

Annual Report
2022





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Your mutual remains in a strong position



Key milestones and achievements

On the back of strong membership and policy growth, the financial position of MAS is robust with a net profit of \$4.7 million. By the end of 2021/22, MAS Group reserves grew to \$235.5 million, up \$5.5 million from last year. Membership grew to just over 44,000, an increase of around 9% on an annual basis.

We were humbled to receive the Consumer NZ People's Choice Award for house, car and contents insurance for a sixth consecutive year. The awards are especially meaningful as they are based on Consumer NZ's customer satisfaction surveys and reflect the view of our Members. I'd like to extend my thanks to Members for the valuable feedback provided to us throughout the year, and to the service teams at MAS in particular that respond to our Members' needs.

Your mutual is committed to putting things right with Members when we get them wrong. We have established a Conduct and Remediation Committee to review and where appropriate remediate Members for issues we identify. This involves ensuring we have charged the correct amount for the insurance cover provided over time, and regularly communicating with affected Members.

General insurance

The general insurance services side of MAS had another strong year despite the growing inflation impact on claims, and climate-related events.

Growth was strong with a 7.2% increase in our policy count contributing to a total of \$102.3 million in gross written premium. We supported our Members at claims time, with claims expenses of \$60.3 million across almost 16,000 claims, which reflects a decrease of \$1.6 million year-on-year but 1,900 more claims. Five significant storm and rain events contributed \$8.6 million to claims expenses. This included the Auckland rain event in late March 2022 which cost \$3.7 million, making it one of the largest non-earthquake events for MAS.

Life and Disability insurance

Life and Disability services experienced a very strong year, with net growth of over 1,300 policies across our life and income security products. We ended the year with a total of around 25,500 policies and \$46.7 million in premium revenue – an increase on last year of \$2.9 million.

During the financial year, we continued to support Members with \$19.2 million in claim payments, a slight decrease of \$1.3 million on the previous year but significantly higher than historical levels. This reinforces the value we provide at a time of need to Members who have trusted us to provide cover for them.

KiwiSaver and Retirement Savings Schemes

The status of the MAS KiwiSaver and Retirement Savings Schemes was changed from restricted to open on 23 June 2021, following approval granted by the Financial Markets Authority. Previously, the Schemes were limited to specific occupations. MAS is the first manager to transition its Investment Schemes from restricted to open 'retail' status.

While investment market returns were volatile throughout the 2021/22 year, funds under management continued to grow. We now have over \$2.2 billion in funds under management across both Schemes, with more than 18,000 Members investing through the mutual.

Supporting the health and wellbeing of our Members and Aotearoa New Zealand

Aotearoa New Zealand has experienced the ongoing impact of widespread lockdowns with the resulting flow-on effect to socio-economic uncertainty, increasing inflation, and detrimental effects on wellbeing. Our Members and their whānau are not immune from this, but your mutual remains well placed to continue providing support through these times with a strong focus on continuity of insurance cover and continued investment in wellbeing.

As your mutual, we prioritise purpose above making profit. We demonstrate this by investing in our communities, seeking to improve health equity through the MAS Foundation. We also take a leadership position as a responsible investor through the funds managed on Members' behalf and the capital reserves MAS holds.

Looking to the future

MAS remains committed to investment in growth, purpose and technology. Growing membership of the mutual enables us to meet the rising costs of the services we offer, effectively responding to the increasing cost of severe weather events caused by climate change, and to increase our impact through the MAS Foundation. It is also essential that we continue our investment in improved technology. Evaluation of our systems and digital capability is well underway as we seek to make improvements that set your mutual up for the future.

I would like to thank the MAS Board and all the team at MAS for their hard work and service to the mutual throughout the year. I would also like to acknowledge Danelle Dinsdale after her retirement from the MAS Board in June 2021, and welcome Brendan O'Donovan in her place. Danelle made a significant contribution to MAS with more than 10 years of service on various MAS Group boards.

Finally, I would like to thank Members for your support during the year. We highly value the membership referrals you make to MAS from your family, friends and colleagues, and we welcome the opportunity to introduce your mutual to them. Thank you everyone for your continued loyalty and trust in MAS.



Harley Aish
Chair

Kei te kaha tonu tō whanaungatanga



Ngā tohu nui me ngā tutukitanga

Nā runga anō i te kaha tautoko a ngā mema, me te tupuranga o ngā kaupapahere, kua kaha te hua pūtea a MAS, ā, kua \$4.7 miriona. I te mutunga o 2021/22, i tupu ngā penapenatanga a MAS Group ki te \$235.5 miriona, ā, he pikinga \$5.5 miriona nō te tau tata nei. I tupu ake ngā mema ki tua i te 44,000, ā, he pikinga kua tata ki te 9% tau mai, tau atu.

Anō te whakamā ki a mātou i te rironga o tā Consumer NZ Tohu ā-Marea mō te rianga ā-whare, ā-waka, ā-rawa hoki, i ngā tau e ono kua taha ake. Inā rā te pai o ngā tohu nei nā te hāngai ki tā Consumer NZ uiuinga painga ā-kiritaki, me te hāngai hoki ki ngā whakaaro o ā mātou Mema. He tōmino tōku hoki kia toro atu i te ringa o mihi ki ngā Mema i ngā urupare whaihua i tukuna mai rā te tau katoa, me ngā ope ratonga i MAS, ina koa rātou e urupare ana i ngā hiahia o ngā Mema.

E ū ana mātou ki te ritenga tonutanga o te ara tika me ngā Mema mēnā mātou kua hē. Kua whakatūria e matou tētahi Komiti mō te Whanonga me te Hohou kia arotake, kia hohou hoki i ngā raru a ngā Mema ka puta mai. E tae rā anō ana tēnei ki te tukunga utu tika mō

te rianga rā tētahi wā, me te ritenga tonutanga o te whakawhiti kōrero ki ngā Mema e whai pānga ana.

Rianga Whānui

Nō te tau tata nei, kua kaha te taha ratonga rianga whānui o MAS, ahakoa te pānga o te tāmi ahupūtea ki ngā kerēme, me ngā takanga ā-huarere.

I kaha te tupuranga me tōna pikinga 7.2% mō tā mātou tapeke kaupapahere, e hua mai ana te \$102.3 miriona te katoa o ngā utunga ā-tuhinga. I tautoko mātou i ngā Mema i te wā o te kerēme, me ngā utunga kerēme \$60.3 miriona puta noa i ngā kerēme hanga 16,000, me te aha, he hekenga ihotanga tēnei o te \$1.6 miriona, engari he pikinga o ngā kerēme 1,900. E rima ngā āwha me ngā marangai nui i hua ake ai ko ngā utunga kerēme \$8.6 miriona. I tae rā anō tēnei ki te Marangai i Tāmaki i te Māehe o 2022, me tāna utunga \$3.7 miriona, nā koia tērā tētahi o ngā takanga rahi rawa o MAS ehara i te rū whenua.

Rianga Oranga me te Hauātanga

Kua kaha te tau kua taha ake nei ki ngā ratonga Oranga me te Hauātanga, me te tupuranga o ngā kaupapahere 1,300 puta noa i ā mātou hua tautiaki pūtea me te

oranga. I mutu te tau me ngā kaupapahere hanga 25,500 me te pūtea whiwhi \$46.7 miriona – he tupuranga nōnata o te \$2.9 miriona.

I te tau ā-pūtea, i koke tonu tā mātou tautoko i ngā Mema, me ngā utunga kerēme \$19.2 miriona, he paku hekenga o te \$1.3 miriona nōnata, heoti kua tino koni atu i ngā utunga o ngā tau o mua. Mā tēnei tā mātou whaihua e whaikaha, ina koa i ngā wā e whirinaki mai nei ngā Mema e tautiaki ai rātou e mātou.

Kaupapa Penapena KiwiSaver me te Tāokinga

Nō te 23 o Hune panonitia ai te tūnga o ā MAS Kaupapa Penapena KiwiSaver me te Tāokinga mai i te mea here ki te mea wātea, he whakaaetanga nō te Mana Māketē ā-Pūtea (Financial Markets Authority). Nōna tata nei, kua herea ngā kaupapa ki ētahi mahinga tautuhi. Ko MAS te kaiwhakahaere tuatahi kia panonitia āna kaupapa penapena mai i te mea here ki te tūnga 'tauhokohoko' wātea.

Ahakoa kua noho ngā hua pūtea penapena ki te mura o te ahi puta noa i te 2021/2022, kua tupu haere tonu ngā pūtea whai whakahaerenga. Koni atu i te \$2.2 piriona ngā pūtea e whakahaerehia

nei i ngā kaupapa e rua, ā, koni atu i ngā mema 18,000 kua penapena mai hoki.

Te tautoko i te hauora me te oranga o ngā Mema me Aotearoa

Kua rongo a Aotearoa i te pānga tonutanga o ngā nōhanga mohaoa, me te pānga tonutanga o te rangirua o te ohaoha ā-marea, te tāmitanga ā-pūtea, me ngā pānga kino ki te hauora. E kore ā mātou Mema rātou ko ngā whānau e ārai ana i tēnei, engari e noho pai ana mātou e tautokona tonutia ai e mātou rā roto ēnei wā, me te aronga kaha hoki ki te rīanga, me te penapenatanga tonutanga ki te hauora.

Me ko mātou tō kaitautoko, e whai mana ake ana te kiko i te hua pūtea. Mā te penapena ki ngā hapori, me te toro i te whanaketanga manarite mō te hauora i te MAS Foundation mātou e whakatinana i tēnei. E whai ana hoki mātou i te tūnga hautū ānō he kaipenapena whai takohanga mā ngā pūtea e whakahaere nei mā ngā Mema, me ngā pūtea penapena a MAS.

Te anamata

E ū tonu ana a MAS ki te penapenatanga ki te tupuranga, te kiko, me te hangarau. Mā te whakatupu i te nōhanga ā-mema ki te kaupapa nei e oti ai i a mātou te whai i ngā utunga ake o ngā ratonga e whāngaia nei e mātou, me te aha, e kaha uruparengia nei te utu o ngā pānga kino ā-huarere, e whanakehia ana hoki tā mātou pānga ki te MAS Foundation. E waiwai ana hoki tā mātou whai tonu i te penapena ki te whanaketanga o te hangarau. Kua pai te tīmata o te arotakenga o ā mātou pūnaha, me ngā āheinga matihiko, i a mātou e kimi ana i ngā whanaketanga e ora pai ai ō penapena hei te anamata.

Me mihi hoki ki te Poari MAS, waihoki te tīma ki MAS, i ā rātou upoko pakaru, me ā rātou ū ki te kaupapa puta noa i te tau. E hiahia ana hoki au kia mihia a Danelle Dinsdale i tāna tāokinga i te Poari MAS nō te Hune 2021, me te karangatia a Brendan O'Donovan kia noho mai ki te tūnga. He nui te pānga a Danelle ki a MAS i āna tau koni atu i te 10 ki ngā tini poari o MAS Group.



Harley Aish
Heamana

Ka mutu, ka mihia ngā Mema i ā koutou tautoko puta noa i te tau. He nui ngā hua o ā koutou tuku i ā-toronga i ō whānau, ō hoa, ō hoamahi hoki ki MAS, ka mutu, e hiamoa ana mātou kia whakaatu atu i te kaupapa nei ki a rātou. Tēnā koutou katoa i tā koutou tautoko tonu i te piriponi me te whirinaki o MAS.

Key Highlights

\$4.7m

Pre-tax surplus

\$235.5m

MAS Group reserves

\$5.5m

MAS Group reserves
increase on 2020/21

9.0%

Membership growth

44,139

Members

\$102.3m

General insurance
gross premium

\$46.7m

Life and Disability
premium revenue

\$2.2bn

Member funds under
management

Growing a healthier Aotearoa New Zealand

Supporting our Members

6 years

Consumer NZ People's Choice for house, car and contents **6 years** in a row

1,247

Members and employees registered for Wellbeing online talk by MAS Presents

1,763 to 2,812

Number of Members registered for the Āki Health and Wellbeing Portal from FY21 to FY22

+50%

Of staff have attended plain-language workshops to help update all our communications, including policy documents

"We're building greater trust with our Members by using plain language. This commitment is improving transparency and understanding of what our policies cover."

Phil Belcher – Product Manager, Life & Disability Insurance

Supporting our People

X3 free

Employee Assistance Programme counselling sessions

2 Society Days

MAS offers extra leave for all staff at Easter and Christmas each year

10 days' leave

COVID-19 leave days for all employees

Wellbeing survey

90%

Are proud to work for MAS

91%

Feel they work for a successful organisation

92%

Believe in what our organisation is trying to accomplish

86%

Are thriving or managing well

Supporting our Communities

\$2.6m

In MAS Foundation grants to support projects that improve health and wellbeing equity in our communities

467 hours

Collecting for a charity, helping out health services and the MAS Foundation, and fundraising for not-for-profits with our employees' Here for Good Days

Supporting our Environment

56% ↓

Lower carbon footprint for both the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme compared to the global market average*

80% ↑

More invested into clean technology solutions by both the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme compared to the global market average**

Supporting our Partnerships

\$111k

Invested with our industry partners

\$133k

Funding projects with the Sustainable Business Network, Run and Become, Wāhine Connect and Te Ora (Māori Medical Practitioners Association)

\$206k

To support core professions and their members

\$60k

To support students and young professionals

~500

We supported Wāhine Connect to mentor about 500 women in medicine and health

Medical Funds Management Limited is the issuer and manager of the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme. The PDS for each Scheme is available at mas.co.nz

* Compares the carbon footprint of equities in the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme to the MSCI All Country World Index which has a carbon footprint of 82 tonnes of CO2e/US\$ million invested as at 31/03/22. A NZ\$/US\$ exchange rate of 0.70 was used for this calculation.

** According to MSCI, clean technology solutions are defined as companies that derive >20% of revenue from clean technology solutions including alternative energy, energy efficiency, green building, pollution prevention, or sustainable water. Equities within the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme are compared to the MSCI All Country World Index as at 31/03/22.

