A modern future for our Members

Annual Report 2026

About this report

The 2026 MAS Annual Report describes MAS's strategy and financial performance.

This report covers the 12 months ended 31 March 2026 and is dated 29 July 2026.

This report has been approved by the Board and is signed on behalf of Medical Assurance Society New Zealand Limited by Dr Doug Hill, the MAS Board Chair and Jennifer Lang, Chair of the Audit and Risk Committee.

Dr Doug Hill
MAS Members Trust and MAS Board Chair

Jennifer Lang
Chair of the Audit and Risk Commitee

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Chair's report

Ko Matariki mā Pūanga, ngā tohu o te tau hou, ā, he wā hei whakaaro ake mō ā tātou mahi me te whakamahere mō āpōpō. Mā te whakarongo ki ō koutou wāwata, mā te tautoko me te whakapakari i te hononga, me te kanohi ki te kanohi, ka māmā ake ngā ara, ā, ka mārama ake ki ngā hiahia e panoni ana i ia wāhanga o te ao. Mā konei ka hangaia he kaupapa anō mō MAS e aro pū ana ki a koutou ngā mema, e ārahi ana i ā mātou whakatau me ngā wheako katoa. Ka anga whakamua tātou i raro i te maru o ngā whetū e ara ake nei. Nō reira, tēnā koutou katoa.

Matariki and Pūanga signal a time to reflect about how we want to think and act and forward plan ahead. By listening to your aspirations, strengthening support and connection to each other, and proactively engaging with our Members, we want to work together to shape a modern MAS built around a truly Member first approach. Only together will we move forward, and with the season of Matariki mā Pūanga, the time to focus on that plan is here.

Leadership and performance

This has been another strong year for MAS. We've remained financially strong while supporting Members through a more uncertain environment, and we've continued to focus on what matters most – looking after Members today while building a stronger mutual for the future.

It's also been a year of leadership change. I'd like to acknowledge the significant contribution of my predecessor, Brett Sutton, whose 10 years on the Board, including three as Chair, helped shape the MAS we are today. I'd also like to thank Suzanne Wolton for her leadership as Interim Chief Executive, ensuring a smooth transition to our new Chief Executive, Jo McCauley.

MAS is in a great position for the future. With a committed executive team and Board, we're focused on building on our strengths and creating even more value for Members.

What it means to be a MAS Member

Being a MAS Member means being part of an organisation that exists for you and your community – not external shareholders.

You expect us to be there when it matters most. That means fair, stable pricing, products and services you can rely on, and trusted advice to help you protect and grow your wealth.

As MAS has grown, your expectations have grown too. This year you told us that while you continue to value the trust, service and mutual ethos that have always set MAS apart, you also want us to be more proactive, easier to deal with and more connected with you.

We've listened, and that feedback is helping shape where we go next.

Refocusing on Member needs

Our focus is simple – building stronger relationships with Members, providing great advice and making it easier to do business with MAS.

We're investing in our Adviser network by growing the team, introducing better technology and improving the tools that support them. That means MAS Advisers can spend less time on administration and more time doing what they do best – having meaningful conversations and building trusted relationships with Members.

We're also continuing to strengthen our Funds Management and Private Wealth offering, improve our digital experience and deliver practical value through partnerships such as Feijoa, which helps Members grow their KiwiSaver savings by rounding up everyday purchases.

On the insurance side of the business, we're focused on delivering real value. That includes reviewing pricing more regularly as market conditions change, helping ensure Members benefit where possible. It also includes practical initiatives such as complimentary roadside assistance through our partnership with AA, with the cost covered by MAS rather than passed on to Members.

Alongside competitive pricing, we're continuing to improve the overall Member experience through clearer cover, preventative health support, early intervention services and proactive policy and needs reviews.

We're also putting greater emphasis on younger Members and future generations because we know the best relationships are built over time.

These investments aren't simply about growing MAS. They're about making sure you continue to see the value of being part of a mutual.

Why financial strength matters

Being financially strong means we can continue to invest in our Members while helping navigate an increasingly uncertain world.

We're seeing more claims driven by climate-related weather events alongside ongoing volatility in global investment markets. Having a strong balance sheet means we can respond to those challenges while continuing to invest in better products, better services and better outcomes for Members.

It also allows us to invest beyond financial services through the MAS Foundation.

During FY26, the MAS Foundation committed $2.9 million to community-led initiatives that improve health and wellbeing for whānau across Aotearoa New Zealand. These long-term partnerships are already making a real difference, particularly in the early years where the greatest impact can be achieved.

For the upcoming financial year we have increased funding to the MAS Foundation to $4 million, allowing us to extend that impact while continuing to take a responsible, long-term approach.

That's one of the real strengths of being a mutual. When MAS does well, we're able to reinvest in the things that matter – supporting our Members and the communities they're part of.

The journey ahead

This year also saw changes around the Board table. With Lindsay Knowles retiring from the Board at the AGM, and Brett Sutton stepping down during the year, we thank them for their dedicated service to MAS. Together, they made a significant contribution to the organisation's governance and helped shape the strong foundations on which MAS continues to build.

We welcomed Jennifer Lang to the Board in April, bringing extensive experience across insurance, financial services, governance and risk. Jennifer's appointment further strengthens the breadth of skills and experience around the Board table as MAS continues to build a modern mutual for the future. Her appointment is subject to confirmation by Members at the 26 August Annual Meeting of Members.

The Board looks forward to working with Jo and the executive team as they lead the next chapter for MAS – strengthening relationships with Members, improving service, and continuing to invest in the future of our mutual.

As a Member-owned organisation, we will always measure our success by the value we create for Members over the long term.

Thank you for your continued trust and support. We are excited about what lies ahead and look forward to continuing to build a stronger, more connected mutual together.

Dr Doug Hill

MAS Board Chair

Menu

Financials

$73.1m
MAS Group Profit

$380.5m
MAS Group Reserves

Investments

18,997
Investors (total)

$3.13bn
Member Funds under management

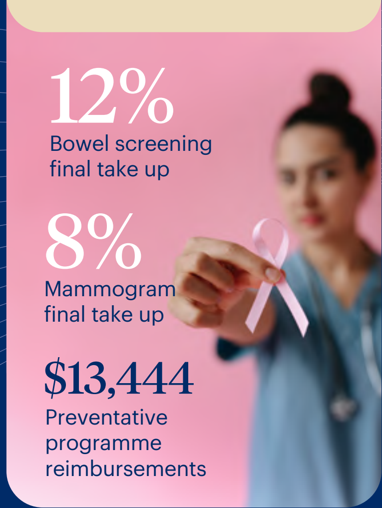
1,275
Total MAS Investment Fund accounts

Life & Disability

$57.0m
Life and Disability insurance revenue

25,881
Life and Disability policies

$25.6m
Life and Disability claim expenses



12%
Bowel screening final take up

8%
Mammogram final take up

$13,444
Preventative programme reimbursements

General Insurance

$177.4m
General insurance revenue

+$12.8m
General insurance revenue increase

⬆ 7.8%
Percentage increase

119,057
Total policies

$56.2m
General insurance claim expenses

Membership

65,876**
Total Members

Mental Health Support

$64,000
Provided by EAP Services

MAS Foundation

$2.9m
15 grants

"Our financial strength underpins our resilience - enabling MAS to support Members through changing economic conditions and continue building on our 100-year legacy for the future."

Jo McCauley
CEO

consumer. PEOPLE'S CHOICE MAS House Contents Car

CANSTAR 2025 Most Satisfied Customers Insurance Home & Contents

CANSTAR 2025 Most Satisfied Customers Car Insurance

2026 MoneyHub Favourite Member-Focused KiwiSaver Scheme MAS KiwiSaver Scheme Editor's Choice

** Membership definition changed in December 2025, so this number won't be directly comparable to last year's total Members.

Our aim is to ensure MAS is not only efficient and capable but genuinely valued in the lives of our Members.

CEO report

This year has been one of reflection, reset and renewed focus for MAS. It has also been my first year as Chief Executive, having joined in August. I feel privileged to lead an organisation with such a strong legacy and clear purpose, and I am excited by the opportunity ahead – to build on that foundation and guide MAS through its next phase.

As a mutual, we take a long-term view. We are not driven by the expectations of external shareholders, but by what will deliver the best long-term outcomes for our Members, our community, and to ensure MAS remains strong for future generations.

That focus has never been more important.

We are operating in an increasingly complex environment. Member expectations are evolving, regulation continues to grow and the pace of technological change is accelerating. Climate change is driving more frequent and severe weather events – creating real challenges for insurers – while geopolitical uncertainty is influencing global markets and impacting our wealth business.

Against this backdrop, MAS remains in a strong financial position.

FY26 marked our third consecutive year of strong profitability, underpinned by disciplined financial management, growth across our businesses and a stronger balance sheet.

Our focus now shifts from building strength to using that strength wisely.

Over the coming years, we will continue to invest in transforming our business and strengthening our people, technology and Member experience. While this will reduce short-term profitability, it is essential to ensure MAS remains relevant, sustainable and competitive for decades to come.

Building a modern MAS goes beyond systems and operational improvement. It means delivering more personalised experiences, enhancing our service, and continually adapting our products and services to meet our Members' changing needs.

Our aim is to ensure MAS is not only efficient and sustainable but genuinely valued in the lives of our Members.

> ***We are undertaking one of the most significant transformation programmes in our history – investing in modern platforms, improved digital capability and more seamless Member experiences.***

Strong financial foundations

MAS has delivered a strong financial result with a profit of $73.1 million, significantly ahead of its budget. This performance was driven by lower-than-expected claims including reduced impacts from large claim events combined with disciplined cost management, and strong investment returns. We are pleased that distributions to the MAS Foundation increased to $4 million, with $16 million distributed since the Foundation was established in 2019.

MAS maintains a strong financial position, with equity of $380.5 million and total assets of approximately $572.0 million providing a solid foundation. The overall resilience and sustainability of the organisation's financial position is reflected in Standard & Poor's reaffirming MIS and MLA's financial strength rating as A (Strong).

This marks a clear shift from a decade ago, when MAS, like many insurers, was still managing the significant financial impact of the Canterbury earthquakes, which placed sustained pressure on profitability. Since then, disciplined capital management and steady growth have strengthened the organisation's resilience and flexibility.

Why this matters for Members

MAS's strong financial position is there to deliver long-term value for our Members. It means we can pay claims when it matters most – even in large or unexpected events – and maintain fair, stable pricing through a long-term, Member-focused approach.

It also allows us to invest in better products, advice and service, including improved digital capability and more responsive Member experiences. As a mutual, this reflects a deliberate choice to reinvest in Members rather than prioritise short-term profit.

Just as importantly, this strength underpins our resilience – enabling MAS to support Members through changing economic conditions and continue building on our 100-year legacy for the future.

Investing in a stronger future

A key focus this year has been modernising our technology to meet rising Member expectations and a more complex regulatory environment. While we are proud to have been voted Consumer People's Choice in House, Contents and Car insurance for 10 consecutive years, we know trust must be continually earned.

We are undertaking one of the most significant transformation programmes in our history – investing in modern platforms, improved digital capability and more seamless Member experiences. This includes replacing legacy systems that are increasingly difficult to sustain and as they age, and in today's regulatory environment, bring increased operational risk.

