	22
110,000–120,000	19	13
120,000–130,000	9	13
130,000–140,000	15	22
140,000–150,000	27	16
150,000–160,000	13	14
160,000–170,000	6	9
170,000–180,000	10	10
180,000–190,000	6	8
190,000–200,000	9	8
200,000–210,000	6	2
210,000–220,000	6	4
220,000–230,000	1	5
230,000–240,000	5	2
250,000–260,000	1	2
260,000–270,000	3	–
270,000–280,000	1	2
280,000–290,000	3	–
290,000–300,000	1	2
300,000–310,000	1	–
310,000–320,000	–	2
320,000–330,000	–	1
350,000–360,000	–	1
360,000–370,000	–	1
370,000–380,000	1	1
400,000–410,000	–	1
420,000–430,000	1	–
430,000–440,000	1	–
440,000–450,000	1	2
450,000–460,000	1	–
460,000–470,000	1	–
500,000–510,000	2	–
640,000–650,000	–	1
720,000–730,000	1	–
810,000–820,000	–	1
830,000–840,000	1	–
	173	165

Corporate Governance Statement

Board structure

The Board of Medical Assurance Society New Zealand Limited (MAS) supervises the management of MAS and its subsidiary companies. The Board is comprised of the Trustees of the Medical Assurance Society Members' Trust (the Trust). At 31 March 2025 there were 4 Practitioner Trustees and 4 Commercial Trustees. Members approve the appointment of all Trustees.

Control and financial returns

Control of MAS group companies ultimately rests with MAS Members via their interest in voting shares held by the Trustees of the Trust.

MAS invests the financial returns of its businesses in 2 ways. One is to ensure the continued soundness of the group businesses, and to improve the insurance and investment products and services they offer for the benefit of Members. The other is to distribute to the MAS Foundation. MAS Foundation is the MAS Group's philanthropic funder. It has been established with an independent board of trustees, whose role is to fund third parties who further the Group's charitable purpose of promoting health in Aotearoa New Zealand.

Board operations

The MAS Board approves MAS's strategic objectives, annual budgets and the overall framework within which business is conducted. It oversees the management of MAS to ensure that MAS's activities are carried out in accordance with its charitable purpose and otherwise in the best interests of Members. It also monitors the achievement of goals and plans, but delegates day-to-day management to the Chief Executive Officer. The Board approves transactions relating to any capital expenditure that exceeds delegated authorities, overall financial policy and policy on dividend payment by subsidiary companies to MAS.

The Board encourages open and frank discussion and confidentiality. It is entitled to seek independent professional advice to assist it in meeting its responsibilities and MAS pays for this advice.

A clear separation is maintained between the roles of Chair and Chief Executive Officer. The Chair's role is to manage and lead the Board effectively, and to maintain communications with the Chief Executive Officer. There are no Executive Directors.

Each trustee of the Trust is authorised and directed to act as a Director of MAS. The Trust Deed sets out policies and procedures covering the appointment and removal, proceedings, powers and duties, and remuneration and expenses of trustees.

Board committees

The Board has established 5 committees. Those committees are:

- Audit and Risk
- Innovation and Digital Technology
- Investment
- Nominations
- People and Remuneration

Committees are governed by separate charters which are available for inspection at mas.co.nz.

The Audit and Risk Committee meets to assist the Board on financial matters, particularly the financial reporting processes, the system of internal control, the audit process, MAS's process for identifying and managing risk, and monitoring compliance with statutes and MAS policies. As at 31 March 2025, the Committee is comprised of Lindsay Knowles (Chair), Kate Baddock, Brendan O'Donovan, Melissa Macfarlane, and Brett Sutton.

The Innovation and Digital Technology Committee meets to oversee the successful execution of MAS's Innovation and Digital Technology strategy. As at 31 March 2025, the Committee is comprised of Steve Merchant (Chair), Doug Hill, Lindsay Knowles, Melissa Macfarlane, and David Havercroft, an appointed technologist who is external to MAS Board and management.

The Investment Committee meets to review investment strategies and policies to ensure that assets are well managed within appropriate risk boundaries and portfolios meet the performance objectives of MAS and MAS's Members. As at 31 March 2025 the Committee is comprised of Brendan O'Donovan (Chair), Frank Frizelle, Kate Baddock and Brett Sutton.

The Nominations Committee meets to manage the appointment process for MAS Group trustees and directors and make recommendations to the MAS Board accordingly. As at 31 March 2025, the Committee is comprised of Doug Hill (Chair), Frank Frizelle, and Steve Merchant.

The People and Remuneration Committee meets to assist the Board in the appropriate governance of all matters related to people and remuneration strategies. As at 31 March 2025, the Committee is comprised of Brett Sutton (Chair), Melissa Macfarlane, Brendan O'Donovan, and Steve Merchant.

Directory

Senior Management Team

Andrew Steele
Chief People & Transformation Officer

Chris Sutherland
Chief General Insurance Officer

Craig Ward
Chief Innovation and Digital Officer

Helen McDowall
Chief Investment Products Officer

Matt Harvey
Chief Distribution and
Marketing Officer

Matthew Judge
Chief Finance and Risk Officer

Rachael Macdonald
Chief Life Insurance Officer

Jo McCauley (effective 4 August 2025)
Chief Executive Officer

Registered Office

10 Waterloo Quay
Wellington
PO Box 957
Telephone 0800 800 627

Auditor

Ernst & Young

Banker

ANZ

mas.co.nz