Te Tiriti o Waitangi partnership approach to health and wellbeing equity in Aotearoa New Zealand



This is my third annual report as Chair of the MAS Foundation and since the Foundation was formed by MAS in 2019, we have made significant efforts to support community-led health initiatives with a health equity focus. This is a particularly opportune time to be focused on improving equitable health outcomes in Aotearoa New Zealand, as the Government's health and disability reforms aim to improve health equity, especially for Māori and Pasifika. We applaud the goals of the reforms to address systemic health issues and to adopt a whole-of-government and whole-of-society approach to improve health equity. We look forward to working with the new agencies and seeing the results of these reforms. We will be working in partnership with other philanthropic trusts and continuing the Foundation's commitment to support communities to provide local solutions to local needs.

The Foundation's grant-making strategy is underpinned by a framework based on a Te Tiriti o Waitangi partnership model, which enables recipients and the Foundation to develop collaborative and enduring relationships. We work alongside individuals and organisations to support the work they do and to assist them on their journey. We are implementing an

innovative approach to philanthropy and grant making and are fortunate that the joint Heads of the Foundation – Dr Julie Wharewera-Mika (Ngāti Awa, Ngāi Tūhoe, Te Whānau-ā-Apanui and Dutch descent) and Mafi Funaki-Tahifote, who is Tongan – have such strong connections to the communities we are engaging with.

It has been a privilege for the Trustees to work with Julie and Mafi since they were appointed in March 2021 to maximise the impact of the MAS Foundation's grants to support our communities.

While the Foundation's funding decisions are based on focused grant-making criteria – based on health equity, community-led, and Te Tiriti o Waitangi principles – we have been able to support a very broad range of projects to benefit the communities of Aotearoa New Zealand.

Now that we are embarking on the Foundation's third year, we will be working with our ringa raupā to measure the impact of our grants. We are excited about progress so far, supporting innovative community initiatives.

In the 2021/22 financial year, the Foundation made \$2,587,030 worth of grants, a significant increase from last year, towards diverse health

initiatives with a long-term focus on systems change including: \$370,000 to Te Aho Tapu Trust to deliver a mindfulness program with a te ao Māori lens; \$357,000 for Toi Matarua for national rangatahi-led research; \$341,040 for Moana Research for Pacific child wellbeing in Aotearoa New Zealand through systems change advocacy; and \$350,000 to the Brainwave Trust Aotearoa to increase the Pacific workforce and its organisational capability to contribute towards equitable outcomes for Māori and Pasifika.

Katoa Limited is an excellent example I wish to highlight of an organisation that MAS Foundation is supporting with a rangatahi and Te Tiriti o Waitangi focus. It is a kaupapa Māori co-designed and whānau-led pilot project and evaluation in Wairoa, developed with the community in response to growing concerns about community issues such as a rising gang violence and drugs, impacting mental health and wellbeing. It aims to develop a movement of local Future Leaders championing wellbeing to break the cycle of dependency on gangs and drugs through a strong collaboration and partnership approach.

Another major highlight for the Foundation has been the progress we have seen following our

\$340,000 grant to Health Coalition Aotearoa (which began in the 2020/21 financial year). A further \$340,000 of multi-year funding was approved in the 2021/22 financial year. This grant is supporting a full-time Health Equity Fellow, journalist Matt Shand, who is being hosted by the Helen Clark Foundation and Health Coalition Aotearoa to produce evidence-based insights to raise public awareness, stimulate debate and encourage policy action to reduce death and disease caused by unhealthy food, tobacco and alcohol. Matt is evaluating data and insights, including highlighting how economic and social factors influence health and wellbeing. His investigative reporting is helping to communicate these messages to the public, including the need for a review of the Sale and Supply of Alcohol Act.

Examples of other areas we are supporting to improve health outcomes include maternal wellbeing, the health, wellbeing and rights of transgender people, and improved heart health outcomes.

Behind every grant there is a compelling story. We are regularly showcasing the incredible and inspiring work that our ringa raupā are sharing with us. I encourage you to read these stories in our

magazine OnMAS, and on the MAS Foundation section of our website.

I would like to thank the MAS Foundation Heads Julie and Mafi, along with all my fellow founding Trustees, Boyd Swinburn, Carrie Bryers and Julia Ioane for their contribution to a third successful year for the Foundation. We farewellled Trustee Sharon Shea, who has been appointed as co-chair of the new Māori Health Authority and board member of Health New Zealand. Sharon's knowledge, experiences and insight have been incredibly valuable for the Foundation's beginnings, and I wish her all the very best in her new governance roles. We are very fortunate to have Dr Matire Harwood, a general practitioner and clinical researcher of Ngāpuhi descent, join us as a new Foundation Trustee. Matire is also an associate professor at the University of Auckland who has expertise in Māori health with a focus on reducing health inequity. We also farewellled MAS Chair Harley Aish as the interim MAS Board representative and welcomed Brendan O'Donovan in his place.

I would like to also acknowledge and thank MAS CEO Martin Stokes, his executive team, and the MAS staff,

who have all been so supportive of the Foundation's mission and an integral part of its success.

We are grateful to the MAS Members who have shown such strong interest in the MAS Foundation's work and its evolution. We are keenly aware of the wonderful contribution MAS Members make towards our communities, especially in their professional lives, and hope that the Foundation can complement and bolster these contributions.

I will leave you with one of the key values which guides the Foundation's mahi:

Tika, pono me te aroha – Doing what is right with integrity and fairness, love and compassion

E fofō e le alamea le alamea – Let the issues within the communities be resolved by those in the communities recognising solutions are within communities.

Jennifer Gill, ONZM
Chair, MAS Foundation



He ahunga ki te mana rite mō te hauora me te oranga ki Aotearoa e hāngai ana ki te Tiriti o Waitangi



Koia tēnei taku pūrongo tuatoru hei Heamana o MAS Foundation, ā, nō tōna orokohanga i te 2019 nā MAS, kua tina kake mātou i ngā kaupapa hauora e ārahitia nei e ngā hapori, me te aronga ki te mana rite mō te hauora. Inā te pai o tēnei wā hoki kia whanake i ngā hua hauora ki Aotearoa, nā te aronga o tā te Kāwanatanga kaupapa hauora me te hauātanga ki te whanaketanga o te mana rite, ina koa ki a ngāi Māori me ngāi Moana (Pasifika). Ka mihia ngā whāinga o ngā kaupapa rā e patu ana i ngā raru ā-hauora, ka mutu, e awheawhe ana i te kāwanatanga me te pāpori e tapatahi ai te aronga mana rite mō te hauora. E hikaka ana mātou kia mahi tahi ki ngā umanga hōu, me te kite i ngā hua o ēnei kaupapa. Ka mahi tahi mātou ki ētahi tiakitanga whairawa, me te koke tonu i te ūnga kia tautoko i ngā hapori, me te whāngai i ngā uruparenga paetata ki ngā matenga a te hapori.

Kei te tūāpapa o te rautaki takuhei a te Foundation, he poutarāwaho e hāngai ana ki te Tiriti o Waitangi, ā, mā tērā e oti i ngā kaiwhiwhi rātou ko te Foundation, te whanake i ngā patuitanga awheawhe, pūmau tonu hoki. Ka mahi tahi mātou ko ngā tāngata takitahi, ko ngā umanga hoki kia tautoko i ā rātou mahi, me te tautoko i a rātou ki ērā ara. E whakatū ana mātou i tētahi aronga auaha ki te whairawa me te tuku takuhei, ka mutu, mokori mātou i ngā upoko o te

Foundation – a Dr Julie Wharewera-Mika (Ngāti Awa, Ngāi Tūhoe, Te Whānau-ā-Apanui, me ngāi Tati) rāua ko Mafi Funaki-Tahifote, ngāi Tonga, me ā rāua taukaea ki ngā hapori e mahi tahi nei.

Mokori hoki ngā Māngai i te mahi tahi ki a Julie rāua ko Mafi, nō tā rāua noho mai i te Māehe o 2021, kia whakawhānui i te pānga a ngā takuhei a MAS Foundation e tautoko nei i ngā hapori.

Ahakoia kua hāngai ngā whakataunga takuhei a te Foundation ki ngā paearu – mō te mana rite ā-hauora, ngā kaupapa ā-hapori, me ngā mātāpono o te Tiriti o Waitangi – kua oti i a mātou te whai i ngā hinonga whakahehu nei e whai painga ai ngā hapori o Aotearoa.

I te Foundation e whakaterere atu ana ki tana tau tuatoru, ka mahi tahi mātou ko ā mātou ringa raupā e inea ai te rahinga o te pānga o ngā takuhei. E hiamō pai ana mātou mō te kakenga ā mohoa nei, me te tautoko i ngā kaupapa auaha mō te tautoko hapori.

I te tau ā-Pūtea 2021/22, i hoatu te Foundation i ngā takuhei \$2,587,030, ā, he pikinga nui tēnei nō te tau o mua tata nei, e āwhina ana i ngā kaupapa hauora, me te whāinga roa kia panoni i ngā pūnaha, tae rā anō ki: te \$370,000 ki Te Aho Tapu Trust kia whakahaere i tētahi kaupapa aro

ā-hinengaro me te tirohanga ao Māori; te \$357,000 ki a Toi Matarua mō te rangahau ā-motu a te rangatahi; te \$341,040 ki a Moana Research mō te hauora tamariki ngāi Moana ki Aotearoa mā ngā pūnaha e whawhai ana i te panonitanga; me te \$350,000 ki te Brainwave Trust Aotearoa kia whakawhanake i te hunga whai mahi ngāi Moana, me tāna āheinga ā-umanga ki te whāngai i ngā hua mana rite ki a ngāi Māori me ngāi Moana.

Anō te pai o Katoa Limited hei tauria, e hiahia ana au kia whakanui, o tētahi umanga e tautokona nei e MAS Foundation me te aronga ki te rangatahi me te Tiriti o Waitangi. He hinonga, he arotakenga kaupapa Māori kua whakahoahoa tahi, kua whakahaere tahi hoki me ngā whānau ki Wairoa, ā, kua whanake kei te āhua o te uruparenga ā-hapori me tana hāngai ki ngā raru e pupū ake ana, pēnei i te taikaha ā-pū, me ngā pūroi, e pā kino nei ki te hauora ā-hinengaro me te oranga. Ko te whāinga kia whanake i tētahi kaupapa mō ngā Rangatahi o Āpōpō e whakanui ana i te hauora, kia whati i tērā kino o te whirinaki ki ngā kēnge me ngā pūroi, mā te kaha o te mahitahi me te aronga patuitanga.

Ko tētahi atu mea nui ki te Foundation ko te whanaketanga kua kitea nō tā mātou takuhei \$340,000 grant ki a Health Coalition Aotearoa

(i timatahia i te tau ā-pūtea 2020/21). He \$340,000 kē atu tau-tini i whakaaetia i te tau ā-pūtea 2021/22. E tautoko ana tēnei takuhei i te Health Equity Fellow, a Matt Shand, e manaakitia nei e te Helen Clark Foundation me Health Coalition Aotearoa, kia whakaputa i ētahi tirohanga whai taunakitanga e mātāmua ai ki te marea, e whakapoapoa ai te tohe, e akiaki ai hoki i te panonitanga ā-kaupapa here kia whakawhāiti i te matenga me ngā raru hauora ka hua mai i te kai kino, te tūpeka, me te waipiro. Kei te arotake a Matt i ngā raraunga me ngā tirohanga, tae rā anō ki te miramira he pēhea te awenga o ngā take ohaoha me te pāpori ki te hauora me te oranga. Mā tāna whakatewhatewha tātou ngā pānui nei e pāpāho ki te marea, tae rā anō ki tētahi arotake anō o te Sale and Supply of Alcohol Act.

E tae rā anō ana ētahi atu wāhi tautoko hua hauora ki te hauora ā-whaea, te oranga ake, te hauora, me ngā motika a te hunga irawhiti, me te whanaketanga o ngā hua hauora manawa.

He kōrero hōhonu hei tūāpapa mō ngā takuhei katoa. He rite tonu tā mātou whakanui i te ngā mahi miharo a ngā ringa raupā e tuaritia mai nei. E ākina ana koe e au kia pānuitia ēnei kōrero ki tā mātou

makahīni OnMAS, me te wāhanga MAS Foundation ki te pae tukutuku.

E mihia ana hoki ngā Upoko MAS Foundation, a June rāua ko Mafi, waihoki ngā Māngai whakatūnga, a Boyd Swinburn rātou ko Carrie Bryers, ko Julia Ioane, i ā rātou whai wāhi mai ki te tau tuatoru o te Foundation nei. I ngare mātou i te māngai, a Sharon Shea, ā, kua tukuna ia ki te tūnga heamana-tautoko o Te Aka Whai Ora, me tētahi māngai ki Te Whatu Ora. He nui ngā painga o ā Sharon wheako, me ōna mātauranga, i te whakatūnga o te Foundation, ka mutu, e manakohia nei te rerenga pai ki ōna puhikaioereore hōu. Mokori mātou i a Tākuta Matire Harwood, he tākuta ā-marea, he kairangahau haumanu nō Ngāpuhi, ā, kua tūhono mai ia hei Māngai hōu o te Foundation. He ahorei hoki a Matire ki Waipapa Taumata Rau, me te aha, he mātauranga ōna mō te hauora Māori, me te aronga ki te whakawhāiti i te manarite-kore ā-hauora. I ngare hoki mātou i te Heamana MAS, a Harley Aish, hei māngai Poari MAS tūao, ā, i karanga mai i a Brendan O'Donovan ki tōna tūranga.

Me mihi hoki i te Kaihautū MAS, a Martin Stokes, tāna ope, me ngā kaimahi MAS i kaha tautoko i te whāinga a te Foundation, ka mutu, he pou rātou katoa o te angitu nei.

Mokori mātou i ngā Mema MAS i aro pū ki ngā mahi a MAS Foundation me tāna kunenga. E tino kite ana mātou i ngā whāngaitanga miharo a ngā Mema MAS ki ngā hapori, ina koa i ā rātou ao ngaio, me te manako hoki e oti i te Foundation te whaiwāhi atu ki te tautoko i ēnei whāngaitanga.

Ka whakairi i ēnei kōrero ki tētahi āpitihanga, he uara e ārahi nei i ngā mahi a te Foundation:

Te tika, te pono me te aroha - Te mahi i tērā e tika ana, i roto i te wairua tika me te aroha.