A good example of this is the continued enhancement of myMAS, our secure online portal, where we are making it easier for Members to manage their insurance and investments, while creating a more seamless onboarding experience across insurance, investments and advice.

By improving the systems and tools our people rely on every day, we are helping them better support Members while also strengthening our risk and compliance capability.

As we move into FY27, investing in Adviser capacity, Member support and our broader capability is a priority for long-term growth.

Looking ahead

The years ahead will bring significant change. We will continue to modernise MAS, using technology to improve how we operate and serve our Members, while evolving our products and services to stay relevant.

Our focus will be on continuously improving our Member experience – strengthening relationships, enhancing our services and finding new ways to deliver meaningful value.

I want to thank our Members for their ongoing trust, and our people for their commitment. With strong foundations and a clear purpose, MAS is well placed for the future.

Jo McCauley
Chief Executive Officer

MAS Foundation: Enduring partnerships, lasting impact

A year of progress and purpose

This year marks an important step forward for the MAS Foundation as we continue to deliver on our long-term strategy and deepen our commitment to creating lasting, meaningful change for whānau across Aotearoa New Zealand.

Investing for long-term impact

This financial year, we invested $2,904,208 into kaupapa creating meaningful impact for whānau and communities.

Our approach is to provide significant, often multi-year funding to a carefully selected group of organisations. We recognise that meaningful change requires investment at a scale that enables real impact. These investments reflect our belief that sustainable outcomes are achieved through enduring partnerships with organisations working at the forefront of change. By focusing our support in this way, we build trust, strengthen capability, and contribute to long-term, systemic change.

Te Tikitiki a Taranga: A clear strategic focus

Guided by our strategy, Te Tikitiki a Taranga, we remain focused on the first 2,000 days of life – a critical period shaping lifelong health and wellbeing. Our three priority areas for funding – health and wellbeing (with a focus on mental health and nutrition), family violence and trauma prevention, and early learning and whānau empowerment – provide a cohesive framework for our work.

These priorities ensure our investments support whānau in ways that are culturally grounded, community-led and designed to create intergenerational impact.

Evolving how we fund for change

Central to our approach is a multi-year funding model that supports long-term initiatives, collaborative partnerships and the convening of system leaders to address complex challenges.

This financial year, we invested

$2,904,208

into kaupapa creating meaningful impact for whānau and communities.

We are continuing to evolve beyond traditional grant-making – bringing organisations together to share insight, align effort and accelerate progress towards shared goals.

Deepening partnerships that matter

We are particularly pleased this year to deepen partnerships that exemplify this approach. We were delighted to provide further support to Māia Collective, building on our earlier investment and now supporting their collaboration with Te Aka Toiora Trust. Together, they bring complementary clinical and community-led expertise to deliver integrated maternal mental wellbeing support for whānau.

Similarly, our support of Ki Tua o Matariki highlights the growing breadth of our impact, particularly in advancing financial wellbeing. Their kaupapa Māori financial capability programme for young parents demonstrates how we can deliver for communities while reflecting MAS's core commitment to financial health and wellbeing. Together, these partnerships show how values-led investment can create both immediate impact and long-term system change.

Through longer-term partnerships, we are continuing to invest in initiatives reshaping the early years landscape – strengthening culturally grounded systems of care for whānau, pēpi and aiga.

This includes:

- *Ngā Āhuatanga o Te Kai Ltd and Te Tātai Hauora o Hine – National Centre for Women's Health Research Aotearoa* (three-year partnership, $305,704), advancing kai sovereignty, maternal wellbeing and mātauranga Māori
- *Pacific Health Service Hutt Valley Incorporated – Pacific Perinatal Network Greater Wellington Region* (two-year partnership, $340,000), strengthening connected and culturally responsive perinatal care for Pacific mothers, babies and aiga
- *Ki Tua o Matariki and Moana Connect – Te Tikitiki a Taranga Kāhui Convening* (eight-month partnership, $303,802), supporting collective leadership and systems change for mokopuna and whānau

Together, these partnerships reflect our commitment to backing kaupapa that are community-led, culturally grounded, and designed to deliver lasting, system-level change.

Leading through collaboration

We have also seen growing recognition of the MAS Foundation's model. Through our engagement with the wider philanthropic sector, we continue to demonstrate leadership in corporate philanthropy and collaborative funding. This reflects both the quality of our partnerships and our commitment to doing things differently – prioritising relationships, trust and long-term impact over traditional, reputation-led approaches to giving.

This was evident at the Philanthropy New Zealand Conference, where our team shared insights on our governance model and collaborative approach. It was a privilege to contribute to conversations shaping modern philanthropy, and the level of interest highlights a growing recognition that empowering communities and working collectively are critical to achieving better outcomes for tamariki and future generations.

Strengthening governance

We were pleased to welcome new Trustee Professor Vili Nosa, who joined on 1 January 2026 for an initial three-year term. He brings significant expertise in public health, particularly in relation to Pacific communities, strengthening the depth of insight at Board level as we continue to evolve our work. Professor Nosa is based in the Faculty of Medical and Health Sciences, Pacific Health, at the University of Auckland.

Looking ahead with confidence

Looking ahead, we are excited by the opportunities enabled by MAS's strong financial position. For the upcoming financial year, our annual funding has increased to $4 million, allowing us to further scale our impact while maintaining a focus on quality and long-term change.

As we move into the next phase of our journey, we remain committed to building trusted, enduring relationships with the organisations we support. Together, we are working towards a future where pēpi, tamariki and whānau can thrive – supported by equitable systems, strong communities and opportunities that endure for generations.

Acknowledgements

Finally, I would like to thank our Trustees, our Heads of MAS Foundation, and the MAS Board and Members for their ongoing support. Your commitment enables us to continue this important work and make a meaningful difference where it matters most.

Jennifer Gill ONZM

Chair

MAS Foundation

Through longer-term partnerships, we are continuing to invest in initiatives reshaping the early years landscape – strengthening culturally grounded systems of care for whānau, pēpi and aiga.

MAS Foundation Grants | 2020–2026

Menu

KEY:

- 2020/21
- 2021/22
- 2022/23
- 2023/24
- 2024/25
- 2025/26

Most deprived

Least deprived

Regional Grants

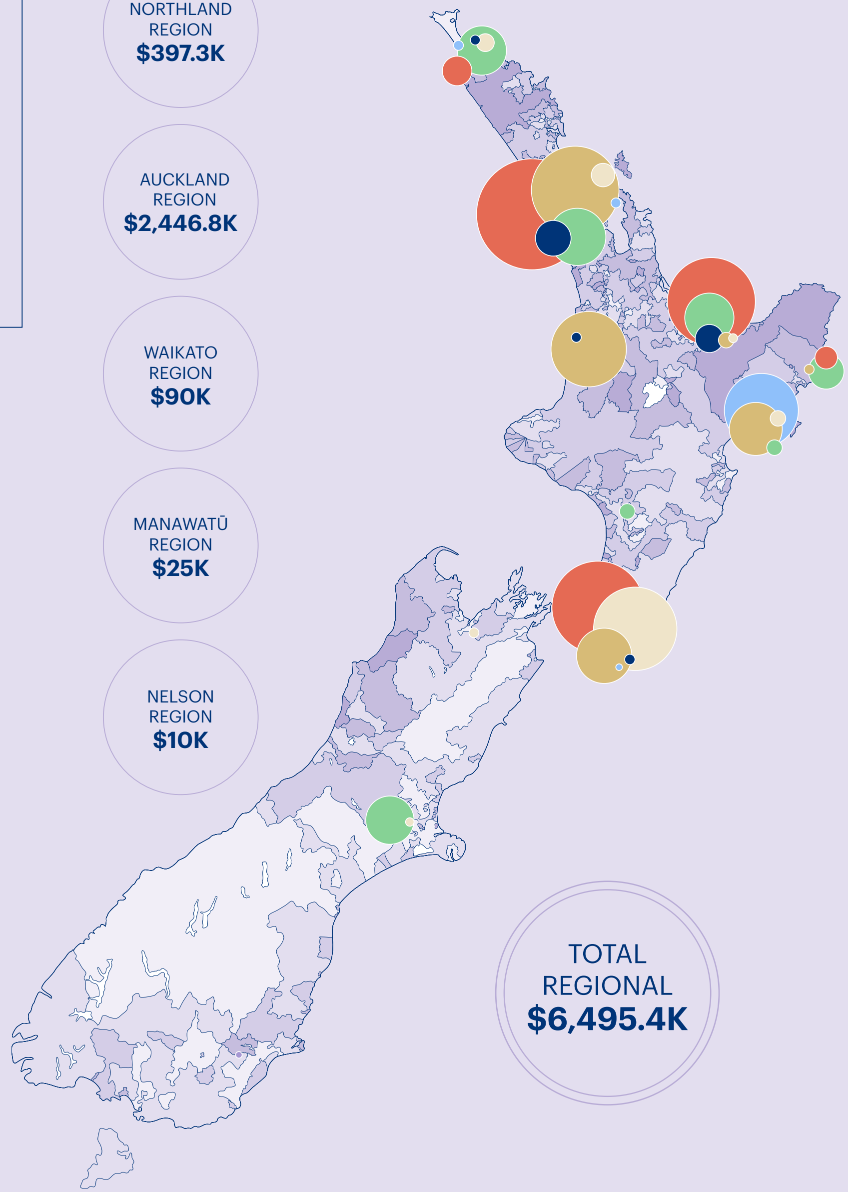
NORTHLAND REGION
$397.3K

AUCKLAND REGION
$2,446.8K

WAIKATO REGION
$90K

MANAWATŪ REGION
$25K

NELSON REGION
$10K



TOTAL REGIONAL
$6,495.4K

ROTORUA / BOP REGION
$423.2K

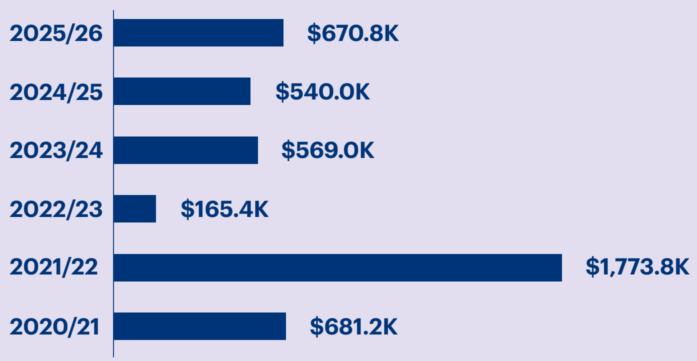
GISBORNE REGION
$185K

HAWKES BAY REGION
$857.5K

WELLINGTON REGION
$1,824.1K

CANTERBURY REGION
$236.5K

National Grants



TOTAL NATIONAL **$4,400.2K**

TOTAL REGIONAL PLUS NATIONAL:
$10,895,482

Professor Cameron Lacey
Psychiatrist | MAS Member

Intentionally Member-first

We've recently undertaken a review of our strategy, which included taking a close look at how we operate and, most importantly asking you – our valued Members – for your honest feedback on how MAS is meeting your expectations in today's world. We heard clearly that in some areas we're falling short, particularly around affordable pricing, proactive engagement, maintaining ongoing connection and responsiveness.