“E fofō e le alamea le alamea” (Waiho ngā raru o roto i ngā hapori ake kia whakatikaina e te hapori) e whakamana ana i ngā uruparenga a ngā hapori.

Jennifer Gill, ONZM
Heamana, MAS Foundation





Dr Harley Aish
Chair

Appointed to the Board 26 June 2013
Appointed as Chair 30 August 2017

Harley has been working as a General Practitioner in Otara, South Auckland, since 1997. He has been in various local and national Primary Care Governance roles since 2000. His current governance roles are Chair of ProCare Networks Ltd (since 2014) and Chair of MAS Group. Harley was an appointed Trustee to the MAS Foundation from 2020 to end 2021.



Brett Sutton
Deputy Chair

Appointed to the Board 15 February 2016
Appointed as Deputy Chair 28 September 2019

Brett is an experienced independent director. He is currently Chair of Stevenson Group, Mint Asset Management, and Woolyarns, Deputy Chair of Co-operative Bank, and a Director of Asmuss Group and Behemoth Brewing. His previous employment experience included senior investment roles at the New Zealand Superannuation Fund and the Todd Corporation.



Suzanne Wolton
Appointed 29 April 2020

Suzanne is a professional director, senior leader, speaker, chartered accountant, qualified hypnotherapist and financial services expert. She has more than 25 years' experience as a board member and senior executive in some of New Zealand and the UK's leading organisations.



Professor Frank Frizelle
Appointed 28 August 2013

Frank is Professor of Surgery at the University of Otago and Clinical Director of General Surgery at the former Canterbury DHB. He has been Editor-in-Chief of the *New Zealand Medical Journal* (NZMJ) since 2002. He is a member of the Institute of Directors New Zealand, and Director of the MAS group of companies since 2013.

He is also on the board of Geordie Hill station (sheep and cattle farming), and the Chairman of Christchurch Colorectal (specialist surgical practice group). Frank is trustee of the Canterbury Charity Hospital and the Cotter Medical History Trust, and is Chair of the Christchurch Cancer Foundation, and the New Zealand National Prostate Cancer Registry. He has been the Patron of the Canterbury Ostomy Society since 2015.



Lindsay Knowles
Appointed 25 June 2014

Lindsay is Managing Director of New Zealand import distribution business Acme Supplies Limited. He 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 New Zealand Limited, 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.



Brendan O'Donovan
Appointed 1 July 2021

Brendan has extensive experience in the financial services industry, spending more than a dozen years as Chief Economist at New Zealand banks and chairing investment committees.

Through his service as Chair of The Co-operative Bank and Chair of Co-operative Life, he brings a wealth of governance experience. Brendan has also been a Licensed Independent Trustee, as well as Specialist Advisor to Parliament's Finance and Expenditure Select Committee. He has been involved with MAS in a governance capacity since 2012 as a Licensed Independent Trustee, and as Chair of the Investment Committee.



Steve Merchant
Appointed 26 August 2020

Steve is a veterinarian and Director of the New Zealand SPCA, and has previously held numerous directorships, particularly in the veterinary profession. He was a board member of the New Zealand Veterinary Association (NZVA) from 2005 to 2016, and served as Chair/President from 2013 to 2015.

On stepping down from these roles, Steve was recognised with the NZVA Outstanding Service Award. Previously, he served 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.



Dr Doug Hill
Appointed 29 August 2018

Doug is a General Practitioner and a Director of Broadway Medical Centre, Dunedin. He has a special interest in GPSI medicine in dual roles of orthopaedics and skin cancer surgery. Doug's roles outside of General Practice are Chair of the Columba College Board of Proprietors and Chair of WellSouth Primary Health Network.

He is a member of the NZ Advisory Board of the Skin Cancer College of Australasia. He is also a chartered fellow of the Institute of Directors New Zealand. Doug is a previous winner of The Otago Institute of Directors Aspiring Director Award.



Dr Kate Baddock
Appointed 1 April 2016

Kate is the immediate past Chair of the New Zealand Medical Association, a Fellow of the Royal NZ College of General Practitioners, and a member of the Institute of Directors New Zealand. She has been Chair of various organisations in the primary care sector since 1998, and has also served as Chair of the General Practice Leaders Forum for the past five years.

She gained her medical degree at the University of Otago and currently works full-time as a GP and partner at Kawau Bay Health in Warkworth. Kate teaches undergraduate medical students, postgraduate doctors, and registrars in the General Practice training programmes. In the past five years, she has completed two separate Master's degrees – one in the Health Sciences, and an MS in the Science of Healthcare Delivery.

MAS Foundation Trustees



Jennifer Gill
Chair

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

Jennifer has had a long and distinguished career in philanthropy in New Zealand, including 10 years as CEO of the Roy McKenzie Foundation, 10 years as CEO of Fulbright New Zealand and 15 years as CEO of Foundation North, New Zealand's largest philanthropic grant-making trust.

She has had extensive experience as a trustee and chair of a number of philanthropic trusts including Philanthropy New Zealand and the J R McKenzie Trust, and is currently Deputy Chair of The Prince's Trust New Zealand, a board member of Water Safety NZ and a Trustee of the Vodafone Foundation. In 2017, Jennifer was made an Officer of the New Zealand Order of Merit for services to philanthropy and was the inaugural winner of the Philanthropy NZ – Perpetual Guardian Lifetime Achievement in Philanthropy Award.



Associate Professor Dr Matire Harwood
Ngāpuhi

Appointed 1 February 2022

Matire (MBChB, PhD) is a hauora Māori academic and GP, dividing her time across the Department of General Practice and Primary Care at Auckland Medical School and Papakura Marae Health in South Auckland. Matire is a member of the COVID-19 Technical Advisory Group, was a member of the COVID-19 Vaccine Science and Technical Advisory Group and, as a member of the Steering Group, recently appointed the Board members for the Māori Health Authority.

In 2017 she was awarded the L'Oréal UNESCO New Zealand 'For Women In Science Fellowship' for research in indigenous health and in 2019 she received the Health Research Council's Te Tohu Rapuora medal for leadership in research to improve Māori health.



Associate Professor Folasaitu Dr Julia Ioane
Appointed 1 December 2019

O le ala i le pule o le tautua. In order to lead, one must serve.

Julia is a bilingual New Zealand-born Samoan, raised in South Auckland with a Matai title from the village of Fasito'outa, Samoa. She teaches in the Clinical Psychology programme at Massey University and holds a private practice as a clinical psychologist, working primarily in justice and health with Māori and Pasifika communities. She has board and governance experience in both the public and not-for-profit sectors.



Professor Boyd Swinburn
Appointed 1 December 2019

Boyd is an internationally recognised public health physician with more than 30 years' experience in health research (obesity prevention, food policy), whole-of-community programmes to improve child nutrition, and food policy advocacy. He is Professor of Population Nutrition and Global Health at the University of Auckland; co-chair of the high-profile Lancet Commission on Obesity; and Chair of Health Coalition Aotearoa.

He has been an advisor on many government committees, WHO consultations, and large scientific studies internationally. Boyd has also advised health-focused philanthropic organisations globally including Bloomberg Philanthropies, Wellcome Trust, the UK Health Foundation, and Robert Wood Johnson Foundation.



Brendan O'Donovan
MAS Board representative

Appointed 1 July 2021

Brendan has extensive experience in the financial services industry, spending over 12 years as Chief Economist at several New Zealand banks and chairing investment committees.

Through his service as Chair of the Co-operative Bank and Chair of Co-operative Life, he brings a wealth of governance experience. Brendan has also been a Licensed Independent Trustee, as well as Specialist Advisor to Parliament's Finance and Expenditure Select Committee. He has been involved with MAS in a governance capacity since 2012 as a Licensed Independent Trustee, and more recently as Chair of the Investment Committee.



Dr Carrie Bryers
Ngāpuhi

Appointed 1 December 2019

Carrie has a diverse background in Māori health, and nursing and medicine. She is an advanced trainee in Public Health and recently completed her Master of Public Health (First-Class Honours). Her dissertation focused on Māori health inequities. With a focus on eliminating health inequities and upholding Te Tiriti o Waitangi, Carrie's work includes hauora Māori research, health promotion, education and the wider determinants of health.

Heads of the MAS Foundation



Dr Julie Wharewera-Mika
Ngāti Awa, Ngāi Tahu, Te Whānau-a-Apanui

Appointed 29 March 2021

Julie completed a doctorate in Clinical Psychology at the University of Auckland and has extensive experience in the health and wellbeing field as a senior clinical psychologist and kaupapa Māori researcher. She joined the MAS Foundation having recently completed a postdoctoral research fellowship with Brain Research NZ and a career as Director of Manu Ārahi – The Flying Doctors.

Julie has held multiple governance roles, including Bicultural Director of the NZ Psychological Society and as a board member of the government-appointed initial Mental Health and Wellbeing Commission. She is passionate about advancing system transformation to enhance Māori and Pasifika wellbeing, including values-based leadership that embodies collaboration and partnerships empowering community-led and whānau-centred approaches.



Mafi Funaki-Tahifote

Appointed 29 March 2021

Mafi has extensive experience in the health field, having worked for the National Heart Foundation of New Zealand for 20 years, holding both dietetic and managerial roles. She has recently completed an MBA from the University of Auckland and brings strong strategic experience.

She also has considerable governance experience, including her current ministerial appointment as a board member of Te Hīringa Hauora/Health Promotion Agency; as a past Chair on the Board for Action Nutrition Aotearoa; a former Co-Chair to the Pacific Islands Food and Nutrition Action Group; and as a former member of her local school's Board of Trustees. Mafi has also worked with Te Hīringa Hauora previously, in her role as a member of the Pacific Advisory Group.



Financial Report

Consolidated Statement of Comprehensive Income for the year ended 31 March 2022

	Note	2022 \$000	Restated 2021 \$000
Fire and General Insurance Revenue			
Gross Premium Revenue		102,255	89,884
Reinsurance Premiums		(23,862)	(22,384)
Change in Provision for Unearned Premium		(7,072)	(3,067)
Net Premium Revenue		71,321	64,433
Claims		(60,305)	(61,934)
Reinsurance Recoveries		4,463	4,748
Other Recoveries		2,633	2,327
Net Claims	5	(53,209)	(54,859)
Net Revenue from Fire and General Insurance		18,112	9,574
Life Assurance Revenue			
Premium Revenue		46,692	43,830
Reinsurance Premiums		(11,536)	(13,401)
Net Premium Revenue		35,156	30,429
Claims, Surrenders and Maturities		(31,760)	(29,652)
Reinsurance Recoveries		17,981	14,314
Movement in Life Policy Liabilities	11	(717)	(1,030)
Net Revenue from Life Assurance		20,660	14,061
Lending Revenue	13	120	432
Funds Management Revenue		21,560	19,052
Other Revenue from Contracts with Customers	18	3,118	2,293
Expenses			
Salaries		(32,211)	(27,618)
Interest Expense	25	(407)	(442)
Administration Expenses	19	(30,012)	(34,664)
Loss on Revaluation of Buildings	23	(321)	-
Total Expenses		(62,951)	(62,724)
Net Income / (Loss) from Operations		619	(17,312)
Investment and Sundry Income	20	4,070	32,951
Net Profit Before Taxation		4,689	15,639
Taxation Credit		-	757
Net Profit After Taxation		4,689	16,396
Other Comprehensive Income and Expense			
Movement on Revaluation of Land		925	-
Movement on Revaluation of Buildings		(107)	84
Other Comprehensive Income and Expense After Taxation	23	818	84
Total Comprehensive Income		5,507	16,480

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 2022

		2022 Share Capital \$000	2022 Retained Earnings \$000	2022 Asset Revaluation Reserve \$000	2022 Total \$000
	Note				
Opening Balance 1 April 2021		110	227,663	2,261	230,034
Current Year Profit		-	4,689	-	4,689
Other Comprehensive Income and Expense	23	-	-	818	818
Total Comprehensive Income		-	4,689	818	5,507
Closing Balance 31 March 2022	21	110	232,352	3,079	235,541

		2021 Share Capital \$000	2021 Retained Earnings \$000	2021 Asset Revaluation Reserve \$000	2021 Total \$000
	Note				
Opening Balance 1 April 2020		110	211,923	2,177	214,210
Restatement of Unearned Premium	6	-	(656)	-	(656)
Restated Opening Balance 1 April 2020		110	211,267	2,177	213,554
Current Year Profit		-	16,396	-	16,396
Other Comprehensive Income and Expense		-	-	84	84
Total Comprehensive Income		-	16,396	84	16,480
Closing Balance 31 March 2021	21	110	227,663	2,261	230,034

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 2022

	Note	2022 \$000	Restated 2021 \$000
Funds Employed			
Equity			
10,000 Voting Shares	21	110	110
Retained Earnings		232,352	227,663
Asset Revaluation Reserve		3,079	2,261
Total Equity		235,541	230,034
Liabilities			
Trade and Other Payables and Provisions	15	25,685	25,836
Other Insurance Liabilities	16	3,321	2,627
Fees in Advance		250	257
Employee Benefits Provision	14	4,494	3,995
Provision for Unearned Premium	6	53,893	46,822
Provision for Outstanding Claims	5, 12	105,833	97,543
Life Policy Liabilities	11	(1,947)	(2,664)
Lease Liabilities	25	9,413	10,192
Total Liabilities		200,942	184,608
Total Funds Employed		436,483	414,642
Assets			
Cash and Cash Equivalents		3,173	3,227
Trade and Other Receivables	22	2,075	3,123
Taxation Receivable		–	1,549
Investments	27	318,168	305,417
Prepayments		979	994
Premiums Outstanding	7	38,948	35,371
Reinsurance Recoveries Outstanding	8	48,887	40,219
Claims Recoveries Outstanding	9	2,881	950
Loans	13	553	1,414
Intangibles	24	3,027	4,093
Right-of-use Assets	25	8,406	9,344
Property, Plant and Equipment	23	8,241	7,998
Deferred Acquisition Costs	26	1,145	943
Total Assets		436,483	414,642

Approved for issue for and on behalf of the Board of Medical Assurance Society New Zealand Limited on 29 June 2022.

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 2022

	Note	2022 \$000	2021 \$000
Cash Flows From Operating Activities			
Receipts from Policyholders		145,646	130,762
Interest Revenue Received on Loans		66	195
Loan Repayments		915	2,065
Other Revenue and Funds Management Revenue		26,680	22,661
Rent Received		8	13
Payments to Suppliers and Employees		(93,872)	(80,765)
Reinsurance Recoveries Received		13,776	10,935
Payment of Claims		(83,073)	(66,471)
Income Tax Refunded / (Paid)		1,549	(5,458)
Interest Paid on Funding		(407)	(442)
Interest Received		3,656	5,343
Dividend Received		2,953	3,570
Net Cash Flows From Operating Activities	30	17,897	22,408
Cash Flows For Investing Activities			
Contributions to Investment Funds		(91,145)	(73,364)
Withdrawals from Investment Funds		74,910	52,260
Proceeds from Sale of Property, Plant and Equipment		9	–
Purchase of Property, Plant, Equipment and Intangibles		(623)	(764)
Net Cash Flows For Investing Activities		(16,849)	(21,868)
Cash Flows For Financing Activities			
Payment of Principal Portion of Lease Liability		(1,102)	(999)
Net Cash Flows For Financing Activities		(1,102)	(999)
Net Movement in Cash Held		(54)	(459)
Opening Cash Balance Brought Forward		3,227	3,686
Cash And Cash Equivalents Carried Forward		3,173	3,227
Cash And Cash Equivalents Comprise			
Cash And Deposits		3,173	3,227
		3,173	3,227

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

Notes to and forming part of the financial statements
for the year ended 31 March 2022

1. Corporate Information

REGISTERED OFFICE

19-21 Broderick Road
Johnsonville
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 4. 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 and was an FMC reporting entity under the Financial Markets Conduct Act 2013 until the 7th of July 2021. The Parent requested to cancel its licence as it had not acted in a capacity which requires it to hold a licence, and there are no plans for it to do so in the future. The Parent’s request for cancellation of its Managed Investment Scheme Manager Licence was approved by the Financial Markets Authority (FMA).

The head office is situated in Wellington and there are branch sites throughout New Zealand.

2. Accounting Policies

(a) Statement of Compliance and 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, the Financial Markets Conduct Act 2013 and the Charities Act 2005.

The Parent was registered as a charity under the Charities Act 2005 on the 1st of December 2019. The registration number is CC57178. The Group is registered as the “MAS Charitable Group” and all subsidiaries are members of the Charitable Group. The Parent remains a profit-oriented entity 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.

(b) Presentation Currency

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

(c) Basis of Consolidation

The Group financial statements incorporate the financial statements of Medical Assurance Society New Zealand Limited and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, or when the Parent has the ability to appoint and remove Directors or Trustees of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. All intercompany transactions, balances and unrealised profits are eliminated on consolidation.

(d) General Insurance: Gross Premium Revenue and Provision for Unearned Premium

Gross Premium Revenue comprises amounts charged to policyholders for insurance policies. It is expressed net of levies and charges which are collected on behalf of Fire and Emergency New Zealand and the Earthquake Commission (“EQC”), and net of Goods and Services Tax (“GST”).

Premium revenue is recognised in the Statement of Comprehensive Income when it has been earned. That is, from the date of attachment of the risk, over the period of the policy (which is generally one year). Given the absence of any significant seasonal factors, exposure to risk is assumed to be even over the policy period and premium is recognised accordingly.

Unearned premiums are those proportions of premium written in a year, that relate to periods of risk after the balance date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is recognised in the Statement of Financial Position as a Provision for Unearned Premium.

(e) General Insurance and Life Insurance: Reinsurance Premiums and Reinsurance Recoveries

Premiums ceded to reinsurers under reinsurance contracts are recorded as an expense and are recognised over the period of indemnity of the contract. Ceded reinsurance does not relieve the Group from its obligations to policyholders.

Reinsurance premium payable is accrued but not yet paid reinsurance premiums. A payable is recognised when reinsurance cover has been provided based on a contractual agreement with a reinsurer.

2. Accounting Policies – Continued

During the normal course of the Group’s activities claims are paid which will result in a contractual right to seek recovery from its reinsurers. At any point in time there will be amounts owing by these counterparties which will be represented by assets on the Statement of Financial Position. Fair value is equal to the carrying value of the reinsurance assets.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer’s policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. The Group does not consider any of its reinsurance recoveries to be impaired.

(f) General Insurance: Claims and Provision for Outstanding Claims

Claims expense represents payments for claims and the movement in the Provision for Outstanding Claims. Claims represent the benefits paid or payable to the policyholder on the occurrence of an event giving rise to loss or accident according to the terms of the policy. Claims expenses are recognised in the Statement of Comprehensive Income as incurred which is usually the point in time when the event giving rise to the claim occurs.

The liability for any outstanding claims is carried in the Statement of Financial Position as the Provision for Outstanding Claims. It is measured as the central estimate of the present value of the expected future payments against all claims incurred at reporting date. A risk margin is also included over and above the central estimate, to allow for the inherent uncertainty in the central estimate of the outstanding claims liability. The details of risk margins and the process for their determination are set out in Note 5. The expected future payments include those in relation to claims reported but not yet paid, incurred but not reported (“IBNR”) and the direct costs of settling those claims.

(g) General Insurance: Provision for Unearned Premium / Liability Adequacy Test

At each reporting date a Liability Adequacy Test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in profit and loss.

The proportion of premiums not earned at reporting date is recognised in the Statement of Financial Position as Provision for Unearned Premium. The Provision for Unearned Premium is calculated separately for each group of contracts which are subject to broadly similar risks and managed together as a single portfolio. Any unexpired risk liability is recognised immediately.

The expected value of claims is calculated as the present value of the expected cash flows relating to future claims and includes a risk margin to reflect the inherent uncertainty in the central estimate.

(h) Life Insurance: Premium Revenue

There are no specific deposit components in the premiums payable and hence the entire premium amount is treated as revenue.

Premium revenue is recognised in the Statement of Comprehensive Income when it has been earned. That is, from the date of attachment of the risk, over the period of the policy (which is generally one year).

(i) Life Insurance: Payments under Policies and Claims Outstanding

Claims

Claims are recognised as an expense as soon as the liability to a policyholder under an insurance risk contract has been established.

Surrenders

Surrenders occur where a policyholder with a participating policy elects to withdraw from any future contractual position. The policy gets cancelled, and a surrender value is paid to the policyholder and recognised as an expense. Policy Liabilities are reduced accordingly.

Maturities

Where a participating policy reaches its maturity date, the value of that policy is paid out and recognised as an expense. Policy Liabilities are reduced accordingly.

The liability for any outstanding claims is carried in the Statement of Financial Position. This liability relates solely to claims made under a risk policy where liability has been accepted, but payments remain outstanding at balance date.

(j) Loan Interest Revenue and Interest Expense

Loan Interest Revenue and Interest Expense are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method. The Interest Expense relates to interest on lease liabilities set out in Note 25.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

2. Accounting Policies – Continued

(k) Impairment Provisions

Expected Credit Losses on Loans

Losses for impaired loans are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and loans assessed collectively.

Expected credit losses (“ECL”) represent the present value of all cash shortfalls related to default events expected over the next 12 months or over the life of the loan where there has been a significant increase in credit risk since initial recognition. All reasonable and supportable information is considered at each reporting date. Forward looking information is considered when it is available without undue cost and effort.

Individually Assessed Loans

At each balance date, the entity assesses on a case by case basis whether there is any objective evidence that a loan is impaired. This assessment considers factors such as amount of debt, repayment and dishonour history, and the time since loan origination.

Where an increase in credit risk has been significant, a loss allowance at an amount equal to lifetime ECL is recognised. If no significant increase in credit risk is recognised, a loss allowance equal to a 12 month ECL continues to be recognised.

Collectively Assessed Loans

Impairment is assessed on a collective basis in two circumstances:

- to cover for losses which have been incurred but have not yet been identified on loans subject to individual assessments; and
- for groups of loans that are not considered individually significant, these are placed in pools of similar assets with similar risk characteristics.

Individually assessed loans for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an expected credit loss over the next 12 months.

Provision for Credit Impairment

The Provision for Credit Impairment (specific and collective) is deducted from loans in the Statement of Financial Position and the movement in the provision for the reporting period is reflected in the Statement of Comprehensive Income as part of Lending Revenue.

Where impairment losses recognised in previous periods are subsequently decreased or no longer exist, such impairments are reversed in the Statement of Comprehensive Income.

Loan Write-offs

When a loan is uncollectible, it is written off against the Provision for Credit Impairment. Subsequent recoveries

of amounts previously written off are taken to the Statement of Comprehensive Income.

Claims Recoveries Outstanding

Where third parties are responsible for occurrences which lead to fire and general insurance claims being made there is often a contractual right to recovery from that party. The details of the impairment assessment are set out in Note 9.

Impairment of Right-of-use Assets, Property, Plant and Equipment, and Intangibles

The Group conducts an annual review of asset values to determine whether there are any indicators of impairment. This review considers economic, technological and business changes that may impact on an asset’s value. If any indicators of impairment exist, the asset’s value is written down to its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell, or its value in use.

(l) Revenue from Funds Management

Revenue from Funds Management primarily represents fees for the management of the MAS KiwiSaver Scheme and MAS Retirement Savings Scheme (“the Schemes”).

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

(m) Income and Other Taxes

Income Tax

The Company became a registered charity on 1 December 2019. As such, its activities from that date are no longer subject to income tax. The Group has an Imputation Credit Account balance of \$40,999,000 (2021: \$40,173,000).

Other Taxes

Revenue, expenses and assets are recognised net of GST except when the GST incurred on a purchase of goods and services is not recoverable from Inland Revenue, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of Trade and Other Receivables or Trade and Other Payables in the Statement of Financial Position. Any commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, Inland Revenue.

2. Accounting Policies – Continued

(n) Cash and Cash Equivalents

Cash and cash equivalents include liquid assets and amounts due from other financial institutions, with an original term to maturity of less than three 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 secured by a first mortgage over its commercial property at Broderick Road, Johnsonville.

(o) Policy Acquisition Costs

(i) General Insurance

Policy acquisition costs comprise the costs of acquiring new business, including sales costs, underwriting costs and policy issue costs. These costs are deferred when they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods. Costs are amortised systematically in accordance with the expected pattern of the incidence of risk to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

An impairment review is performed at each reporting date as part of the Liability Adequacy Test. When the recoverable amount is less than the carrying value an impairment loss is recognised in the Statement of Comprehensive Income.

(ii) Life Insurance

The actuary’s assessment of life insurance contract liabilities takes account of the deferral and future recovery of acquisition costs. These costs are capitalised by way of movement in Life Policy Liabilities, then amortised over the period in which they will be recoverable.

(p) Financial Instruments - Initial Recognition and Subsequent Measurement

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.

i) Financial Assets

Financial assets are classified as subsequently measured at amortised cost or fair value through profit or loss.

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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the asset is derecognised, modified or impaired. The Group uses a provision matrix to calculate the ECL for Trade and Other Receivables. The ECL on Loans comprises the specific provision and collective provision.

Investments

Investments are classified as financial assets at fair value through profit or loss and any movements in fair value, interest and dividend income, and fund distributions are recognised in the Statement of Comprehensive Income as Investment Income. The valuation techniques used are detailed in Note 28.

The Group’s policy is to manage investments to give the best possible yield whilst taking a prudent approach to risk. Investment funds are split by asset class in Note 27.

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. Investments held directly by the Group are valued at fair value each reporting date based on the current bid price where one is available. In the absence of a bid price, valuation is based on recent arms length transactions. Directly held investment funds are managed by JBWere (NZ) Limited and Bancorp Treasury Services Limited.

Trade and Other Receivables

Classified as a financial asset measured at amortised cost. The details of the impairment assessment and total expected credit losses are set out in Note 22.

Loans

Classified as a financial asset measured at amortised cost. The details of the impairment assessment and total expected credit losses are set out in Note 2(k).

ii) Financial Liabilities

Financial liabilities are classified as subsequently measured at amortised cost or financial liabilities at fair value through profit or loss. All financial liabilities held by the Group are measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process.

Trade and Other Payables

Classified as a financial liability measured at amortised cost. Payables are recognised when the Group becomes obliged to make future payments resulting from the purchases of goods and services. They represent liabilities for goods and services provided to the Group

2. Accounting Policies – Continued

prior to the end of the financial year but which are unpaid at reporting date.

(q) Assets Backing Insurance Liabilities

All investment assets of Medical Life Assurance Society Limited, the Group’s life insurance company, are assets backing the policy liabilities of the life insurance business.

All investment assets of Medical Insurance Society Limited, the Group’s general insurance company, are assets backing the insurance liabilities of the general insurance business.

All investment assets backing insurance liabilities are measured at fair value through profit or loss.

(r) Property, Plant and Equipment, and Depreciation

Land and Buildings are revalued at appropriate intervals to fair value, which is determined by reference to the asset’s highest and best use by an independent valuer. Revaluations are made with sufficient regularity to ensure that carrying value does not materially differ from fair value. Revaluation surpluses are recognised in Other Comprehensive Income to the extent they offset previous devaluations recognised in net surplus. Except as above, revaluation surpluses are taken directly to the Asset Revaluation Reserve. Decreases in value are debited directly to the Asset Revaluation Reserve to the extent that they reverse previous surpluses within the individual asset concerned and are otherwise recognised as expenses.

All other fixed assets are held at cost and are depreciated on a straight line basis over their estimated economic lives as follows:

- Buildings 50 years
- Furniture, Fittings and Equipment 3–10 years

(s) Intangibles

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 as follows:

- General use software 5 years
- Core systems 3–10 years

(t) Lease Liabilities and Right-of-use Assets

At the commencement date of a lease, the Group recognises a lease liability and right-of-use asset. The lease liability is measured at the present value of the lease payments that are not paid at that date, discounted by the Group’s incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the liability,

reducing the carrying amount to reflect lease payments made and adjusting for any lease modifications or changes in lease payments.

The Group has elected to apply the recognition exemptions for short-term leases and low value assets. Short-term leases are leases with terms of 12 months or less.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made before the commencement date and any initial direct costs incurred. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any adjustments to the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor Vehicles 1–3 years
- Printers 3 years
- Buildings 2–15 years

(u) Changes in Accounting Policies and Disclosures

Several amendments and interpretations apply for the first time in the period ended 31 March 2022, but do not have an impact on the financial statements of the Group. There have been no changes to accounting disclosures or policies during the current period.