As a result, our strategy places even greater emphasis on the people we exist to serve, by putting our Members first.

All organisations aim to meet the needs of their customers, but what sets MAS apart through our mutual model, is our ability to put our Members ahead of profit or shareholder demands. Supporting Members has always been at the heart of MAS. What is changing is how we deliver on that commitment in a modern, sustainable way.

We know we have not always kept pace with a changing world. New technologies, evolving expectations and shifting member demographics are reshaping how people want to engage with organisations like ours. Our focus is on evolving alongside our Members – creating a Mutual that is easier to deal with, more connected and built around real experiences and needs.

What Member-first means at MAS

Being Member-first means putting Member needs at the centre of how we design services, make decisions and shape experiences across MAS.

This goes beyond good intentions. While care for Members is deeply embedded in our culture, becoming truly Member-first requires us to think and act differently.

This includes:

- Listening more actively to feedback across different Member groups
- Better understanding how needs change across life stages and careers
- Designing experiences through the eyes of our Members
- Reducing unnecessary friction and complexity
- Making it easier to access support and services through different touchpoints
- Improving how connected and consistent our services feel
- Our Members are not all the same, and a Member-first organisation recognises that different people value different types of experiences and support.

Balancing digital convenience with human connection

A key part of our approach is recognising that digital solutions are only part of the answer.

Technology will play an increasingly important role in helping us create simpler, more flexible and effortless experiences. For some Members, that may mean accessing and managing their investments, setting up policies, tracking claims or using our online services whenever it suits them.

But MAS is, and will remain, a business built on relationships and advice.

Human connection is one of our greatest strengths, and we know our Members deeply value being able to speak directly with someone who understands their circumstances – particularly in important or stressful moments. Responsive, accessible support remains central to what makes MAS different. Today, our average call answer time is around 20 seconds, something becoming increasingly rare across many service industries. That is why our investment is not only in technology, but also our people. Over the coming years, we will continue investing in Adviser capability, frontline training, better tools, and stronger connections in the communities and workplaces where Members feel most comfortable engaging with us. Our goal is not to replace human interaction with digital channels, but to deliver both well – combining convenience with trust and personal connection.

Creating more connected Member experiences

Another important focus area is how we bring together the different ways MAS supports Members across insurance, investments, advice and other services.

Historically, many organisations – including MAS – have been structured around products and service lines. A Member-first approach requires us to think differently, starting with Member needs and then organising our products and services around them.

This means creating more connected, cross-product solutions that reflect the real journeys our Members are on. For example:

When someone joins MAS for the first time as a student or early-career professional, we need to focus on cost-effective, entry-level insurance cover while helping them build a strong foundation for their retirement with the MAS KiwiSaver Scheme.

As our Members move into buying their first home or starting a family, we help protect what matters most with insurance for their home, income and life.

For those establishing or growing a private practice, we offer tailored financial advice alongside comprehensive insurance cover to support their professional and personal needs.

As Members begin planning for retirement and their long-term financial wellbeing, we provide trusted advice to help them balance enjoying life today with securing a comfortable future.

Our aim is to make it easier for our Members to understand the support available to them, and to ensure MAS feels more connected as an organisation.

Looking ahead

This will be a long-term journey, and we have set ourselves the goal of transforming MAS by 2030. This work will ensure we remain relevant, sustainable and deeply connected to the Members we serve for generations to come.

As we embark on this next phase, Members will start to see changes in how we engage and support them across both digital and human touchpoints.

Ultimately, our ambition is simple – that interacting with MAS increasingly feels easier, more personal and more relevant to the needs of our Members.

We are grateful for the ongoing trust, support and patience of our Members as we continue this journey together. Your feedback plays an important role in shaping MAS, and we encourage you to keep sharing your thoughts and experiences with us.

onmas article

"A respected dentist once told me, 'Do good dentistry and you won't need to worry about the money."

Simon Wilson
MAS Member

Transforming the Member experience

Our focus on delivering an effortless Member experience is brought to life through our ongoing digital transformation.

We continue to heavily invest in your mutual by modernising our technology and transforming our Member experience across all channels – online, with a MAS Adviser, or over the phone.

Laying the foundations

Over the past year, we have put in place foundational technology that will support the future development of our Member facing digital offering as well as the replacement of our legacy insurance and Member support platforms. This has included progressing new infrastructure such as data, payments and document storage capabilities, alongside a range of enhancements that are creating a more modern, connected and Member-focused technology environment.

The first important step forward in modernising our insurance systems was taken when selecting Duck Creek Technologies as our new cloud-based general insurance platform. This leading technology platform will improve how we underwrite and manage our home, contents, motor and other general insurance products. Due to go live in 2027 the new platform will also support better digital experiences for Members, create opportunities to develop new products to meet the needs of our current and future Members, and provide more effective tools for our people.

At the same time, we continued to enhance the digital experience for Members. myMAS, our secure online Member portal, was upgraded with improved security and new investment features, including interactive balance views and enhanced transaction visibility. Members can also access a growing range of digital tools and online forms, making it easier to manage their relationship with MAS.

Building on the foundations

These developments form part of our broader digital transformation programme which is creating an effortless experience for Members. We are continuing to heavily invest in the technology needed to modernise your mutual and support our Members into the future.

Future myMAS development will focus on expanding online features, supporting new products and services, and continuing to improve existing tools to create a connected and intuitive online experience for our Members.

We will continue to modernise the core systems that support our insurance and investment services whilst also strengthening our risk and compliance capability, for example deploying new technology to support our MAS Advisers.

While this investment will impact short-term profitability, it positions MAS for long-term sustainability – ensuring we continue to deliver strong outcomes and better value for our Members, MAS Foundation and your mutual now and into the future.

Our focus on delivering an effortless Member experience is brought to life through our ongoing digital transformation.

Connecting with our Members

At MAS, our marketing approach is grounded in supporting the wellbeing, connection and long-term prosperity of our Members. Over the past year, we have continued to invest in initiatives that reflect what matters most to our Members – trust, community and shared purpose.

We are proud to have been voted Consumer People's Choice for House, Contents and Car insurance for the tenth consecutive year – reflecting a sustained commitment to delivering outstanding service and value to Members.

A key focus has been partnerships that directly support the health and wellbeing of our Members and their communities. This includes our three-year partnership with Hato Hone St John, supporting their nationwide "3 Steps for Life" programme. This initiative equips communities with the confidence and skills to respond in an emergency, helping build a safer and more resilient Aotearoa.

We have created experiences that strengthen connection and build financial confidence. During the year, we hosted our inaugural Sunday Soirée for International Women's Day, creating space for open conversations on money, investing and financial independence, supporting improved financial outcomes for women.

consumer. PEOPLE'S CHOICE
MAS House Contents Car

We are proud to have been voted Consumer People's Choice for House, Contents and Car insurance for the tenth consecutive year.

MAS has long supported professional associations in areas that matter to our Members, including medicine, veterinary science and dentistry. We are also increasing our engagement at key conferences and professional events most relevant to them. This stronger presence at major medical and healthcare gatherings creates more opportunities to connect directly with Members, understand their evolving needs, and contribute to the professional communities they are part of.

Supporting creativity and wellbeing remains an important part of how MAS connects with its Members. We are proud of our long-standing support for the NZ Doctors' Orchestra and NZ Artist Doctors, with 2026 marking 16 years of partnership – recognising the role creativity plays in supporting mental health, connection and balance.

This commitment was further strengthened by our sponsorship of the Emerging Artists event at Art in the Park, New Zealand's premier art show last year, and will continue into the forthcoming year through our role as Principal Partner of Art in the Park. It reflects our belief in the power of art to enrich lives, foster connection and support wellbeing, while helping create meaningful, accessible experiences for Members and the wider community.

We have increased our visibility and presence with Members. New MAS vehicles have been added to the Adviser fleet, in response to feedback that Members want us present – in their hospitals, practices and communities – not just on the end of a phone. These vehicles provide a professional, visible presence and support our Advisers to show up where it matters.

Together, these initiatives reflect MAS's commitment to supporting Members beyond products and services. By supporting trusted partnerships, community programmes and meaningful engagement, we are helping our Members thrive – both financially and personally – while strengthening the connections that define us as a mutual.

onmas article

Member spotlight

Evie Kemp | Artist

MAS Member Evie Kemp — a designer, illustrator, author and entrepreneur — runs an Auckland art studio that's a riot of colour and character. But when heavy winter rain flooded her studio, she got straight on the phone to MAS, and help was immediately at hand.

"The entire space was filled with about 11 to 12cm of water, which was devastating as somebody who loves rugs and who wasn't very organised and had lots of things on the floor! I'd never dealt with anything like that before and I was feeling quite overwhelmed.

"I contacted MAS and explained the situation, and they were just so incredibly helpful. They sent someone around straight away. He said, 'Don't stress. You don't need to worry about this.' Then he came back on Monday with the cleaning crew and while they were cleaning, we went through and photographed and itemised everything. It all got done in one day, and then I was paid out by the next week. I felt so lucky because even though something bad had happened, I was so well supported and everything was sorted out so quickly.

"I felt so lucky because even though something bad had happened, I was so well supported."

MAS General Insurance

Guiding Members through change and uncertainty

Weather events and claims

FY26 saw continued significant weather activity across New Zealand, reinforcing the growing impact of climate change. Major events included ex-Tropical Cyclone Tam in Auckland (April 2025), a severe windstorm in Southland (October 2025), and another in Wellington (February 2026).

Members lodged 1,325 weather-related claims across these events, with over $7 million paid in support at times when it mattered most. While the overall impact on Members was manageable this year, earlier events such as the Auckland floods and Cyclone Gabrielle highlight how quickly conditions can escalate.

We continue to plan for this volatility. Reinsurance remains a core part of our approach, limiting exposure to large-scale events and helping ensure MAS remains financially strong and able to support Members over the long term.

In total, Members lodged 15,779 General Insurance claims during the year. This included the repair of 3,549 houses including the full rebuild of three, the repair of 3,002 vehicles with 406 replaced, along with the replacement of 899 personal health items, reflecting the practical support we provide following loss or disruption.

15,779
General Insurance claims during the year.

3,549
repaired houses, including 3 full rebuilds.

899
personal health items replaced.

3,002
vehicle repairs with 406 replaced.

MAS Roadside Assistance

On 1 April 2026, MAS launched Roadside Assistance for Members with comprehensive motor vehicle cover, in partnership with the AA Roadservice.

The service provides everyday assistance for issues such as flat batteries, punctures, lockouts and breakdowns, with standard services available at no additional cost. It reflects our focus on delivering value in everyday moments, not just at the point of claim.

Early usage has been strong, with 315 callouts between 1 April 2026 and 16 June 2026, indicating clear demand for simple, reliable support.

Pricing

Targeted pricing adjustments during FY26 improved affordability and competitiveness for Members. This created growth across core products, with policy volumes increasing by 1,616 house, 884 contents and 1,143 motor policies.

In contrast, Business Risk policy numbers reduced in size. Work is underway to review pricing and product design to ensure this segment remains relevant and sustainable.

Simplifying pricing

During the year, we progressed changes to simplify pricing by removing the No Claims Bonus and Multi-Policy Discount structures, effective 1 July 2026.

This change is a positive step toward clearer, more transparent pricing while keeping the same level of cover Members rely on. There are no premium increases driven by this change, and importantly, many Members may see their premiums reduce. By removing NCB and simplifying discounts, we're cutting complexity and making it much easier to understand exactly how premiums are set.

Importantly, it also removes a potential barrier to claiming. Members should feel confident making a claim when they need to, without concern about losing a discount. This aligns with our purpose of supporting Members through uncertainty.

Key partnerships and future capability

We continued to invest in partnerships that strengthen capability and improve Member outcomes.

We have committed to a new core insurance platform with Duck Creek. This investment will enhance policy and claims management, improve data insights and support faster product development. Build is planned for FY27, with completion targeted for July 2027.

We also partnered with Quashed to test a new digital comparison channel, expanding our reach and providing insight into customer purchasing behaviours. Over time, this will support more effective product design, pricing and experiences.

MAS further increased its involvement with the Insurance Council of New Zealand (ICNZ), with representation on the Board and multiple committees. This supports our contribution to industry discussions on resilience, regulation and accessibility, and strengthens our long-term focus on a sustainable, trusted insurance sector.

*on*mas article

"Having worked with AI and health for about 3 years now, it's really clear to me that the pace of change is extraordinary. The challenge ahead of us is how we integrate this technology in a way that is safe for patients and clinicians."

Dr Graham Denyer
Chief Medical Officer | MAS Member

onmas article

Member spotlight

Paul Oei | Clinical Scientist

After experiencing a profound personal loss, MAS Member Paul Oei focused his scientific expertise on improving outcomes for others. A clinical scientist and co-founder of independent medical laboratory IGENZ, Paul is committed to improving access to genetic testing and supporting more informed health decisions.

Paul's career began in the public hospital system, where he spent 18 years developing his expertise. Over time, he became increasingly aware of the distance between laboratory work and patient outcomes. This perspective was shaped further by his personal experience, reinforcing his desire to contribute in a way that more directly supports patients and clinicians.

In 2006, Paul established IGENZ to provide specialised genetic testing services that support the diagnosis and treatment of cancer. The laboratory works with clinicians in New Zealand and internationally, focusing on delivering timely and reliable information to assist clinical decision-making.

Today, IGENZ continues to grow, expanding into areas such as early detection and preventative testing. Underpinned by a patient-focused approach, the laboratory aims to support better health outcomes by ensuring each sample is treated with care and attention, and by contributing to a more responsive and connected healthcare system.

"I realised that I had been wanting the system to change but, in the end, the only person you can change is yourself."

MAS Life and Disability

Protecting what matters most

Our approach goes beyond paying claims – we stand alongside Members through life's most challenging moments with a personalised, human approach. Members can pick up the phone and speak directly with someone who understands their situation and is there to help, easing financial worry so they can focus on their health and recovery. And we are there for loved ones left behind when the unexpected happens.

Supporting Members when they needed us most

We paid $14.4 million in disability income benefits to 197 Members who were unable to work due to illness or injury. Encouragingly, many of these Members were able to return to work during the year – highlighting the impact of early support and our personalised, care-led approach to claims management.

In addition, we paid $16.1 million in lump sum claims across life insurance, trauma insurance and total and permanent disablement insurance. These payments provided vital financial support, helping Members and their families navigate complex and often life-changing circumstances.

Supporting recovery, not just paying claims

At MAS, our role extends beyond financial support. We take a personalised, multidisciplinary approach to rehabilitation, focused on helping Members recover, rebuild capacity, and return to work in a way that is safe and sustainable.

We fund and coordinate targeted support such as physical rehabilitation, occupational therapy, and specialist programmes for complex conditions. This year alone, we paid more than $260,000 in rehabilitation benefits under our Income Security policy. This investment reflects our commitment to supporting recovery outcomes, not just providing financial assistance.

This year, we introduced access to rehabilitation from the day we accept your claim, irrespective of your waiting period. This enables earlier intervention and helps Members recover faster and return to work sooner. It reinforces our commitment to proactive, Member-centred care and delivering support when it can make the greatest difference.

Adding value through product and pricing enhancements

We continued to strengthen our products to ensure they remain relevant, practical, and responsive to Members' needs.

Enhancements were made across both lump sum and disability income policies, delivering improved value and support at key times.

Importantly, we also implemented a reduction in life insurance premium rates, improving affordability, and making it easier for Members to access and maintain essential cover. This reflects our focus on designing solutions that are sustainable and accessible for more Members.

Supporting prevention and early detection

Supporting Members also means helping them stay well – not just helping them when things go wrong.

Our annual preventative screening campaign encourages early detection and proactive health management. The continued uptake of MAS-funded breast and bowel screening programmes reflects the importance Members place on taking proactive steps to protect their health and wellbeing.

These initiatives help improve long-term health outcomes and demonstrate our ongoing commitment to Member wellbeing. We are excited to further expand this programme in the future, continuing to invest in prevention as a core part of our offering.

$14.4m

paid in disability income benefits to

197 members

who were unable to work due to illness or injury.

$16.1m

paid in lump sum claims across life insurance, trauma insurance and total and permanent disablement insurance.

*on*mas article

Member spotlight

Mark Nixon & Megan Reynolds | Conservationists

Canterbury conservation advocates Mark Nixon and Megan Reynolds are dedicating their time and resources to restoring Kaituna Valley's flora and fauna. Motivated by the visible impacts of climate change, they are driven by a desire to make a difference, with Megan noting their hope to tell future generations "that we tried our best to turn back the tide."

Through the Mikimiki Conservation Trust, established three years ago, the MAS Members have acquired and endowed more than 700 hectares of land on Banks Peninsula. At Tūpari Reserve, they focus on regeneration – removing invasive species, trapping pests and observing the return of native bird and insect life. Rather than planting, their approach supports natural regeneration, allowing ecosystems to re-establish over time.

Encouraging signs of progress are already evident, with undergrowth returning and birdlife increasing. Their work is supported by ecology student interns and volunteers, contributing to a shared conservation effort. At the same time, Mark and Megan are exploring options such as carbon credits and eco-tourism to support the reserve's long-term sustainability, while becoming part of the Kaituna Valley community.

That same philosophy guides their personal choices. Mark and Megan have chosen not to fly, believing they cannot justify the carbon emissions involved. For them, responding to climate change is not just about large-scale conservation projects, but also about the cumulative impact of everyday decisions.

At the heart of their story is a belief that small, deliberate choices can make a difference. Guided by the principle of "do no harm", their work demonstrates how sustained individual action can support the regeneration of ecosystems and contribute to a healthier future for people and the planet.

"It's a minor sacrifice, really, if you think of what's at stake which is the health of the planet."

MAS Investments

Supporting Members to grow their financial wellbeing

Supporting Members to grow their financial wellbeing

MAS continues to strengthen how we support Members to build and grow their financial wellbeing through practical, accessible investment solutions that encourage long term saving and confident decision making.

We're particularly proud of the substantial growth that our MAS Investment Funds has had over the last year. Funds under management increased $118 million or 379%, showing how they met our Members' needs for managed funds investments that are available for short medium- and long-term investing.

Investment performance and portfolio evolution

Across our investment offering, performance over the year remained solid despite periods of market volatility. Global events, including developments in energy markets, influenced returns and created some relative headwinds given MAS's responsible investment approach, which limits exposure to fossil fuel related companies. Notwithstanding this, overall outcomes were strong, with the MAS KiwiSaver Scheme Growth Fund delivering a return of 11.5% after fees for the year to 31 March 2026.

Relative performance was also favourable, with five of seven MAS KiwiSaver Scheme funds in the March 2026 Morningstar KiwiSaver Survey ranked in the top half of their respective categories over the 12-month period, including three funds in the first quartile.

A key contributor to performance has been the introduction of a new portfolio within the international equities asset class in December 2024.

The MAS KiwiSaver Scheme Cash Fund remains a standout in performance, ranked in the first quartile across all periods assessed in the Morningstar KiwiSaver Survey March 2026.

Simple ways to save more, grow faster and plan ahead

A key milestone during the year was the launch of our partnership with Feijoa, which introduces a new way for Members to contribute to their KiwiSaver account through everyday spending. With no fees for MAS KiwiSaver Scheme members, small and frequent contributions can be invested in full, helping to build balances over time with minimal effort. The service also supports giving to family members and encourages consistent saving behaviours aligned with long term financial goals. Early uptake has been encouraging, with around 250 of our MAS KiwiSaver Scheme members utilising this service as at 15 June 2026, reflecting Member appetite for simple, intuitive tools that support regular investing.

We have also seen strong growth in transfers into the MAS Retirement Savings Scheme from UK pension schemes. This is expected to ramp up more as the new Scheme Pays ability which came into effect 1 April 2026 means that transferring members can have their new provider pay their New Zealand tax liability from the transfer directly to Inland Revenue. As these transfers often involve more complex decisions and higher-value balances, we have focused on improving internal processes, Adviser support and guidance to help Members navigate the process with confidence.

As our Members move through different stages of their financial lives, we are exploring how we can better support those approaching and living in retirement. During the year, we began a discovery programme to understand Member needs and explore retirement income solutions that balance flexibility, simplicity and investment risk management.

Delivering a seamless and more connected experience

Alongside investment performance, our focus remains on making it easier for Members to engage with their investments through a more connected and intuitive experience.
Our digital roadmap is central to this, with a long-term vision of delivering a single, integrated myMAS portal. During the year, we continued to enhance the digital investment experience through new functionality and improved access to investment information, making it easier for Members to stay informed and engaged. These enhancements form part of MAS's broader digital transformation programme, which is creating a more seamless, secure and intuitive experience for Members.

Across all of these initiatives, our focus remains on delivering solutions that are practical, transparent and aligned to Members' needs at every stage of their financial journey.

Funds under management for MAS Investment Funds increased

$118m or 379%

Dr Doug Hill

Chair

Appointed as Chair 1 December 2025
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 prior roles include Chair of WellSouth Primary Health Network and 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.

Brendan O'Donovan

Deputy Chair

Appointed as Deputy Chair 1 December 2025
Appointed 1 July 2021

Brendan has extensive experience in the financial services industry, spending more than a dozen years as a Chief Economist at two New Zealand banks and chairing Investment Committees. Through his past 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 – originally as a Licensed Independent Trustee and then as Chair of the Investment Committee.

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. She is also a member of the Primary Care Advisory Group which directly reports to the Minister of Health regarding issues and challenges in the future of primary care.

Kate is currently in her final term on the board of MAS and has been privy to significant change, both within the organisation over the past 10 years, and in the regulatory environment within which MAS operates.

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.

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 General Manager of Kiwi Group Capital and advisor to Constantinople, a retail business banking technology and operations platform.

Jennifer Lang

Appointed 1 April 2026

Jennifer is a highly respected actuary and director with extensive experience across insurance, financial services and governance. She has held senior executive roles including Chief Financial Officer and Chief Actuary at CommInsure and today serves on several boards where she chairs audit and risk committees. Jennifer currently holds several non-executive director roles, including at Propel Funeral Partners (ASX:PFP), Pacific Life Re Australia, Auto & General Insurance and Medical Insurance Group Australia (MIGA), and previously served as a partner at Deloitte and KPMG. She was named Actuary of the Year in 2020 in recognition of her contribution to the profession.