The following new standard has been issued but is not yet effective for the period ended 31 March 2022, and has not been applied in preparing these financial statements. NZ IFRS 17 Insurance Contracts, which replaces NZ IFRS 4 Insurance Contracts, is a comprehensive new accounting standard which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard is effective for reporting periods beginning after 1 January 2023. The first applicable reporting period for the Group is the year ending 31 March 2024. Early application is permitted, however the Group does not intend to adopt any of the standard early.

The standard introduces three new measurement models for insurance contracts: the General Model, the Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA). Currently, the Group expects to be required to use all measurement models across its various general insurance and life and disability insurance contracts.

The Group has given consideration to the impact of the standard and a detailed assessment of the impact is underway as part of the Group’s implementation project. Significant changes in the presentation and disclosure of the Group’s financial statements is anticipated, and new line items will be included in the Statement of Comprehensive Performance and Statement of Financial Position. Given the complexity of the standard, the impact on the Group’s financial statements is still being quantified.

2. Accounting Policies – Continued

(v) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency with the current year.

3. Significant Accounting Judgements, Estimates and Assumptions

These financial statements are prepared in accordance with New Zealand equivalents of the International Financial Reporting Standards and other authoritative accounting pronouncements. In applying the Group’s accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors. All judgements, estimates and assumptions are based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below. Further details are also provided within the relevant note disclosure.

Outstanding Claims Liability

The outstanding claims liability is measured as the central estimate of the present value of expected future claims payments (including claims incurred and not reported) plus a risk margin.

The estimated cost of claims includes expenses to be incurred in settling those claims. Medical Insurance Society Limited (“MIS”) takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is almost certain that the final outcome will prove to be different from the original liability established.

There is significant uncertainty regarding the net claims arising from the Canterbury earthquakes and significant judgement is required for elements such as increases in building claim costs, litigation, reopening of claims, apportionment between earthquake events, claim handling expenses and future additional claims being received from EQC. Due to these uncertainties a higher risk margin is carried for earthquake claims than for non-earthquake claims.

All claims reported are estimated with due regard to the claim circumstance as reported by the insured, legal representative, assessor, loss adjuster and / or other third party, and then combined, where appropriate, with historical evidence on the cost of settling similar claims. Estimates are reviewed regularly and are updated as and when new information arises. The ultimate net outstanding claims provision also includes an additional (risk) margin to allow for the uncertainty within the estimation process.

Reinsurance and Other Recoveries Assets

As is the case for claims, reinsurance and other recoveries 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, taking into consideration factors such as counterparty credit risk.

Policy Liabilities

Policy liabilities for life insurance contracts are calculated using statistical or mathematical methods. They are made by a suitably qualified person, and are based on recognised actuarial methods, with due regard to relevant actuarial standards.

The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written. The key factors that affect the estimation of these liabilities and related assets are:

- the cost of providing benefits and administering these insurance contracts;
- mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
- discontinuance experience; and
- the amounts credited to policyholders’ accounts compared to the returns on invested assets through asset and liability management and tactical asset allocation.

In addition, factors such as competition, interest rates, taxes and market and general economic conditions affect the level of these liabilities. Details of specific actuarial policies and methods adopted are contained in Note 10.

Software Intangibles

Assessing the useful life and any impairment of core software systems involves judgement and estimation. The application of NZ IAS 38 Intangible Assets includes accounting considerations required for capitalisation of IT projects. Areas of judgement include consideration of impairment indicators, economic useful life, future IT investment plans, previous impairment decision and software as a service (“SaaS”) arrangements.

Leases

Key estimates and assumptions used in calculating lease liabilities and right-of-use assets are the incremental borrowing rates and the lease terms. The Group considers economic and credit risk factors, and the underlying right-of-use asset when determining the incremental borrowing rates. Lease terms are determined using the non-cancellable period of the lease and the lease renewals, when the Group is reasonably certain the renewal option will be exercised.

3. Significant Accounting Judgements, Estimates and Assumptions – Continued

Remediation

The Group is committed to remediating Members. A remediation programme has been established and a dedicated team is addressing all issues. The provision carried represents management's best estimate to resolve all remaining issues and requires judgements to be made as to the quantum of refunds and associated costs of the programme. The provision includes an allowance for premium refunds, inconvenience payments relating to the refunds and the costs of administering the remediation programme including legal costs and associated matters. Refer to Note 15.

4. Related Party Transactions

Medical Assurance Society New Zealand Limited ("MAS") is the holding company of the following wholly owned subsidiary companies:

- Medical Insurance Society Limited ("MIS")
- Medical Life Assurance Society Limited ("MLA")
- Medical Securities Limited ("MSL")
- Medical Funds Management Limited ("MFM").

MAS controls the following entity:

- MAS Foundation ("the Foundation").

The Foundation was registered as a charity under the Charities Act 2005 on the 1st of December 2019. One non-voting distribution share in the capital of MAS has been issued to the Foundation. The Foundation is controlled by MAS as the Directors of MAS are able to appoint and remove the Trustees of the Foundation.

The MAS KiwiSaver Scheme and MAS Retirement Savings Scheme are registered superannuation schemes issued by MFM. MFM is the manager and provides management services to the Schemes.

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%. As at 31 March 2022 interest was charged at 2.61% for all subsidiaries (2021: 1.35%).

All inter-Group transactions are eliminated on consolidation. All transactions with Members, Directors and employees are at market rates.

5. Claims – Medical Insurance Society Limited

Claims Expense	2022 \$000	2021 \$000
Claims paid during the year	63,837	45,894
Recoveries received during the year	(3,792)	(3,414)
Provision for Outstanding Claims at year end (new claims incurred during the year)	26,273	26,615
Provisioning at year end for Outstanding Claims incurred in prior years	20,543	22,734
Reinsurance and Other Recoveries Outstanding at year end	(16,680)	(14,078)
Change in IBNR (claims incurred but not reported) Provision at year end	1,011	64
Provision for Outstanding Claims at previous year end (excluding IBNR)	(50,260)	(36,532)
Reinsurance and Other Recoveries Outstanding at previous year end	14,078	12,665
Change in Risk Margin	(1,800)	912
Net Claims Expense per Statement of Comprehensive Income	53,209	54,859

Provision for Outstanding Claims	2022 \$000	2021 \$000
Expected Future Claim Payments (undiscounted)	36,010	39,455
IBNR Claims at year end	2,902	1,892
Risk Margin	9,005	10,806
Provision for Outstanding Claims	47,918	52,152

Assumptions adopted in calculation of claim provisions

A significant portion of the general insurance claims provision relates to earthquake claims. The claims estimate is subject to a degree of uncertainty as a number of issues are yet to be resolved. The following key assumptions have been used in determining general insurance net outstanding claims liabilities:

	2022	2021
Risk margin – earthquake claims	25.00% - 49.40%	25.00% - 50.20%
Risk margin – non earthquake claims	15.40%	13.10%
Weighted average expected term to settlement – non earthquake	within 1 year	within 1 year
Weighted average expected term to settlement – earthquake	within 1 year	within 1 year

5. Claims – Medical Insurance Society Limited – Continued

Risk Margin

The initial amount calculated is the central estimate (the mean of the distribution of the probable outcomes). That is, it is intended to contain no deliberate, or conscious over or under estimation. Over and above the central estimate, and to reflect the inherent uncertainty in determining it, a risk margin is added in arriving at the carrying amount of the liability. This increases the probability that the liability will ultimately prove to be sufficient. The potential uncertainties include those relating to the actuarial model and assumptions, the quality of the underlying data used, general statistical uncertainty and the insurance environment.

The risk margin is applied to the net outstanding claims for the Company as a whole. However an assessment of the uncertainty and the determination of a risk margin is done by individual class of business (Motor Vehicle, House, Contents etc.). The entity risk margin is assessed to be less than the sum of the individual classes, reflecting the benefit of diversification in general insurance. The percentage risk margin applied is 15.40% (2021: 13.10%) for non earthquake claims and 25.00% - 49.40% (2021: 25.00% - 50.20%) for earthquake claims. The level of sufficiency or probability of adequacy is 75.00% (2021: no change).

Claims Development Table

The following table shows the development of net undiscounted outstanding claims relative to the current estimate of ultimate claims costs for the five most recent years. The majority of the claims that pre-date 2018 are Canterbury earthquake claims.

Ultimate Claim Cost Estimate	Prior \$000	Incident Year					Total \$000
		2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000	
At end of incident year (including IBNR)		38,623	39,127	43,289	51,296	55,294	
One year later		39,424	40,389	44,435	56,963	-	
Two years later		39,870	40,552	44,633	-	-	
Three years later		40,006	40,648	-	-	-	
Four years later		40,131	-	-	-	-	
Current estimate		40,131	40,648	44,633	56,963	55,294	
Payments		(40,104)	(40,620)	(44,503)	(53,798)	(36,924)	
Central estimate	17,193	27	28	130	3,165	18,370	38,912
Risk margin							9,005
Gross outstanding claims liabilities							47,918
Recoveries from reinsurers and third parties							(16,680)
Net outstanding claims liabilities							31,238

6. Provision For Unearned Premium – Medical Insurance Society Limited

The following table is a reconciliation of Unearned Premium

	2022 \$000	Restated 2021 \$000
Balance at the beginning of the financial year	46,822	43,099
Correction of opening balance	-	656
Balance at the beginning of the financial year	46,822	43,755
Premiums written during the year	102,255	89,884
Premiums earned during the year	(95,184)	(86,817)
Balance at the end of the financial year	53,893	46,822

Restatement

The Group has identified that it had incorrectly recognised the level of unearned premium on policies written. Restating the unearned premium balance has resulted in an additional \$656,000 of unearned premium as at 1 April 2020 and a corresponding reduction in equity. An additional \$77,000 of unearned premium has been recognised in the year to 31 March 2021.

Liability Adequacy Test

The Appointed Actuary, Peter Davies, FIA, a Fellow of the New Zealand Society of Actuaries (“NZSA”), has reported on the Liability Adequacy Test undertaken by him as at 31 March 2022. He has concluded that the Provision for Unearned Premium as at that date, is not deficient (2021: no deficiency). In forming this opinion he has assessed the current estimates of the present value of the expected future cash flows relating to future claims arising from the rights and obligations under all current contracts. Included within the claims figure is a risk margin to reflect the inherent uncertainty in the central estimate. His conclusion is that the provision exceeds the prospective claims value. He is satisfied with the nature, extent, and accuracy of the data used for this valuation. The financial statements have not been adjusted to recognise the surplus.

7. Premiums Outstanding

	2022 \$000	2021 \$000
Premiums Owing by Policyholders of MIS Policies	24,496	21,822
Premiums Owing by Policyholders of MLA Policies	14,452	13,549
	38,948	35,371

A significant number of policyholders elect to pay premiums in instalments spread evenly over the term of the cover. Accordingly, at any one time, including balance date, there will be large outstandings relative to premium which has been billed but not collected. All premiums outstanding are due within twelve months of balance date.

Where any instalments are overdue (direct debits dishonoured) or alternatively where annual payments are overdue, the related debts are assessed for impairment and where it is evident adjusted immediately. The carrying amounts reasonably approximate fair value.

8. Reinsurance Recoveries Outstanding

	2022 \$000	2021 \$000
Gross Recoveries – MIS	13,799	13,128
Gross Recoveries – MLA	41,152	28,433
Discount to Present Value	(6,064)	(1,342)
Reinsurance Recoveries Outstanding	48,887	40,219

At any time, balance date included, the settlement of claims will have led to a receivable being created related to the amount recoverable from the Group's reinsurers. Such amounts due are assessed for impairment and where it is evident, adjusted immediately. The carrying amounts reasonably approximate fair value.

Medical Insurance Society Limited

MIS's 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 to earthquake claims and to assess how much any claim or series of claims MIS can retain for its own account. MIS's catastrophe cover exceeds the Reserve Bank of New Zealand's solvency requirements for reinsurance cover for a 1 in 1,000 year event.

Medical Life Assurance Society Limited

Set out below is the movement in the Gross Recoveries - MLA outstanding asset. All recoveries associated with Life claims are due within twelve months of balance date. \$6.1m of recoveries associated with Disability claims are due within twelve months of balance date (2021: \$4.9m).

	2022 \$000	2021 \$000
As at 1 April	28,433	20,927
Movement in recoveries associated with Life claims	1,681	1,237
Movement in recoveries associated with Disability claims	11,038	6,269
As at 31 March	41,152	28,433

9. Claims Recoveries Outstanding – Medical Insurance Society Limited

	2022 \$000	2021 \$000
Gross Claims Recoveries Owing by Third Parties	5,988	4,240
Provision for Impairment	(3,107)	(3,290)
Net Claim Recoveries Outstanding	2,881	950
	2022 \$000	2021 \$000
As at 1 April	(3,290)	(3,085)
Movement in Provision for Impairment	183	(205)
As at 31 March	(3,107)	(3,290)

Whilst the majority of claims recoveries come from reinsurers, MIS often has a contractual right to recover from other third parties. These third parties may be individuals or entities who were at fault and responsible for the claim made, or may be their insurer or EQC.

MIS recognises provision for impairment on claim recoveries owed by third parties. The provision for impairment is measured based on the lifetime expected credit losses, as significant increases in credit risk occur after initial recognition as the older a claim, the lower the likelihood of claim recovery from third parties. Credit losses are assessed on a collective basis, considering all reasonable and supportable information at each reporting date. Forward looking information is considered when it is available without undue cost and effort.

Based on historical credit loss experience and recognising current economic conditions, losses are recognised as follows:

- amounts owing by other insurers: 55% impairment (2021: no change)
- accounts placed with a collection agency: 90% impairment (2021: no change)
- amounts for which a regular payment arrangement is agreed with the debtor: 55% impairment (2021: no change)
- amounts referred to the Disputes Tribunal: 100% impairment (2021: no change).

Claims recoveries are non-interest bearing. Amounts that reduce the liability to the insured such as excesses, are not claims recoveries and are offset against claims expense.