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.

Professor 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.

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 page 25 for her bio.

Professor Vili Nosa

Appointed 1 January 2026

Professor Vili Nosa is a Professor of Pacific Health at the University of Auckland and an Adjunct Professor of Public Health at The University of Queensland, Australia. Vili is an international leader in health research for Pacific communities, whose work has strengthened locally led scholarship, grown the health workforce, and influenced how research is designed and applied in practice.

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. Julie is the Independent Chair of the South Auckland Social Wellbeing Board (Ministerial appointment), and Director of The Tātou Collective, a new Whānau Ora Commissioning Entity and has served as Commissioner at Mana Mokopuna – Children and Young People's Commission and Te Hiringa Mahara – Mental Health & Wellbeing Commission.

Mafi Funaki-Tahifote – Head of the MAS Foundation

Ngāpuhi

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 almost 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).

Financials

Consolidated Statement of Comprehensive Income for the year ended 31 March 2026

	Note	2026 $000	2025 $000
Continuing operations			
Insurance revenue	2.1	234,344	221,390
Insurance service expense	2.2.1	(109,622)	(116,357)
Net expense from reinsurance contracts held	2.2.2	(48,450)	(49,649)
Insurance service result		**76,272**	**55,384**
Insurance investment income	3.1	4,266	8,249
Interest revenue calculated using the effective interest method		4,415	6,990
Total investment income		**8,681**	**15,239**
Insurance finance expense	2.2.1	(842)	(1,649)
Reinsurance finance income	2.2.2	1,332	1,692
Net insurance financial result		**490**	**43**
Fund management income	8.6	**25,452**	**22,533**
Other expenses	8.4	(62,094)	(47,731)
Interest expense	8.4	(364)	(421)
Investment income (non insurance)	3.1	21,026	7,230
Fee and other income	8.2	3,647	2,895
Acquisition of business		–	841
Net profit from continuing operations		**73,110**	**56,013**
Total other comprehensive income / (loss)		**–**	**–**
Total comprehensive income		**73,110**	**56,013**

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 2026

	Note	Share capital $000	Retained earnings $000	Asset revaluation reserve $000	Total $000
At 1 April 2025		**110**	**307,253**	–	**307,363**
Net profit from continuing operations		–	73,110	–	73,110
Total other comprehensive income / (loss)		–	–	–	–
Total comprehensive income		–	73,110	–	73,110
Transfer of asset revaluation reserve		–	–	–	–
At 31 March 2026		**110**	**380,363**	–	**380,473**

	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**

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 2026

	Note	2026 $000	2025 $000
Equity			
Ordinary shares	5.1	110	110
Retained earnings		380,363	307,253
Total equity		**380,473**	**307,363**
Assets			
Cash and cash equivalents	5.2	4,168	5,496
Trade and other receivables	7.1	14,696	2,734
Investments	3.2	501,690	433,368
Reinsurance contract assets	2.2	40,600	48,168
Prepayments		2,245	891
Intangibles	7.3	315	541
Right-of-use assets	7.4	6,074	7,166
Property, plant and equipment	7.2	2,110	1,895
Total assets		**571,898**	**500,259**
Liabilities			
Trade and other payables	7.5	10,382	6,432
Provisions	7.6	6,497	6,937
Fees in advance		282	269
Insurance contract liabilities	2.2	166,840	170,782
Lease liabilities	7.4	7,424	8,476
Total liabilities		**191,425**	**192,896**
Net assets		**380,473**	**307,363**

Approved for issue for and on behalf of the Board of Medical Assurance Society New Zealand Limited on 1 July 2026.

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 2026

	Note	2026 $000	2025 $000
Operating activities			
Premium received		237,246	227,440
Fund management income and other income		27,742	29,046
Other operating payments		(57,695)	(43,965)
Reinsurance recoveries received		24,639	31,107
Reinsurance premiums paid		(64,189)	(62,749)
Payment of claims and other insurance service expenses		(127,899)	(128,010)
Interest paid on funding		(364)	(421)
Interest received		5,822	11,790
Distributions received		10,186	3,631
Net cash flows from operating activities	**8.5**	**55,488**	**67,869**
Investing activities			
Contributions to investment funds		(123,278)	(203,449)
Withdrawals from investment funds		68,655	134,477
Proceeds from sale of assets held for sale		–	4,167
Purchase of property, plant and equipment, and intangibles		(1,010)	(412)
Acquisition of business		–	618
Net cash flows for investing activities		**(55,633)**	**(64,599)**
Financing activities			
Payment of principal portion of lease liability		(1,183)	(1,220)
Net cash flows for financing activities		**(1,183)**	**(1,220)**
Net movement in cash held		(1,328)	2,050
Cash and cash equivalents at 1 April		5,496	3,446
Cash and cash equivalents at 31 March		**4,168**	**5,496**

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

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.

Comparative information in the consolidated statement of comprehensive income relating to insurance investment income has been partially reclassified, with a portion now presented as interest revenue calculated using the effective interest method, to conform with the current period's presentation. There is no impact on net profit.

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 7.3).
- Lease liabilities and right-of-use assets (note 7.4).

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 form 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 2026

	General insurance $000	Life assurance $000	Funds management $000	Other $000	Total $000
Insurance revenue	177,375	56,969	–	–	234,344
Insurance service expense	(72,566)	(37,056)	–	–	(109,622)
Net expense from reinsurance contracts held	(44,750)	(3,700)	–	–	(48,450)
Insurance service result	**60,059**	**16,213**	**–**	**–**	**76,272**
Total investment income	870	3,395	447	20,580	25,292
Interest revenue / (expense)	3,997	418	–	(364)	4,051
Net insurance financial result	(101)	591	–	–	490
Management fee revenue	–	–	25,452	–	25,452
Other expenses	(20,879)	(8,928)	(22,276)	(10,011)	(62,094)
Other income	143	330	–	3,174	3,647
Intra-group interest (expense) / revenue	(49)	(54)	62	41	–
Net profit	**44,040**	**11,965**	**3,685**	**13,420**	**73,110**

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 from reinsurance contracts held	(41,072)	(8,577)	–	–	(49,649)
Insurance service result	**41,639**	**13,745**	**–**	**–**	**55,384**
Total investment income / (loss)	4,319	3,929	(6)	7,237	15,479
Interest revenue / (expense)	5,498	1,493	–	(422)	6,569
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**	**6,404**	**56,013**

2. Underwriting Activities

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

2.1. Insurance revenue

For the year ended 31 March 2026

	General $000	Life $000	Total $000
Contracts measured under the premium allocation approach			
Insurance revenue from contracts measured under the premium allocation approach	177,375	32,317	209,692
Contracts measured under the general model			
Amounts relating to the changes in the liability for remaining coverage			
Insurance service expenses incurred in the period	–	18,169	18,169
Changes in the risk adjustment	–	1,353	1,353
Contractual service margin recognised in profit or loss	–	5,072	5,072
Insurance revenue from contracts measured under the general model	–	24,594	24,594
Contracts measured under the variable fee approach			
Insurance revenue from contracts measured under the variable fee approach	–	58	58
Total insurance revenue	**177,375**	**56,969**	**234,344**

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	25,899
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**

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.

2. Underwriting Activities – continued

2.1. Insurance revenue – continued

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.

2.2 Insurance and reinsurance contracts

31 March 2026

	General $000	Life $000	Total $000
Insurance liability for incurred claims	43,133	62,840	105,973
Insurance liability / (asset) for remaining coverage	64,076	(3,209)	60,867
Insurance contract liabilities	**107,209**	**59,631**	**166,840**
Recoveries of incurred claims	(8,927)	(36,960)	(45,887)
Reinsurance liability / (asset) for remaining coverage	5,694	(407)	5,287
Reinsurance contract (assets)	(3,233)	(37,367)	(40,600)
Net contract liabilities	**103,976**	**22,264**	**126,240**

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)	(54,559)
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**

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 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	59,154	96,742	14,884	170,782
Net insurance contract liabilities at 1 April 2025	**59,154**	**96,742**	**14,884**	**170,782**
Contracts under the modified retrospective approach	(19,130)	–	–	(19,130)
Contracts under the fair value approach	(58)	–	–	(58)
Other contracts	(215,156)	–	–	(215,156)
Insurance revenue	(234,344)	–	–	(234,344)
Incurred claims and other expenses	–	126,913	3,583	130,496
Changes relating to past service	–	(15,501)	(5,373)	(20,874)
Insurance service expense	–	111,413	(1,790)	109,622
Insurance service result	**(234,344)**	**111,412**	**(1,790)**	**(124,722)**
Insurance finance (income) / expenses	**(1,192)**	**1,850**	**184**	**842**
Total changes in the statement of comprehensive income	**(235,536)**	**113,262**	**(1,606)**	**(123,880)**
Cashflows				
Premiums received	237,246	–	–	237,246
Claims and expenses paid	–	(127,899)	–	(127,899)
Total cash flows	**237,246**	**(127,899)**	**–**	**109,347**
Other movements	–	10,590	–	10,590
Insurance contract liabilities	60,866	92,696	13,277	166,840
Net insurance contract liabilities at 31 March 2026	**60,866**	**92,696**	**13,277**	**166,840**

		Liability for incurred claims		
	Liability for remaining coverage $000	Liability for incurred claims $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	–	115,995	4,820	120,815
Changes relating to past service	–	874	(5,332)	(4,458)
Insurance service expense	–	116,869	(512)	116,357
Insurance service result	**(221,390)**	**116,869**	**(512)**	**(105,033)**
Insurance finance (income) / expenses	**(827)**	**2,429**	**270**	**1,872**
Total changes in the statement of comprehensive income	**(222,217)**	**119,298**	**(242)**	**(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	96,742	14,884	170,782
Net insurance contract liabilities at 31 March 2025	**59,154**	**96,742**	**14,884**	**170,782**

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	(6,391)	49,398	5,161	48,168
Net reinsurance contract (liabilities) / assets at 1 April 2025	**(6,391)**	**49,398**	**5,161**	**48,168**
Allocation of reinsurance premiums	(63,289)	–	–	(63,289)
Recovery of incurred claims and expenses	–	22,892	653	23,545
Changes to amounts recoverable for incurred claims	–	(7,635)	(1,081)	(8,716)
Changes in non-performance risk of reinsurers	–	10	–	10
Net income from reinsurance contracts held	–	15,267	(428)	14,839
Reinsurance finance income	205	1,020	107	1,332
Statement of comprehensive income	**(63,084)**	**16,287**	**(321)**	**(47,118)**
Cashflows				
Premiums paid	64,189	–	–	64,189
Recoveries received	–	(24,639)	–	(24,639)
Total cash flows	**64,189**	**(24,639)**	**–**	**39,550**
Reinsurance contract (liabilities) / assets	(5,287)	41,047	4,840	40,600
Net reinsurance contract (liabilities) / assets at 31 March 2026	**(5,287)**	**41,047**	**4,840**	**40,600**

		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

2.2.3 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	(36,191)	29,073	54,937	47,819
Net insurance contract (assets) / liabilities at 1 April 2025	**(36,191)**	**29,073**	**54,937**	**47,819**
Changes that relate to current services				
CSM recognised for services provided	–	–	(5,072)	(5,072)
Changes in risk adjustment	–	(1,353)	–	(1,353)
Experience adjustments	1,141	–	–	1,141
Changes that relate to future services				
Contracts initially recognised in the period	(6,151)	1,011	5,140	–
Changes that adjust the CSM	15,194	(3,501)	(11,693)	–
Changes that relate to past services	–			
Adjustments to liability for incurred claims	(4,397)	(1,452)	–	(5,849)
Insurance service result	5,787	(5,295)	(11,625)	(11,133)
Insurance finance (income) / expenses	(2,900)	1,446	1,836	382
Statement of comprehensive income	**2,887**	**(3,849)**	**(9,789)**	**(10,751)**
Premiums received	24,967	–	–	24,967
Claims and other expenses paid	(19,537)	–	–	(19,537)
Total cash flows	**5,430**	**–**	**–**	**5,430**
Insurance contract (assets) / liabilities	(27,874)	25,224	45,148	42,498
Net insurance contract (assets) / liabilities at 31 March 2026	**(27,874)**	**25,224**	**45,148**	**42,498**

	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

2.2.4 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 contracts (liabilities) / assets	(7,870)	13,312	31,825	37,267
Net reinsurance contract (liabilities) / assets at 1 April 2025	**(7,870)**	**13,312**	**31,825**	**37,267**
Changes that relate to current services				
CSM recognised for services received	–	–	(2,710)	(2,710)
Changes in risk adjustment	–	(337)	–	(337)
Experience adjustments	1,770	–	–	1,770
Changes that relate to future services				
Contracts initially recognised in the period	(2,589)	470	2,119	–
Changes that adjust the CSM	13,733	(1,591)	(12,142)	–
Changes that relate to past services				
Adjustments to recoveries for incurred claims	(2,618)	(798)	–	(3,416)
Reinsurance service result	10,296	(2,256)	(12,733)	(4,693)
Reinsurance finance (expenses) / income	(251)	645	938	1,332
Statement of comprehensive income	**10,045**	**(1,611)**	**(11,795)**	**(3,361)**
Premiums paid	8,442	–	–	8,442
Recoveries received	(6,536)	–	–	(6,536)
Total cash flows	**1,906**	**–**	**–**	**1,906**
Other movements	(293)	42	548	297
Reinsurance contract assets	3,788	11,743	20,578	36,109
Net reinsurance contract assets at 31 March 2026	**3,788**	**11,743**	**20,578**	**36,109**

	Present value of future cash flows $000	Risk adjustment $000	CSM $000	Total $000
Reinsurance contracts (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 assets / (liabilities) at 31 March 2025	**(7,870)**	**13,312**	**31,825**	**37,267**

2. Underwriting Activities – continued

2.3. Contracts issued in the period

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

Insurance contracts	2026 $000	2025 $000
Estimates of the present value of future insurance cash inflows	(14,715)	(13,522)
Estimates of the present value of future insurance cash outflows	8,481	7,080
Risk adjustment for non-financial risk on insurance contracts	1,011	1,598
Contractual service margin on insurance contracts	5,141	4,844
Insurance acquisition cash flows	82	–
Total	–	–

Reinsurance contracts	2026 $000	2025 $000
Estimates of the present value of future reinsurance cash inflows	(2,726)	(1,903)
Estimates of the present value of future reinsurance cash outflows	5,315	5,590
Risk adjustment for non-financial risk on reinsurance contracts	(470)	(915)
Contractual service margin on reinsurance contracts	(2,119)	(2,772)
Total	–	-

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 within 1 year as they are typically settled within a short timeframe of the claim being recognised.

At 31 March 2026

Insurance contract liabilities (excluding liability for remaining coverage under PAA)	General $000	Life $000	Total $000
Up to 1 year	27,253	9,546	36,799
1-2 years	1,737	172	1,909
2-3 years	1,814	(920)	894
3-4 years	1,737	(1,323)	414
4-5 years	1,550	(1,599)	(49)
5+ years	1,459	(25,127)	(23,668)
Total	**35,550**	**(19,250)**	**16,300**

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	3,557	32,295
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**	**(28,992)**	**7,822**

2. Underwriting Activities – continued

2.4. Maturity profile for insurance contract liabilities – continued

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 2026

	General $000	Life $000	Total $000
Insurance contract liabilities			
No more than 12 months	98,912	25,763	124,675
More than 12 months	8,297	33,868	42,165
Total	**107,209**	**59,631**	**166,840**
Reinsurance contract assets			
No more than 12 months	3,233	10,235	13,468
More than 12 months	–	27,133	27,133
Total	**3,233**	**37,367**	**40,600**

At 31 March 2025

	General $000	Life $000	Total $000
Insurance contract liabilities			
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**

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.

	2026 $000	2025 $000
Insurance contract liabilities		
Less than 1 year	4,248	7,010
2 to 5 years	14,626	20,571
More than 5 years	26,273	27,357
Total	**45,147**	**54,938**
Reinsurance contract assets		
Less than 1 year	1,972	4,089
2 to 5 years	7,031	12,064
More than 5 years	**11,575**	**15,672**
Total	**20,578**	**31,825**

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 $5.1 million at 31 March 2026 (2025: $4.8 million). No other amounts are payable on demand at 31 March 2026 (2025: 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	2.00% (2025: 2.00%)
Bonus on existing bonuses	3.20% (2025: 3.20%)

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 2026 $000	2025 $000	Impact on profit and equity Net of reinsurance 2026 $000	2025 $000
Risk adjustment – flood claims – increase 5%	(34)	(129)	–	–
Risk adjustment – flood claims – decrease 5%	34	129	–	–
Risk adjustment – earthquake claims – increase 5%	(287)	(306)	(270)	(288)
Risk adjustment – earthquake claims – decrease 5%	287	306	270	288
Risk adjustment for other claims – increase 5%	(1,263)	(906)	(1,263)	(906)
Risk adjustment for other claims – decrease 5%	1,263	906	1,263	906
Interest rate – increase 1%	239	219	239	219
Interest rate – decrease 1%	(251)	(229)	(251)	(229)

Sensitivity analysis – life insurance business (income protection)	Impact on profit and equity Gross of reinsurance 2026 $000	2025 $000	Impact on profit and equity Net of reinsurance 2026 $000	2025 $000
Insurance liability for incurred claims				
Interest rate – increase 1%	2,701	3,029	902	1,352
Interest rate – decrease 1%	(2,972)	(3,189)	(1,710)	(1,423)
Claim terminations (morbidity) – increase 10%	1,869	2,475	368	1,027
Claim terminations (morbidity) – decrease 10%	(2,124)	(2,661)	(899)	(1,104)
Insurance (asset) / liability for remaining coverage				
Interest rate – increase 1%	(3,782)	(4,865)	(3,344)	(3,089)
Interest rate – decrease 1%	4,644	5,108	2,632	3,243
Claim incidence – increase 10%	(3,093)	(257)	(1,763)	(589)
Claim incidence – decrease 10%	663	257	360	589
Lapses and cancellations – increase 10%	(5)	(400)	(6)	(276)
Lapses and cancellations – decrease 10%	(7)	424	(10)	293
Expenses – increase 10%	(581)	(110)	(581)	(110)
Expenses – decrease 10%	382	110	382	110

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).

2. Underwriting Activities – continued

2.5. Impact of changes in key variables – continued

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, including its cash on call and term deposits. 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	2026 $000	2025 $000
Interest rates increase by 1%	(597)	(793)
Interest rates decrease by 1%	597	793
Unit prices increase by 10%	41,771	29,305
Unit prices decrease by 10%	(41,771)	(29,305)

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.

Contracts issued more than 1 year apart cannot be included in the same group. The portfolios are detailed in the following table.

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

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
Group life insurance contracts - stepped	PAA
Group income protection insurance contracts	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.

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, group income protection 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.

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

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 the Auckland floods 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 these flood and earthquake claims.

Modifications

There have been no modifications to insurance contracts issued or reinsurance contracts held during the year (2025: none).

Insurance acquisition cash flows (IACFs)

IACFs 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 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.

2. Underwriting Activities – continued

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

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 6.50% per annum for yearly renewable life contracts (2025: 6.00%), with additional selective lapses above age 60 (2025: no change). For the Group's in-force Income Protection business, assumed lapse rates are:

- 6.00% for stepped premium on-sale business (2025: 5.00%)
- 5.00% for level premium on-sale business (2025: 5.00%)
- Varies between 5.00% to 14.00% for closed income protection plans.

Inflation rates

Inflation impacts on the valuation in broadly two 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 2.00% per annum (2025: 2.50%). The assumed indexation for income protection benefits varies between 0.00% and 2.00% depending on the product (2025: 0.00% and 2.00%). The assumed rate of expense inflation is assumed to be 3.00% per annum (2025: 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 (2025: no change). The income protection indexation assumption applies to all covers of each respective product type (2025: no change).

Risk adjustment for non-financial risk

The risk adjustment 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 risk adjustment 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 risk adjustment 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 (2025: no change).

Life insurance business

A confidence level approach has been used to determine the risk adjustment for non-financial risk. The confidence level, inclusive of diversification benefits, is 75.00% (2025: 75.00%).

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

	2026	2025
General insurance business		
Risk adjustment – Auckland flood claims	25.00%	25.00%
Risk adjustment – earthquake claims	36.00%	43.00%
Risk adjustment for other claims	11.20%	13.10%
Life insurance business		
Risk adjustment for non-financial risk	75.00%	75.00%

2. Underwriting Activities – continued

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

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.

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 discounted its liability for incurred claims where the claim settlement duration is expected to exceed 12 months. The majority of the Group's claims are settled within 12 months. Claims expected to take more than 12 months to settle are Canterbury earthquake claims. No recoveries of incurred claims are expected to exceed 12 months (2025: none). 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% (2025: 10.00%). The discount rate applied is 3.91% at 31 March 2026 (2025: 3.89%).

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 (2025: 10.00%) and 5.00% on the asset/liability for remaining coverage (2025: 5.00%). The risk-free rates for the life insurance business are derived from current available New Zealand Government bonds for the valuation of long-term liabilities as at balance date (2025: 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.

	2026	2025
1 year	3.01%	3.73%
5 years	5.05%	4.05%
10 years	5.41%	4.71%
15 years	5.89%	5.06%
20 years	5.67%	5.24%
25 years	5.90%	5.35%

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 discounted 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.