10. Actuarial Policies and Methods – Medical Life Assurance Society Limited

The effective date of the actuarial report on the policy liabilities and prudential reserves is 31 March 2022. The actuarial report was prepared by Peter Davies, FIA, a Fellow of the New Zealand Society of Actuaries. The actuary is satisfied as to the accuracy of the data upon which the calculations of policy liabilities have been made.

The amount of policy liabilities has been determined in accordance with the methods and assumptions disclosed in these financial statements and with the standards established by the New Zealand Society of Actuaries (NZSA).

Disclosure of Assumptions

Policy liabilities have been determined in accordance with Professional Standard No. 20 of the NZSA. The profit carriers used for the major product groups in order to achieve the systematic release of planned margins are:

Major Product Group	Profit Carrier
Risk insurances including: <ul style="list-style-type: none">• Term Life• Dread Disease• Total Permanent Disablement	Premiums
Traditional participating business	Bonuses
Income protection business	Premiums

Discount Rates

The discount rate assumed equals the estimated risk-free rate of return on 13-year swap rates as at the valuation date of 3.36% (2021: 2.19%), gross of tax.

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 2.5% per annum (2021: no change). The assumed indexation for income protection benefits varies between 0.0% and 1.4% depending on the product (2021: between 0.5% and 1.6%). The assumed rate of expense inflation is assumed to be 2.0% per annum (2021: no change).

Element Impacted	Assumed Rate
Benefit indexation – Lump sum risk benefits	2.50%
Benefit indexation – Income Protection	0.00 - 1.40%
Expenses	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 (2021: no change). The income protection indexation assumption applies to all covers of each respective product type (2021: no change).

Commissions

As the Company does not remunerate by way of commission, no allowance is required.

Future Expenses

Maintenance expenses

The standard maintenance expense allowance for lump sum risk policies is \$388 (2021: \$380) gross per cover per year. Certain policy groups have non-standard allowances. These expenses are assumed to be increased in line with the indexation assumption above. The maintenance expense allowance for income protection covers is \$524 (2021: \$514) per cover per year.

Maintenance costs of permanent assurances are estimated to equal 2.2 times those for risk policies. This is the same relativity as was used in the previous valuation.

Acquisition expenses

The standard acquisition expense allowance for new lump sum covers written is \$1,015 (2021: \$899). The standard acquisition expense allowance for new income protection covers written is \$2,149 (2021: \$1,955). The unit expenses are based upon a broad analysis of the Company’s actual expenses for the year.

Investment expenses

Investment expenses equalled 0.1% of funds under management (2021: no change).

The breakdown of expenses used for valuation purposes is below. Expenses that are considered non-recurring are excluded from maintenance expense assumptions.

	2022 \$000	2021 \$000
Maintenance expenses	7,823	12,028
Acquisition expenses	4,094	3,258
Investment expenses	62	69
	11,979	15,355

10. Actuarial Policies and Methods – Medical Life Assurance Society Limited – Continued

Mortality and Morbidity

The basic rates of mortality assumed for life products were:

Males	63% of IA95-97M (2021: no change)
Females	63% of IA95-97F (2021: no change)

Modifications have been from these base tables to reflect smoker/non-smoker habits and duration in force (unchanged from 2021).

The experience for dread disease and total and permanent disability contracts is assumed to equal 85% of the reinsurance risk premium rates, net of GST (2021: no change).

Increased loadings are applied to mortality and morbidity risks above the age of 60 to allow for selective lapsing (no change from 2021 loadings).

Income protection claim frequencies and claim terminations are based on adjustments to the Commissioners Individual Disability (CIDA) table, reflecting the Company’s experience (no change from 2021’s combined claim frequency and termination rate assumptions).

Discontinuances

Risk insurances including: <ul style="list-style-type: none">• Term Life• Dread Disease• Total Permanent Disablement	Yearly renewable contracts: 5.0% per annum, with additional selective lapses above age 60 (2021: no change) Level term contracts: 6.0% per annum (2021: no change)
Traditional participating business	5.0% per annum (2021: no change)
Income Protection	5.0% per annum for Income Security Plan, 6.0% per annum for Income Protection Plan, higher for some closed legacy policies (2021: 5.0% for both Income Security and Income Protection Plans)

Future Participating Business

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

Assumed future bonus rates for participating policies were:

Bonus rate on sum assured	\$13.90 per mille (2021: \$8.60 per mille)
Bonus rate on existing bonuses	\$23.60 per mille (2021: \$14.60 per mille)

The increase in the supportable bonus rates arises from the increase in the projected future investment returns, notwithstanding the modest returns for the participating fund over the past year.

11. Policy Liabilities – Medical Life Assurance Society Limited

	2022 \$000	2021 \$000
Gross future claims	301,415	324,565
Future reinsurance premiums	200,599	204,567
Future reinsurance recoveries	(154,733)	(164,606)
Future policy bonuses	1,053	759
Future expenses	118,482	121,416
Future profit margins	151,922	138,563
Balance of future premiums	(620,800)	(628,058)
Policy Liabilities before bonus	(2,062)	(2,794)
Bonus declared at year end	115	130
Total Policy Liabilities at period end	(1,947)	(2,664)
Total Policy Liabilities at previous period end	(2,664)	(3,694)
Movement in Policy Liabilities for the period	(717)	(1,030)

MLA operates a sub-fund in respect of its participating policyholders as required under the Insurance (Prudential Supervision) Act 2010 and Regulations. The progress of the participating sub-fund over the year has been as follows:

	2022 \$000	2021 \$000
Participating fund at previous balance date	4,831	4,382
Investment income less claims and expenses	(202)	482
Profit distributed to shareholders	(29)	(33)
Participating fund at balance date	4,600	4,831
Policyholder retained earnings at previous balance date	367	94
Profit distributed as bonuses to participating policyholders	(115)	(130)
Policyholder share of profit (80%)	(45)	403
Policyholder retained earnings at balance date	207	367
Shareholder retained earnings at previous balance date	91	23
Profit distributed to shareholders	(29)	(33)
Shareholder share of profit (20%)	(11)	101
Shareholder retained earnings at balance date	51	91

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

Bonus on sum insured	1.20% (2021: 2.40%)
Bonus on existing bonuses	1.90% (2021: 3.80%)

12. Outstanding Claims – Medical Life Assurance Society Limited

The following table shows the development of undiscounted outstanding claims relative to the current estimate of ultimate disability claims costs for the five most recent years. Due to the long tail nature of disability claims, MLA has a number of active claims that pre-date 2018.

The outstanding claims liability has been determined by the Appointed Actuary. There are a number of significant judgements made in determining the claims estimate including the expected duration of disablement and the amount of benefit payable to the claimant. The average future duration of disability claims is 6.0 years (2021: 5.5 years).

Ultimate Claim Cost Estimate	Prior \$000	Incident Year				2021 \$000	2022 \$000	Total \$000
		2018 \$000	2019 \$000	2020 \$000	2021 \$000			
At end of incident year		7,577	6,630	9,231	14,054	17,687		
One year later		9,018	8,389	14,006	19,915	–		
Two years later		11,349	8,663	15,390	–	–		
Three years later		9,772	9,101	–	–	–		
Four years later		11,268	–	–	–	–		
Current estimate		11,268	9,101	15,390	19,915	17,687		
Payments		(5,734)	(6,603)	(7,209)	(5,569)	(2,368)		
Undiscounted central estimate	17,133	5,535	2,498	8,181	14,347	15,319	63,012	
Discount to present value	(2,733)	(1,220)	(543)	(1,373)	(2,705)	(2,174)	(10,748)	
Discounted central estimate	14,399	4,315	1,955	6,808	11,642	13,144	52,264	

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

	2022 \$000	2021 \$000
Disability claims outstanding	52,264	43,218
Life claims outstanding	5,651	2,172
	57,915	45,390

13. Loans

	2022 \$000	2021 \$000
Loans - Current	25	155
Loans - Non Current	605	1,377
Less Provision for Credit Impairment	(77)	(118)
Net Loans	553	1,414
Provision for Credit Impairment		
Collective Loan Provision	48	73
Specific Loan Provision	29	45
Total Provision for Credit Impairment	77	118
Set out below is the movement in the Provision for Credit Impairment:		
Opening Balance	118	323
Movement in Loan Provision	(41)	(205)
Closing Balance	77	118
Lending Revenue	2022 \$000	2021 \$000
Loan Interest Revenue	66	188
Credit Recovery	54	244
Total Lending Revenue	120	432

14. Employee Benefits Provision

	2022 \$000	2021 \$000
Current Employee Benefits	2,402	1,915
Non-Current Employee Benefits	2,092	2,080
	4,494	3,995

Current Employee Benefits

Includes annual leave, accumulating sick leave and current long service leave that employees are entitled to. They are expected to be settled within 12 months of the reporting date and are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Non-Current Employee Benefits

Represents a provision for the 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.

15. Trade and Other Payables and Provisions

	2022 \$000	2021 \$000
Government Levies Payable	2,617	2,975
GST Payable	4,150	3,829
Incentive Remuneration Payable	612	624
Trade and Other Payables	9,529	6,029
Remediation Provision	8,777	12,379
Total Trade and Other Payables and Provisions	25,685	25,836
Set out below is the movement in the remediation provision:	2022 \$000	2021 \$000
As at 1 April	12,379	881
Remediation Addition	7,984	11,498
Remediation Decrease	(5,704)	–
Remediation Payments	(5,882)	–
As at 31 March	8,777	12,379

All payables are due within twelve months of balance date.

The Group has established a Conduct and Remediation Committee to review and where appropriate remediate Members for issues that have been identified. The remediation provision reflects management's best estimate of the amount to meet these obligations. The provision covers refunds, inconvenience payments and the cost of administering the remediation programme. It is expected the remediation provision will be utilised within twelve months of balance date.

16. Other Insurance Liabilities

	2022 \$000	2021 \$000
Reinsurance Premium Payable	1,543	1,126
Premiums Received in Advance	1,778	1,501
Total Other Insurance Liabilities	3,321	2,627

Reinsurance premium payable is accrued but not yet paid reinsurance premiums. Premiums received in advance are premium payments received from policyholders for policies starting subsequent to balance date.

17. Compensation Paid to Key Management Personnel

	2022 \$000	2021 \$000
Salaries and other short-term employee benefits	3,219	3,558
Termination benefits	–	487
MAS Directors' fees	731	687
Total compensation	3,950	4,732

No shares or pension entitlements are provided to Directors or employees. Key management personnel is defined as Directors and members of the Executive Management Team.

18. Other Revenue from Contracts with Customers

Type of Service	2022 \$000	2021 \$000
Mortgage Referral Fee Income	266	457
Other Services	2,852	1,836
Total Other Revenue from Contracts with Customers	3,118	2,293
Timing of Revenue Recognition		
Services transferred over time	2,637	1,618
Services transferred at a point in time	481	675
Total Other Revenue from Contracts with Customers	3,118	2,293

Other Revenue from Contracts with Customers is comprised of fee income from mortgage referrals and revenue from other services including administration 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.

19. Administration Expenses

Included in Administration Expenses are the following:	2022 \$000	2021 \$000
Fees to auditors - for the audit of financial statements	167	166
Fees to auditors - for other assurance and related services	36	32
Fees to auditors - for agreed upon procedures	8	16
Fees to auditors - for other services	62	47
Directors' fees	731	687
Loss on disposal of property, plant, equipment and intangibles	9	15
Depreciation and amortisation	3,196	5,292
MAS Foundation Grants	2,587	916
Donations and Koha	75	76

The auditor of the Group is Ernst & Young (EY). Other assurance and related services relate to reviews of regulatory reporting (2021: no change) and are required by legislation to be provided by the auditor. Fees to auditors for agreed upon procedures relate to MFM's Net Tangible Asset calculation as required by the FMA (2021: Group's final tax return following its registration as a charity). Fees to auditors for other services are for remuneration advice and development of climate-related financial disclosures (2021: 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 \$273,000 (2021: \$261,000).

Included in Administration Expenses are costs in relation to remediation. Refer to Note 15 for further details.

Depreciation and amortisation includes \$1.3 million of depreciation charges on the right-of-use lease assets (2021: \$1.2 million).

20. Investment and Sundry Income

	2022 \$000	2021 \$000
Income from Investment Funds	3,112	30,283
Rent Received	8	13
Interest on Cash and Deposits	15	8
Sundry Income	935	2,647
Total Investment and Sundry Income	4,070	32,951
Realised Income	7,556	9,450
Unrealised (Loss) / Income	(3,486)	23,501
Total Investment and Sundry Income	4,070	32,951

The Group's investment securities are all financial assets classified as fair value through profit or loss. Fair value adjustments and realised gains or losses are recognised in the Statement of Comprehensive Income. Realised investment income is made up of interest and dividends received from investments. Unrealised investment loss / income is made up of unrealised fair value changes in investments.

21. Contributed Equity

	2022 \$000	2021 \$000
10,000 Voting Shares	110	110
1 Non-Voting Distribution Share	–	–
	110	110

All voting shares carry the same voting rights. Directors have no plans to issue further shares. One non-voting distribution share in the capital of the Parent has been issued to the Foundation at a cost of \$0.

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 Foundation) and benefits for other stakeholders. The 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 five years. Scenario and stress testing of the current and future capital position is carried out.

Capital Requirements

The Group as a group 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 2022, the Company was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2021: not applicable).

21. Contributed Equity – Continued

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. That is, actual solvency capital as determined under the solvency standard should be at or above the minimum solvency capital level. The solvency margins have been determined in accordance with the requirements of the solvency standards issued under the Insurance (Prudential Supervision) Act 2010.

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.

At 31 March 2022, MIS was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2021: no breaches).

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

	2022 \$000	2021 \$000
Actual Solvency Capital	42,456	40,409
Minimum Solvency Capital	24,907	24,733
Solvency Margin	17,549	15,676
Solvency Ratio	1.70	1.63

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.

At 31 March 2022, MLA was not in breach of any of its regulatory requirements, nor has it been at any stage during the current reporting period (2021: no breaches).