2. Underwriting Activities – continued

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

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 discounted 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 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 2026 (2025: 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. Per mille refers to per thousand of insured value. Assumed future bonus rates for participating policies were:

Bonus rate on sum assured: $27 per mille (2025: $26 per mille)

Bonus rate on existing bonuses: $44 per mille (2025: $41 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 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	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	Total $000
At end of incident year		48,602	40,393	39,127	43,289	51,296	55,294	146,087	71,294	61,147	73,867	
1 year later		52,449	39,424	40,389	44,417	56,941	56,584	148,621	70,610	59,653	–	
2 years later		53,473	39,870	40,552	44,633	58,738	54,867	150,953	71,156	–	–	
3 years later		53,915	40,006	40,646	44,681	58,978	54,987	152,928	–	–	–	
4 years later		53,874	40,129	40,661	44,890	59,586	55,255	–	–	–	–	
5 years later		53,893	40,140	40,671	45,032	59,761	–	–	–	–	–	
6 years later		54,074	40,120	40,715	45,173	–	–	–	–	–	–	
7 years later		54,148	40,136	40,862	–	–	–	–	–	–	–	
8 years later		54,192	40,146	–	–	–	–	–	–	–	–	
9 years later		54,665	–	–	–	–	–	–	–	–	–	
Current estimated claim cost		54,665	40,146	40,862	45,173	59,761	55,255	152,928	71,156	59,653	73,867	
Cumulative payments		(54,438)	(40,145)	(40,862)	(45,172)	(59,597)	(55,230)	(151,832)	(70,539)	(59,239)	(50,980)	
Gross undiscounted liabilities for incurred claims	12,328	226	1	–	–	164	25	1,097	617	414	22,887	37,759
Effect of discounting												(1,053)
Third party recoveries outstanding												(1,157)
Risk adjustment												7,583
Total liabilities for incurred claims – general insurance business												**43,133**

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 2017. Life claims are excluded from the analysis as they are typically settled within a short timeframe of the claim being recognised.

	Prior $000	2017 $000	2018 $000	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	2026 $000	Total $000
At end of incident year		6,549	7,577	6,630	9,231	14,054	16,735	13,323	13,184	17,406	13,593	
1 year later		10,151	9,018	8,389	14,006	19,915	18,772	14,529	7,946	9,189	–	
2 years later		11,761	11,349	8,663	15,390	18,805	18,983	15,162	11,806	–	–	
3 years later		14,243	9,772	9,101	17,121	19,521	17,075	16,661	–	–	–	
4 years later		16,625	11,268	9,134	18,225	18,910	16,028	–	–	–	–	
5 years later		17,496	10,229	10,146	19,336	18,777	–	–	–	–	–	
6 years later		17,570	9,474	10,456	19,808	–	–	–	–	–	–	
7 years later		19,758	9,496	10,388	–	–	–	–	–	–	–	
8 years later		20,540	9,902	–	–	–	–	–	–	–	–	
9 years later		18,414	–	–	–	–	–	–	–	–	–	
Current estimated claim cost	14,498	18,414	9,902	10,388	19,808	18,777	16,028	16,661	11,806	9,189	13,593	
Cumulative payments	(9,211)	(12,856)	(7,293)	(7,516)	(12,571)	(11,328)	(8,485)	(9,812)	(4,813)	(4,073)	(2,055)	
Gross undiscounted liabilities for incurred claims	5,287	5,558	2,609	2,872	7,237	7,449	7,543	6,849	6,993	5,116	11,538	69,051
Effect of discounting												(15,095)
Risk adjustment												5,395
Total liabilities for incurred claims – long-term income protection insurance contracts												**59,351**

	2026 $000	2025 $000
Liability for incurred claims – general insurance	43,133	45,819
Life insurance contracts – stepped (including Group)	2,608	2,143
Life insurance contracts – level premium term life	–	–
Short-term income protection insurance contracts (including Group)	881	235
Long-term income protection insurance contracts	59,351	63,430
Total liability for incurred claims	105,973	111,627

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 entity's needs.

3.1 Investment income

	2026 $000	2025 $000
On call and term deposits	741	1,284
Fixed interest	3,621	9,275
Equities	20,272	4,779
Private equity	658	141
Total investment income	**25,292**	**15,479**
Realised investment income	11,594	8,415
Unrealised investment gain	13,698	7,064
Total investment income	**25,292**	**15,479**
Investment income – insurance entities	4,266	8,249
Investment income – other	21,026	7,230
Total investment income	**25,292**	**15,479**

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.

Comparative information relating to investment income has been partially reclassified, with a portion now presented as interest revenue calculated using the effective interest method, to conform with the current period's presentation.

3.2 Investment assets

	2026 $000	2025 $000
On call and term deposits	60,567	117,767
Domestic fixed interest	18,611	18,408
Domestic fixed interest (unit trust)	108,171	92,150
International fixed interest (unit trust)	131,040	13,573
MAS Wholesale International Equities Fund	118,286	43,054
MAS Wholesale NZ Fixed Interest Fund	1,803	50,045
MAS Wholesale Australasian Equities Fund	58,414	94,231
Private equity	4,798	4,140
Total investments	**501,690**	**433,368**

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. Investment Activities – continued

3.3 Investment by entity

	2026 $000	2025 $000
Life assurance investment funds – Medical Life Assurance Society Limited	94,763	88,950
General insurance investment funds – Medical Insurance Society Limited	196,774	159,837
Funds management investment funds – Medical Funds Management Limited	3,505	3,057
MAS Foundation investment funds	7,646	4,951
Other investment funds	199,002	176,573
Total investments	**501,690**	**433,368**

3.4 Fair value hierarchy

	Level 1 $000	Level 2 $000	Level 3 $000	Total
2026				
Domestic fixed interest	–	18,611	–	18,611
Domestic fixed interest (unit trust)	–	108,171	–	108,171
International fixed interest (unit trust)	–	131,040	–	131,040
MAS Wholesale International Equities Fund	–	118,286	–	118,286
MAS Wholesale NZ Fixed Interest Fund	–	1,803	–	1,803
MAS Wholesale Australasian Equities Fund	–	58,414	–	58,414
Private equity	–	–	4,798	4,798
Total investments at fair value through profit or loss	**–**	**436,325**	**4,798**	**441,123**
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**

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.

3. Investment Activities – continued

3.4 Fair value hierarchy – continued

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 3.05 years (2025: 2.70 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.

Private equity

The fair value for investments in private equity is determined based on the most recent net asset value reported by the relevant fund manager.

Levels of the 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 the year (2025: no transfers).

Reconciliation of level 3 fair value movements

	2026 $000	2025 $000
Opening balance	4,140	–
Purchases	–	3,999
Total gains recognised in profit or loss	658	141
Closing balance	**4,798**	**4,140**

A 10% increase or decrease in the reported fair value of private equity investments at balance date would result in an increase or decrease in fair value of approximately $0.48 million (2025: $0.41 million), holding all other variables constant. In practice, changes in valuation may be accompanied by changes in other assumptions and therefore the actual impact may differ.

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.

4.1 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 2026, MFM was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2025: 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 in accordance with the applicable solvency standards is disclosed below. The amounts reported for 2026 have been prepared under the Reserve Bank of New Zealand's Interim Solvency Standard 2023, including amendments issued on 5 December 2024 and 6 June 2023 (2025: no change to the solvency standard and amendments applied). Further amendments to the solvency standard are expected which is likely to impact reported solvency. The comparative solvency positions have been restated to reflect revisions made to ensure consistency with the 2026 figures.

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

	2026 $000	2025 $000
Solvency capital	117,359	87,486
Adjusted prescribed capital requirement	56,795	39,613
Adjusted solvency margin	60,564	47,873
Adjusted solvency ratio	2.07	2.21

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.

4. Risk Management – continued

4.2 Capital risk – continued

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

	2026 $000	2025 $000
Solvency capital	187,378	228,125
Adjusted prescribed capital requirement	173,403	213,820
Adjusted solvency margin	13,974	14,304
Adjusted solvency ratio	1.08	1.07

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 Aat 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

	AAA	AA	A	BBB	Below BBB and not rated	Carrying value $000
31 March 2026						
On call and term deposits	–	68.46%	31.54%	–	–	60,567
Domestic fixed interest	73.46%	–	–	–	26.54%	18,611
Reinsurance recoveries of incurred claims	–	90.19%	8.59%	1.02%	0.20%	45,887
31 March 2025						
On call and term deposits	–	52.33%	47.67%	–	–	117,767
Domestic fixed interest	73.73%	–	–	–	26.27%	18,408
Reinsurance recoveries of incurred claims	–	85.23%	12.65%	2.10%	0.02%	54,559

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 (2025: minimum of A).

	2026	2025
10% – 20% of equity	1	1

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 2026					
Cash and cash equivalents	4,168	–	–	–	4,168
Trade and other receivables	–	14,696	–	–	14,696
Investments	464,824	19,195	11,156	6,515	501,690
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

Financial liabilities	No maturity date $000	0–12 months $000	1–5 years $000	Over 5 years $000	Total $000
31 March 2026					
Trade and other payables	–	10,382	–	–	10,382
Lease liabilities	–	1,175	4,148	2,101	7,424
31 March 2025					
Trade and other payables	–	6,432	–	–	6,432
Lease liabilities	–	1,169	4,142	3,165	8,476

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

	2026 $000	2025 $000
10,000 voting shares	110	110
1 non-voting distribution share	–	–
Total	**110**	**110**

5.2 Cash and cash equivalents

	2026 $000	2025 $000
Cash and cash equivalents	4,168	5,496

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 (2025: unsecured).

6. Related Party Information

6.1 Controlled entities

All transactions with controlled entities are eliminated in full.

	Equity Holding	
	2026 %	2025 %
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 2026, interest was charged at 3.54% for all subsidiaries (2025: 4.61%).

All transactions with Members, directors and employees are at market rates (2025: no change).

6.4 Compensation paid to key management personnel

	2026 $000	2025 $000
Salaries and other short-term employee benefits	4,999	4,175
Termination benefits	1,183	–
MAS Directors fees	750	732
Total compensation	**6,932**	**4,907**

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

	2026 $000	2025 $000
GST receivable	484	163
Management fee receivable for funds management	2,324	1,975
Trade and other receivables	11,888	596
Total trade and other receivables	**14,696**	**2,734**

Receivables are non-interest bearing and are generally on terms of 0-90 days. Receivables are recognised when the Group has established a present right to receive cash or other economic benefits, and the amount can be measured reliably.

The allowance for expected credit losses has been assessed as zero at March 2026 (2025: zero) as no credit losses are expected within the next 12 months. All reasonable and supportable information is considered at each reporting date and forward looking information is considered when it is available without undue cost and effort.

7.2 Property, plant and equipment

	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
31 March 2026					
Opening net book value	–	–	1,895	–	1,895
Additions	–	–	1,010	–	1,010
Disposals	–	–	(5)	–	(5)
Depreciation expense	–	–	(790)	–	(790)
Closing net book value	**–**	**–**	**2,110**	**–**	**2,110**
Cost / revaluation	–	–	6,927	–	6,927
Accumulated depreciation	–	–	(4,817)	–	(4,817)
Closing net book value	**–**	**–**	**2,110**	**–**	**2,110**

	Land $000	Buildings $000	Furniture, fittings and equipment $000	Work in progress $000	Total $000
31 March 2025					
Opening net book value	–	–	2,243	–	2,243
Additions	–	–	412	–	412
Disposals	–	–	–	–	–
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**

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 (2025: no change).

7. Other Balance Sheet Items – continued

7.3 Intangibles

	2026 $000	2025 $000
Opening net book value	541	1,263
Amortisation expense	(226)	(722)
Closing net book value	**315**	**541**
Cost	27,530	27,530
Accumulated amortisation	(27,215)	(26,989)
Closing net book value	**315**	**541**

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 (2025: 5 years) and 3 to 20 years for core systems (2025: 3 to 10 years).

7.4 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 2026 was $124,000 (2025: $94,000).

The Group recognised $364,000 (2025: $421,000) of interest expense on the lease liabilities and $1.22 million (2025: $1.31 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.

	Properties $000	Motor vehicles $000	Printers $000	Total $000
31 March 2026				
Opening net book value	7,086	80	–	7,166
Additions	101	–	29	130
Reassessment of lease liabilities	–	–	–	–
Depreciation expense	(1,171)	(50)	(1)	(1,222)
Closing net book value	**6,016**	**30**	**28**	**6,074**
Cost	12,749	1,760	29	14,538
Accumulated depreciation	(6,734)	(1,729)	(1)	(8,464)
Closing net book value	**6,015**	**31**	**28**	**6,074**

	Properties $000	Motor vehicles $000	Printers $000	Total $000
31 March 2025				
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**

7. Other Balance Sheet Items – continued

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

	2026 $000	2025 $000
Lease liabilities		
Current	1,175	1,169
Non-current	6,249	7,307
Total lease liabilities	**7,424**	**8,476**

	2026 $000	2025 $000
Changes in lease liabilities:		
Balance at 1 April	8,476	9,628
Cash flows	(1,546)	(1,645)
Accretion of interest	364	421
Lease additions	130	–
Change in future lease payments	–	72
Balance at 31 March	**7,424**	**8,476**

7.5 Trade and other payables

	2026 $000	2025 $000
Trade and other payables	10,382	6,373
GST payable	–	59
Total trade and other payables	**10,382**	**6,432**

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.

7.6 Provisions

	2026 $000	2025 $000
Employee benefits	3,822	4,106
Incentive remuneration payable	2,474	2,315
Remediation	201	516
Total provisions	**6,497**	**6,937**
Current	5,314	5,572
Non-current	1,183	1,365
Total provisions	**6,497**	**6,937**

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 (2025: no change).

Set out below is the movement in the remediation provision:

	2026 $000	2025 $000
As at 1 April	516	79
Remediation addition	498	441
Remediation decrease	(18)	(4)
Remediation payments	(44)	–
As at 31 March	**952**	**516**

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

Standards and amendments adopted

Several amendments and interpretations apply for the first time in the period ended 31 March 2026, but do not have a material impact on the financial statements of the Group. Accordingly, 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 for reporting periods beginning on or after 1 January 2027. The Group is currently assessing the impact of adopting 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.

	2026 $000	2025 $000
Type of service		
Mortgage referral fee income	22	205
Other services	2,366	2,425
Total other revenue from contracts with customers	2,388	2,630
Sundry income	1,259	265
Total fee and other income	**3,647**	**2,895**
Timing of revenue recognition		
Services transferred over time	1,986	1,920
Services transferred at a point in time	402	710
Total other revenue from contracts with customers	2,388	2,630
Sundry income	1,259	265
Total fee and other income	**3,647**	**2,895**

8.3 Auditor remuneration

	2026 $000	2025 $000
Fees to auditors – for the audit of financial statements	263	283
Fees to auditors – for audit related services (assurance engagements)	123	120
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
Total auditor remuneration	**401**	**422**

8. Other – continued

8.3 Auditor remuneration – continued

The auditor of the Group is Ernst & Young (EY). Audit related services (assurance engagements) comprise:

- reviews of regulatory reporting ($59,000, 2025: $58,000)
- financial statement audits of MAS Wholesale Investment Funds ($38,000, 2025: $37,000) and MAS Investment Funds ($24,000, 2025: $23,000); and
- reasonable assurance compliance services for the MAS Investment Funds register of members ($2,000, 2025: $2,000). Reviews of regulatory reporting are required by legislation to be provided by the auditor. The MAS Wholesale Investment Funds and MAS Investment Funds are managed by MFM.

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 (2025: no change). Audit related services (other non-assurance engagements) are for Supervisor and Trustee reporting (2025: no change). There were no fees for other services during the year (2025:remuneration advice).

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 $401,000 (2025: $422,000).

8.4 Expense disclosures

	2026 $000	2025 $000
Salaries and other short-term employee benefits	46,487	40,402
Directors' fees	750	732
Loss on disposal of property, plant, equipment and intangibles	5	–
Depreciation, impairment and amortisation	2,239	2,801
MAS Foundation grants	2,904	1,996
Donations and koha	8	5
Interest expense	364	421

The expenses above are included within insurance service expense and other expenses in the statement of comprehensive income. Depreciation and amortisation includes $1.22 million of depreciation charges on the right-of-use lease assets (2025: $1.31 million).

8.5 Reconciliation of cash flows

	2026 $000	2025 $000
Net profit from continuing operations	73,110	56,013
Adjustments:		
Depreciation, impairment and amortisation	2,239	2,801
Loss on disposal of property, plant and equipment	5	–
Unrealised investment gain	(13,698)	(7,064)
Gain on acquisition of business	–	(841)
Changes in operating assets and liabilities:		
Trade and other payables and provisions	3,522	830
Trade and other receivables and prepayments	(13,316)	3,539
Insurance contract liabilities	(3,942)	(3,724)
Reinsurance contract assets	7,568	16,315
Net cash flows from operating activities	**55,488**	**67,869**

8.6 Fund management income

Fund management income of $25.5 million (2025: $22.5 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. Other – continued

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 regarding claims under contracts of insurance. Provisions are recognised as part of insurance contract liabilities for disputes when it is probable that an outflow of resources will be required to settle any obligations. There are no other contingent liabilities (2025: none).

8.9 Subsequent events

Subsequent to year end, MLA is in discussion with the Reserve Bank of New Zealand on a regulatory compliance matter regarding licence conditions for Group Income Protection Insurance, the outcome of which is uncertain. Other than this matter, no material events have occurred after the reporting period.

Independent Auditor's Report

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 2026, 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 2026 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. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standard 1.

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

We provided agreed upon procedures 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

2 July 2026

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Other Statutory Information

Remuneration bands

The table below sets out the number of employees or former employees of MAS, not being directors, who received remuneration and other benefits in their capacity as employees exceeding $100,000 for the years ended 31 March 2026 and 31 March 2025.

	2026	2025
100000-110000	16	21
110000-120000	19	19
120000-130000	17	9
130000-140000	13	15
140000-150000	16	27
150000-160000	20	13
160000-170000	9	6
170000-180000	8	10
180000-190000	9	6
190000-200000	10	9
200000-210000	8	6
210000-220000	9	6
220000-230000	4	1
230000-240000	2	5
240000-250000	1	–
250000-260000	3	1
260000-270000	2	3
270000-280000	1	1
280000-290000	–	3
290000-300000	2	1
300000-310000	–	1
310000-320000	1	–
330000-340000	2	–
360000-370000	2	–
370000-380000	–	1
420000-430000	1	1
430000-440000	–	1
440000-450000	–	1
450000-460000	–	1
460000-470000	–	1
480000-490000	1	–
490000-500000	1	–
500000-510000	–	2
530000-540000	1	–
550000-560000	1	–
560000-570000	1	–
720000-730000	–	1
790000-800000	1	–
830000-840000	–	1
900000-910000	1	–
1390000-1400000	1	–
	183	173

Directors

The directors who held office during FY26 are listed below.

Director	Period position held
Melissa Macfarlane	Full year
Kate Baddock	Full year
Doug Hill	Full year
Steve Merchant	Full year
Frank Frizelle	Until 20/08/25
Lindsay Knowles	Full year
Brett Sutton	Until 31/12/25
Brendan O'Donovan	Full year

Director remuneration

Director remuneration is paid from the total director fee pool of $827,500 per annum approved by Members at the Annual General Meeting on 20 August 2025. Actual fees paid to directors are determined by the Board. In addition, Board members are reimbursed for costs directly associated with carrying out their duties, such as travel costs.

Director	Total fee	Board fee	Committee fee	Gift
Melissa Macfarlane	83,000	83,000	-	-
Kate Baddock	88,000	83,000	5,000	-
Doug Hill	127,000	117,000	10,000	-
Steve Merchant	98,000	83,000	15,000	-
Frank Frizelle	32,047	32,047	-	4,125
Lindsay Knowles	103,000	83,000	20,000	-
Brett Sutton	110,875	110,250	625	5,000
Brendan O'Donovan	108,000	88,000	20,000	-
Total	**749,922**	**679,297**	**70,625**	**9,125**

Disclosure of directors’ interests

The table below lists the general disclosures of interest by directors of MAS as at 31 March 2026 in accordance with section 140 of the Companies Act 1993.

Melissa Macfarlane	
Medical Assurance Society	Trustee and Member
Cove	Shareholder
Sharesies	Shareholder
Kiwi Group Capital	Employee

Dr Kate Baddock	
Medical Assurance Society	Trustee and Member
Institute of Directors	Member
Auckland Medicolegal Society	Member[2]
Royal NZ College of General Practitioners	Fellow

Dr Doug Hill	
Medical Assurance Society	Trustee and Member
Broadway Medical Centre	Director and General Practitioner
Columba College	Member, Board of Governors[2]
Wellsouth Primary Health Network	Chair[2]
Skin Cancer College of Australasia	NZ Advisory Board Member

Steve Merchant	
Medical Assurance Society	Trustee and Member
Vet Chat Limited	Director
Independent Vets NZ Limited	Director
Pet Depot Limited	Director
Talkily Limited	Director and Shareholder
Ambit AI Powered Limited	Director and Shareholder

Lindsay Knowles	
Medical Assurance Society	Trustee and Member
Acme Supplies Limited	Director

Brendan O’Donovan	
Medical Assurance Society	Trustee
Anglican Church Pension Board	Chair Investment Committee
Alfred Taylor Development Limited	Director and Shareholder
The Alfred Limited	Director and Shareholder[1]

[1]Entries added by notices given by the directors during the year ended 31 March 2026

[2]Entries removed by notices given by the directors during the year ended 31 March 2026

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, MAS has continued to indemnify and insure its Trustees, directors and officers, including directors of subsidiaries, against potential liability or costs incurred in any proceeding, except to the extent prohibited by law.

Corporate Governance Statement

Board structure

The Board is responsible for setting the strategic direction of MAS's business and overseeing its management. The Board is comprised of the Trustees of the Medical Assurance Society Members' Trust (the Trust). At 31 March 2026 there were three Practitioner Trustees and three Commercial Trustees. Members approve the appointment of all Trustees.

Control and financial returns

Control of MAS group companies ultimately rests with Full Members of MAS via their interest in voting shares held by the Trustees of the Trust. MAS invests the financial returns of its businesses in two 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 business plans 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 via a set of delegated authorities that clearly define the responsibilities delegated to management and those retained by the Board. These delegated authorities are subject to review and are approved by the Board annually. The Chief Executive Officer is accountable to the Board for the exercise of, and compliance with, the Delegated Authority Policy.

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 five 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 2026, the Committee is comprised of Lindsay Knowles (Chair), Kate Baddock, Brendan O'Donovan and Melissa Macfarlane.

The Innovation and Digital Technology Committee meets to oversee the successful execution of MAS's Innovation and Digital Technology strategy. As at 31 March 2026, 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 2026 the Committee is comprised of Brendan O'Donovan (Chair), Kate Baddock and Steve Merchant.

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 2026, the Committee is comprised of Kate Baddock (Chair), Doug Hill and Melissa Macfarlane.

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 2026, the Committee is comprised of Doug Hill (Chair), Melissa Macfarlane, Brendan O'Donovan, and Steve Merchant.

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