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

	2022 \$000	2021 \$000
Actual Solvency Capital	63,655	61,060
Minimum Solvency Capital	51,292	49,081
Solvency Margin	12,363	11,980
Solvency Ratio	1.24	1.24

22. Trade and Other Receivables

	2022 \$000	2021 \$000
GST Receivable	175	201
Management Fee Receivable for Funds Management	1,796	1,881
Trade and Other Receivables	104	1,971
Allowance for expected credit losses	–	(930)
Total Trade and Other Receivables	2,075	3,123

22. Trade and Other Receivables – Continued

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 \$000	2021 \$000
As at 1 April	(930)	–
Movement in provision for expected credit losses	930	(930)
As at 31 March	–	(930)

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

23. Property, Plant and Equipment

	Land \$000	Buildings \$000	Furniture, Fittings and Equipment \$000	Total \$000
31 March 2022				
Opening net book value	2,975	2,043	2,980	7,998
Additions	–	–	615	615
Disposals	–	–	(9)	(9)
Revaluations	925	(428)	–	497
Depreciation expense	–	–	(860)	(860)
Closing net book value	3,900	1,615	2,726	8,241
Cost / Revaluation	3,900	1,615	9,214	14,729
Accumulated depreciation	–	–	(6,488)	(6,488)
Closing net book value	3,900	1,615	2,726	8,241

	Land \$000	Buildings \$000	Furniture, Fittings and Equipment \$000	Total \$000
31 March 2021				
Opening net book value	2,975	2,095	3,065	8,135
Additions	–	–	748	748
Disposals	–	–	(15)	(15)
Depreciation expense	–	(52)	(818)	(870)
Closing net book value	2,975	2,043	2,980	7,998
Cost	2,975	2,095	9,725	14,795
Accumulated depreciation	–	(52)	(6,745)	(6,797)
Closing net book value	2,975	2,043	2,980	7,998

23. Property, Plant and Equipment – Continued

Revaluation of Land and Buildings

The most recent market valuation of Land and Buildings was completed by Martin Veale, FNZIV, FPNZ, a registered valuer from TelferYoung (Wellington) Limited on 31 March 2022. The valuation approach used was the Income Approach. The resulting fair value figure of \$5.5m (2021: \$5.0m) was recognised by decreasing the carrying value of the Buildings by \$0.4 million and increasing the carrying value of the land by \$0.9m. Significant unobservable inputs used in the valuation include the capitalisation rate/yield. Changes to the inputs may result in a significantly higher or lower fair value measurement. The effective date of the revaluation was 31 March 2022.

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The fair value is assessed as a level 3 disclosure under the fair value hierarchy. There were no transfers in levels during the year (2021: no transfers).

If Land and Buildings were measured using the cost model the carrying amounts would be as follows:

	2022 \$000	2021 \$000
Land	821	821
Buildings	4,611	4,611
Accumulated Depreciation on Buildings	(4,089)	(3,974)
	522	637

24. Intangibles

	Software \$000	Work in Progress \$000	Total \$000
31 March 2022			
Opening net book value	4,093	–	4,093
Additions	8	–	8
Disposals	–	–	–
Amortisation Expense	(1,074)	–	(1,074)
Closing net book value	3,027	–	3,027
Cost	30,383	–	30,383
Accumulated Amortisation	(27,356)	–	(27,356)
Closing net book value	3,027	–	3,027

	Software \$000	Work in Progress \$000	Total \$000
31 March 2021			
Opening net book value	6,589	698	7,287
Additions	32	–	32
Impairment Loss	–	(698)	(698)
Amortisation Expense	(2,528)	–	(2,528)
Closing net book value	4,093	–	4,093
Cost	33,461	–	33,461
Accumulated Amortisation	(29,368)	–	(29,368)
Closing net book value	4,093	–	4,093

25. Lease Liabilities and Right-Of-Use Assets

Under NZ IFRS 16 Leases, 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 is a party to lease contracts for properties, motor vehicles and printers.

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 2022 was \$62,000 (2021: \$38,000).

The Group recognised \$407,000 (2021: \$442,000) of interest expense on the lease liabilities and \$1.3m (2021: \$1.2m) of depreciation expense on the right-of-use assets for the year. The estimated useful life of right-of-use assets is the term of the lease.

31 March 2022	Properties \$000	Motor Vehicles \$000	Printers \$000	Total \$000
Opening net book value	8,928	416	–	9,344
Additions	–	307	77	384
Disposals	(62)	–	–	(62)
Depreciation Expense	(829)	(429)	(2)	(1,260)
Closing net book value	8,037	294	75	8,406
Cost	10,573	1,289	77	11,939
Accumulated Depreciation	(2,536)	(995)	(2)	(3,533)
Closing net book value	8,037	294	75	8,406

31 March 2021	Properties \$000	Motor Vehicles \$000	Printers \$000	Total \$000
Opening net book value	10,033	337	–	10,370
Additions	–	426	–	426
Disposals	(255)	–	–	(255)
Depreciation Expense	(850)	(346)	–	(1,197)
Closing net book value	8,928	416	–	9,344
Cost	10,635	982	–	11,617
Accumulated Depreciation	(1,707)	(565)	–	(2,273)
Closing net book value	8,928	416	–	9,344

25. Lease Liabilities and Right-Of-Use Assets – Continued

Lease liabilities	2022 \$000	2021 \$000
Current	986	965
Non-current	8,427	9,227
Total lease liabilities	9,413	10,192

Changes in lease liabilities:	2022 \$000	2021 \$000
Balance at 1 April	10,192	11,020
Cash flows	(1,508)	(1,433)
Accretion of interest	407	442
Lease additions	384	426
Disposal of leases	(62)	(262)
Balance at 31 March	9,413	10,192

26. Deferred Acquisition Costs – Medical Insurance Society Limited

	2022 \$000	2021 \$000
Opening balance	943	708
Acquisition costs deferred during the year	1,145	943
Current period amortisation	(943)	(708)
Closing balance	1,145	943

27. Investments

Investments by Class	2022 \$000	2021 \$000
On Call and Term Deposits	100,884	96,913
Domestic Fixed Interest	30,453	27,240
MAS Wholesale NZ Fixed Interest Fund	10,766	8,118
International Fixed Interest (Unit Trust)	70,787	74,074
MAS Wholesale Australasian Equities Fund	35,718	34,034
MAS Wholesale International Equities Fund	69,560	65,038
Total Investments	318,168	305,417
Investments by Entity		
Life Assurance Investment Funds (MLA)	75,999	73,244
General Insurance Investment Funds (MIS)	112,884	109,387
Funds Management Investment Funds (MFM)	2,680	2,762
MAS Foundation Investment Funds	3,508	2,151
Other Investment Funds	123,097	117,873
Total Investments	318,168	305,417

28. Fair Value of Financial Assets and Liabilities

During the year, the Group has been advised by JBWere (NZ) Limited and Bancorp Treasury Services Limited on the management of investments. The majority of funds are invested in unitised or pooled vehicles. The Group invests in the Wholesale Funds managed by Medical Funds Management Limited (MFM).

Fair Value Methodologies

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

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

Cash and Cash Equivalents

For Cash and Short Term Deposits, balances with other financial institutions with maturities of less than three months and other types of short term financial assets, the carrying values of these financial instruments are considered to approximate their fair values as they are short term in nature or are receivable on demand.

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.

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.

Loans

The carrying value of Loans approximates fair value, as it is based on the discounted estimated future cash flows net of the provision for credit impairment.

28. Fair Value of Financial Assets and Liabilities – Continued

Fair Value Hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. The only assets that the Group recognises on a fair value basis are its investments (refer to Classification of Financial Instruments in Note 29 for details of the classification categories). There have been no transfers between the levels during the year (2021: no transfers).

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
31 March 2022				
Financial Assets				
Domestic Fixed Interest	–	30,453	–	30,453
MAS Wholesale NZ Fixed Interest Fund	–	10,766	–	10,766
International Fixed Interest (Unit Trust)	–	70,787	–	70,787
MAS Wholesale Australasian Equities Fund	–	35,718	–	35,718
MAS Wholesale International Equities Fund	–	69,560	–	69,560

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
31 March 2021				
Financial Assets				
Domestic Fixed Interest	–	27,240	–	27,240
MAS Wholesale NZ Fixed Interest Fund	–	8,118	–	8,118
International Fixed Interest (Unit Trust)	–	74,074	–	74,074
MAS Wholesale Australasian Equities Fund	–	34,034	–	34,034
MAS Wholesale International Equities Fund	–	65,038	–	65,038

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.

29. Financial Instruments and Risk Management

Effective risk management is key 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 subsidiaries;
- business continuity and disaster recovery plans;
- capital management plans for the Parent entity and all subsidiaries;
- reinsurance management policies for the insurance entities.

The Group operates the Three Lines of Defence model. The main risks arising from the financial instruments and the business the Group engages in are insurance risk, credit risk, market risk, asset management risk, liquidity risk and operating risk.

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 and, in the worst case a consequent inability to meet its liabilities when they fall due.

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 monitoring of a reinsurer’s credit risk rating to control exposure to reinsurance counterparty default;
- 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).

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 the Group’s reinsurance policies. The policies contain requirements to limit the level of exposure to an individual reinsurer and requires reinsurers to have a minimum Standard & Poor’s credit rating of A- at the time of placement; and
- ongoing monitoring of a reinsurer’s credit risk rating.

29. Financial Instruments and Risk Management – Continued

Statement of Financial Position credit exposures:

	2022 \$000	2021 \$000
Cash and Cash Equivalents	3,173	3,227
Trade and Other Receivables	2,075	3,123
Investments	318,168	305,417
Premiums Outstanding	38,948	35,371
Reinsurance Recoveries Outstanding	48,887	40,219
Loans	553	1,532
	411,804	388,889

Counterparty Exposures

While the Group may be subject to credit losses up to the notional principal amount in the event of non-performance by its counterparties, it does not expect such losses to occur other than as already provided for.

The following table discloses the number of counterparties the Group has an exposure to in excess of 10% of equity. All of the Group’s counterparty exposures in excess of 10% of equity hold a Standard & Poor’s credit rating (or equivalent) of at least A.

	2022	2021
10% - 20% of equity	1	2

The investment portfolio, which potentially exposes the Group to credit risk, consists of cash on-call, short term deposits and fixed interest securities, investments in Wholesale Funds and Unit Trusts which invest in short term domestic deposits, domestic and international fixed interest securities and Australasian and international equities. The maximum exposure to credit risk is the carrying value of these financial instruments.

Investment funds in part back the insurance operations and in part support share capital and retained earnings. Investment mandates have been structured accordingly and are formalised by way of Statements of Investment Policy and Objectives (“SIPOs”). The Group’s Investment Committee meets regularly to develop and review investment strategy and monitor manager performance.

Statement of Financial Position investment exposures

	2022 \$000	2021 \$000
Cash and Cash Equivalents	3,173	3,227
On Call and Term Deposits	100,884	96,913
Domestic Fixed Interest	30,453	27,240
MAS Wholesale NZ Fixed Interest Fund	10,766	8,118
International Fixed Interest (Unit Trust)	70,787	74,074
MAS Wholesale Australasian Equities Fund	35,718	34,034
MAS Wholesale International Equities Fund	69,560	65,038
	321,341	308,644

29. Financial Instruments and Risk Management – Continued

The following table provides information on the credit risk exposure for financial assets with external credit ratings and highlights the credit quality of the Group's exposures. Investment grade financial assets are classified within the range of AAA to BBB, with AAA being the highest possible rating. The 'Below BBB and not rated' column discloses those assets below BBB and not rated by external ratings agencies and principally comprises fixed interest investments with local government authorities.

The credit rating analysis is only shown for fixed interest investments held directly by the Group. Investments in Wholesale Funds and Unit Trusts are not included in the table below as the funds are invested in unitholdings or pooled vehicles. The underlying credit quality of the funds is mandated by the SIPO.

	AAA	AA	A	BBB	Below BBB and not rated	Carrying value \$000
31 March 2022						
Cash and Short Term Deposits	–	100.0%	–	–	–	3,173
On Call and Term Deposits	–	63.1%	36.9%	–	–	100,884
Domestic fixed interest	–	23.5%	3.1%	56.7%	16.7%	30,453
Reinsurance Recoveries	–	82.2%	17.3%	–	0.5%	48,887
31 March 2021						
Cash and Short Term Deposits	–	100.0%	–	–	–	3,227
On Call and Term Deposits	–	75.4%	24.6%	–	–	96,913
Domestic fixed Interest	–	1.9%	5.9%	73.9%	18.3%	27,240
Reinsurance Recoveries	–	78.7%	20.5%	–	0.8%	40,219

Market Risk

Market risk is the risk of loss of current and future earnings from adverse moves in interest rates and the prices of other financial contracts.

Interest Rate Risk

Interest rate risk is the risk that the value / future value of a financial instrument will fluctuate because of changes in interest rates. The Group uses natural offsets (matching assets with liabilities) to minimise the mismatches within policy limits set by the Board. The Group is primarily exposed to interest rate movements through its domestic fixed interest investments. Interest rate movements also impact the value of the Groups insurance liabilities.

Price Risk

The Group is subject to price risk arising from changes in the market values of its Wholesale Fund and Unit Trust investments.

Liquidity Risk

Liquidity risk arises where liabilities cannot be met as they fall due as a result of insufficient liquid funds. The Group's Treasury Policies mandate minimum levels of liquidity that the Group must hold to ensure obligations are met as they fall due.

29. Financial Instruments and Risk Management – Continued

The following table analyses the Group's financial assets and liabilities at balance date into the relevant maturity groupings based on the remaining period to the contractual maturity date (if applicable). Investments in Unit Trusts, Wholesale Funds and Cash on Call do not have a maturity date. The amounts disclosed below are undiscounted contractual cash flows and therefore not all amounts will agree to the carrying value on the Statement of Financial Position. The Group manages cash flows on a contractual basis.

Liquidity profile of financial instruments:

	No maturity date \$000	0 – 6 months \$000	6 – 12 months \$000	1 – 2 years \$000	2 – 5 years \$000	Over 5 years \$000	Total \$000
31 March 2022							
Financial Assets							
Cash and Cash Equivalents	3,173	–	–	–	–	–	3,173
Trade and Other Receivables	–	2,075	–	–	–	–	2,075
Investments	214,678	31,691	41,346	8,979	6,660	14,814	318,168
Loans	–	13	12	12	17	576	630
	217,851	33,779	41,358	8,991	6,677	15,390	324,046
Financial Liabilities							
Trade and Other Payables	–	16,908	–	–	–	–	16,908
Lease Liabilities	–	531	455	778	2,257	5,392	9,413
	–	17,439	455	778	2,257	5,392	26,321
31 March 2021							
Financial Assets							
Cash and Cash Equivalents	3,227	–	–	–	–	–	3,227
Trade and Other Receivables	–	3,123	–	–	–	–	3,123
Investments	198,180	59,970	21,822	1,601	10,686	13,158	305,417
Loans	–	83	70	188	162	1,029	1,532
	201,407	63,176	21,892	1,789	10,848	14,187	313,299
Financial Liabilities							
Trade and Other Payables	–	13,457	–	–	–	–	13,457
Lease Liabilities	–	519	446	813	2,233	6,181	10,192
	–	13,976	446	813	2,233	6,181	23,649

29. Financial Instruments and Risk Management – Continued

Asset Management Risk

The Group is exposed to this risk due to its management of the MAS KiwiSaver Scheme and MAS Retirement Savings Scheme (“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.

Operating Risk

Operating risk is the risk of 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 and programmes 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 the Risk and Compliance 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;
- a Conduct and Remediation Committee to ensure behaviours and actions meet Member and other stakeholders expectations;
- identifying critical outsourced providers and having appropriate plans in place in the event of supplier failure;
- regular monitoring and reporting on risks, financial and operational performance to Senior Management and the Board.

Sensitivity Analysis

The Group has two risks which are price sensitive to an extent that they may impact earnings materially. These are Insurance Risk and Market Risk (as it pertains to investments). The following table looks at how a range of reasonably possible movements in key risk variables, with all other variables held constant, can influence profit or loss and equity.

**Sensitivity Analysis
(Medical Life Assurance Society Limited “MLA”)**

Sensitivity Analysis (Medical Life Assurance Society Limited “MLA”)		2022		2021	
Risk Variable	Movement	Effect on future margins \$000	Effect on policy liabilities \$000	Effect on future margins \$000	Effect on policy liabilities \$000
Insurance Risk (MLA):					
Discount rate	Increase by 1%	15,990	2,660	18,060	2,520
	Decrease by 1%	(18,840)	(3,140)	(21,500)	(2,960)
Claims	Increase by 10%	18,100	–	14,830	–
	Decrease by 10%	(18,100)	–	(14,830)	–
Lapses / Surrenders	Increase by 10%	22,190	–	24,460	–
	Decrease by 10%	(25,810)	–	(28,800)	–
Expenses	Increase by 10%	11,820	–	10,760	–
	Decrease by 10%	(11,820)	–	(10,760)	–

Insurance risk exists relative to impacts on the provisioning for outstanding disability claims and the determination of the policy liabilities at period end. Both movements in discounts rates and variations in termination rates can have a material impact on profit and equity.

29. Financial Instruments and Risk Management – Continued

Sensitivity Analysis

(Medical Insurance Society Limited “MIS”)

		Impact on Profit and Equity	
Risk Variable	Movement	2022 \$000	2021 \$000
Insurance Risk (MIS):			
Change in outstanding claims	Increase by 1%	(341)	(390)
	Decrease by 1%	341	390
Discount rates	Increase by 1%	(376)	(462)
	Decrease by 1%	393	481

Sensitivity Analysis

(Medical Assurance Society New Zealand Limited “the Group”)

		Impact on Profit and Equity	
Risk Variable	Movement	2022 \$000	2021 \$000
Market Risk (Group):			
Short term deposit rates	Increase by 1%	1,041	1,001
	Decrease by 1%	(1,041)	(1,001)
Bond interest rates	Increase by 0.50%	(328)	(290)
	Decrease by 0.50%	328	290
Unit prices	Increase by 10%	18,683	18,126
	Decrease by 10%	(18,683)	(18,126)

Classification of Financial Instruments

Financial Assets and Financial Liabilities have been classified into the categories defined in NZ IFRS 9 Financial Instruments in the tables below. The carrying amount of financial assets and liabilities at amortised cost reasonably approximates fair value. No financial assets were reclassified during the year (2021: none).

	2022 \$000	2021 \$000
Financial Assets		
Financial assets at amortised cost		
Trade and Other Receivables	2,075	3,123
Loans	553	1,414
Financial assets at fair value through profit or loss		
Investments	318,168	305,417
	320,796	309,954
Financial Liabilities		
Financial assets at amortised cost		
Trade and Other Payables	16,908	13,457
Lease Liabilities	9,413	10,192
	26,321	23,649

30. Reconciliation of Cash Flows

	2022 \$000	Restated 2021 \$000
Reported Profit after Taxation	4,689	16,396
Add / (Deduct) Non-Cash Items:		
Depreciation, Impairment and Amortisation	3,197	5,239
Loss on Disposal of Property, Plant, Equipment	9	(15)
Revaluation of Buildings	321	–
Reversal of Credit Impairment	(54)	(197)
Addition to Unearned Premium	7,071	3,067
Change in Deferred Acquisition Costs	(202)	(235)
Unrealised Investment Loss / (Gain)	3,486	(24,183)
Movement in Impairment and Expected Credit Loss Provisions	(1,113)	1,135
Changes in Operating Assets and Liabilities:		
Trade and Other Payables, Provisions and Liabilities	1,218	11,038
Trade and Other Receivables and Prepayments	1,993	(2,575)
Loans	902	2,017
Outstanding Claims	6,359	22,788
Reinsurance Recoveries	(8,668)	(8,127)
Life Policy Liabilities	717	1,030
Premiums Outstanding	(3,577)	(1,632)
Provision for Taxation	1,549	(3,338)
Net Cash Flows from Operating Activities	17,897	22,408

31. Credit Rating

Two of the Group's subsidiaries are required to be rated. Medical Insurance Society Limited and Medical Life Assurance Society Limited have an A-/Positive insurer financial strength rating from Standard & Poor's.

32. Contingent Liabilities

The Group is subject to several legal disputes at 31 March 2022. The disputes are of a type common to any entity engaged in similar activities. Where such disputes lead to formal proceedings they will be defended by the Group.

Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised.

33. Subsequent Events

No material events have occurred after the reporting period.



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 2022, 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We provided remuneration benchmarking advice, agreed upon procedures relating to the net tangible asset return compiled by a subsidiary in accordance with the requirements of the Standard Conditions for Managed Investment Services, climate related reporting advice, and regulatory audit and assurance services to certain subsidiaries. We have no other relationship with, or interest 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.

Information other than the Financial Statements and Auditor’s Report

The directors are responsible for the annual report, which includes information other than the consolidated financial statements and auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx. This description forms part of our auditor’s report.

Chartered Accountants
Wellington
29 June 2022

Five-year Summary

Statement of Comprehensive Income	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Fire and General Insurance					
Gross Premium Revenue	102,255	89,884	86,941	79,565	74,328
Net Premium Revenue	71,321	64,433	62,225	58,246	54,036
Net Claims	(53,209)	(54,859)	(43,490)	(38,076)	(48,365)
Net Revenue from Fire and General Insurance	18,112	9,574	18,735	20,170	5,671
Life Assurance					
Premium Revenue	46,692	43,830	42,140	40,159	38,524
Net Premium Revenue	35,156	30,429	29,547	29,469	27,418
Net Claims, Surrenders and Maturities	(13,779)	(15,338)	(12,805)	(10,641)	(9,516)
Movement in Life Policy Liabilities	(717)	(1,030)	(200)	1,802	1,446
Net Revenue from Life Assurance	20,660	14,061	16,542	20,630	19,348
Lending Revenue	120	432	844	1,336	2,385
Funds Management Revenue	21,560	19,052	16,768	14,672	13,000
Income from Other Services	3,118	2,293	1,848	1,840	1,829
Group Operating Expenses	(62,951)	(62,724)	(49,282)	(58,165)	(49,316)
Net Income / (Loss) from Operations	619	(17,312)	5,455	483	(7,083)
Investment and Sundry Income	4,070	32,951	1,656	16,399	12,046
Net Profit before Tax	4,689	15,639	7,111	16,882	4,963
Tax Credit / (Expense)	–	757	5,361	(2,153)	154
Net Profit after Tax	4,689	16,396	12,472	14,729	5,117
Statement of Financial Position					
Total Assets	436,483	414,642	362,576	342,751	354,269
Total Liabilities	200,942	184,608	148,366	140,860	167,131
Total Equity	235,541	230,034	214,210	201,891	187,138
Other Information					
Fire and General Claims as a percentage of Net Premium Revenue	74.6%	85.1%	69.9%	65.4%	89.5%
Operating Expenses as a percentage of Total Income	36.1%	33.8%	33.4%	37.9%	34.8%
Equity as a percentage of Total Income	134.9%	123.9%	145.2%	131.7%	132.0%
Number of Members	44,139	40,495	37,165	33,546	31,543

Statutory Information

Directors' Interests

The Director fee pool of \$746,000 was approved at the annual meeting on 25 August 2021. Directors' remuneration paid by the Parent Company, or due and payable, is as follows:

	Board Fee	Committee Fee	Director Fee
HE Aish	122,502	12,205	134,707
BC Sutton	78,563	16,294	94,857
LR Knowles	62,820	14,316	77,136
SM Wolton	62,820	13,078	75,898
KA Baddock	62,820	11,994	74,814
DJ Hill	62,820	9,819	72,639
FA Frizelle	62,820	4,088	66,908
SC Merchant	52,051	6,108	58,159
BG O'Donovan	47,114	11,031	58,145
DR Dinsdale	15,705	1,915	17,620
Total	630,035	100,848	730,883

Brendan O'Donovan was appointed to the MAS, MIS, MLA and MFM boards on 1 July 2021.

Stephen Merchant was appointed to the MIS, MLA and MFM boards on 24 November 2021.

Danelle Dinsdale retired from the MAS, MIS, MLA and MFM boards on 30 June 2021 and received a gift valued at \$5,000.

Employee Remuneration

The table below sets out the number of employees or former employees of MAS who received remuneration exceeding \$100,000 for the years ended 31 March 2022 and 31 March 2021.

Remuneration includes base salary, performance payments and redundancy or other termination payments. The table does not include contributions of 3% of gross earnings for those individuals who are members of a KiwiSaver scheme.

	Number of employees	
	2022	2021
100,000–110,000	24	20
110,000–120,000	14	15
120,000–130,000	23	13
130,000–140,000	18	16
140,000–150,000	6	12
150,000–160,000	8	8
160,000–170,000	11	7
170,000–180,000	5	4
180,000–190,000	5	6
190,000–200,000	5	4
200,000–210,000	3	1
210,000–220,000	2	3
220,000–230,000	-	1
240,000–250,000	1	2
250,000–260,000	-	1
260,000–270,000	2	2
310,000–320,000	1	-
320,000–330,000	1	-
340,000–350,000	-	1
350,000–360,000	1	2
360,000–370,000	1	2
380,000–390,000	1	-
470,000–480,000	1	1
950,000–960,000	-	1
1,000,000–1,010,000	1	-

Board Structure

The Board of Medical Assurance Society New Zealand Limited (“MAS”) supervises the management of MAS and its subsidiary companies. The Board is comprised of the Trustees of the Medical Assurance Society Members’ Trust (“the Trust”). At 31 March 2022 there were five Practitioner Trustees (who are elected by Members) and four Commercial Trustees (who are appointed by the Practitioner Trustees). Members approve the appointment of Commercial Trustees. There is a further director on the board of Medical Securities Limited (“MSL”), the MAS Chief Executive Officer, Martin Stokes.

Our Objective

MAS’ objective is to promote the health of New Zealanders, and its purpose is to inspire a healthier Aotearoa New Zealand. MAS does this by operating sound and secure businesses through its group companies, which provide high quality insurance and investment products and services to MAS’ Members.

Control and financial returns

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

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

A clear separation is maintained between the roles of Chair and Chief Executive Officer. The Chair’s role is to manage and lead the Board effectively, and to maintain communications with the Chief Executive Officer.

There are no Executive Directors other than the Chief Executive Officer who is on the Board of MSL.

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
- Information and Digital Technology
- Investment
- Nominations, and
- 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’ process for identifying and managing risk, and monitoring compliance with statutes and MAS policies. As at 31 March 2022, the Committee is comprised of Lindsay Knowles (Chair), Brett Sutton, Kate Baddock, Brendan O’Donovan, and Harley Aish.

The Information and Digital Technology Committee meet to oversee the successful execution of MAS’ Information and Digital Technology strategy. As at 31 March 2022, the Committee is comprised of Suzanne Wolton (Chair), Steve Merchant, Doug Hill, Lindsay Knowles, and Mike Clarke, 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’ Members. As at 31 March 2022 the Committee is comprised of Brendan O’Donovan (Chair), Kate Baddock, Frank Frizelle, Brett Sutton, and Suzanne Wolton.

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 2022, the Committee is comprised of Doug Hill (Chair), Lindsay Knowles, Suzanne Wolton, and Steve Merchant.

The People and Remuneration Committee meets to assist the Board in the appropriate governance of all matters related to people and remuneration strategies. As at 31 March 2022, the Committee is comprised of Harley Aish (Chair), Kate Baddock, Brett Sutton, Doug Hill, and Steve Merchant.

Northern Region

Regional Manager:
Kevin Trevett

Auckland
Building 1, Level 1
61 Constellation Drive
Rosedale
PO Box 33443

Hamilton
62 Tristram Street
PO Box 436

Central Region

Regional Manager:
David Gordon

Wellington
19–21 Broderick Road
Johnsonville
PO Box 13042

South Island Region

Regional Manager:
Krissy Winter

Christchurch
Unit 8
71 Gloucester Street
Christchurch Central
PO Box 36260

Dunedin
Floor 1
Regus Dunedin Building
Harvest Court Mall
218 George Street

Directory

Senior Management Team:

Chris Sutherland
Head of General Insurance

David Chote
Chief Sales Officer

Huma Houghton
Chief People Officer

Martin Stokes
Chief Executive Officer

Matthew Judge
Chief Finance and Risk Officer

Mike Davy
Chief Member Advocacy Officer

Mike Paine
Chief Information Officer

Rachael Macdonald
Head of Life and Disability

Registered Office

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Ernst & Young

Solicitors
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Bankers
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