

2023 VPIS Annual General Meeting

From the Chair

We did it. Well, sort of. While our transition from a small insurer, under the Reserve Bank criteria, a feat to be celebrated, we fell slightly short on the solvency capital required to meet all their criteria. This was largely due to increased operating costs and negative investment returns. As a not for profit we rely on investment returns to boost our income, however instead of our average return of over \$100K, we experienced a loss of roughly the same amount. Despite falling short of our solvency capital requirement, the RBNZ have allowed us to proceed with the transition subject to additional monitoring and reporting requirements.

If you have had anything to do with VPIS in the last decade, you will know that we have been planning for this change for many years. Our strategy included focussing on increasing solvency by investing in a slightly aggressive portfolio for the last few years, until this year. Fortunately, we were advised to change our portfolio to a very conservative mix – a significant mix of cash deposits and short-term bonds. This has limited our investment losses to 6%, when the main markets dropped around 20%.

The impact of Covid (I am tired of using this word) on the veterinary sector has been increasingly evident, though different to others such as tourism and hospitality. Although borders have opened and immigration restrictions have eased, this hasn't been enough to counter existing vet shortages, increased demand on services, fatigue and burnout. Veterinary customers have also been affected by the stress of these years. Despite significant growth in membership turnover, claims have increased sharply, with three times as many claims last year than in 2020.

One statistic from this year is that one in three of our insureds contacted us about a claim this year. While we absolutely encourage all members to reach out in the event of an actual or potential claim, this level of demand puts pressure on our team and the resources used to manage these claims. Ultimately, there has been an increase in claim settlements also.

Alongside the increase in claims, we've seen an increase in mistakes and process errors, which is not surprising. We feel this is an area where we can help. As such VPIS has focussed on ways to mitigate some of these claims by running a series of webinars that highlighted common mistakes and some of the simple ways to avoid these. The small animal webinar was repeated multiple times due to demand and the technician webinar was attended by 85% of our insured practices who use Technicians. In addition to these, the VPIS team has canvassed employers and senior members of the profession and asked "what do you think could be done to improve the veterinary profession". These comments will be collated for circulation and shared with VCNZ and NZVA.

From a financial perspective we ended the year with a loss of \$67,964. Despite this, our solvency position increased from \$2.857m to \$2.911m, and our solvency ratio was 586%. This is good, as reflected in the credit rating of BB (fair) which we obtained during last year.

In September, we began implementing changes to VPIS's governance structure that are required to meet RBNZ and the Incorporated Societies Act requirements. This resulted in a reduction in the number of

board members from 7 to 5 with Steve Cranefield and Brendon Bell completing their terms and leaving the Board. Their experience will not be lost however as they are the founding members of VPIS's new Technical Advisory Group (TAG) and will continue to assess claims and update the board with any changes to the risks that we insure. I would like to acknowledge their contribution to VPIS and the Board.

Vince Peterson completed his ex-officio role at the end of 2022 after many, many years with VPIS. His service to the profession was noted in the 2020 New Year's honours with an Order of Merit. Vince continues to be an exceptional advocate for the profession and VPIS and his corporate knowledge is still called upon. Thanks Vince.

Further to the governance changes, Tania Page and I will complete our terms in September 2023. Tania will continue to be involved in assessing claims and join the TAG group, whereas I will leave the team to become an avid supporter and mentor from the side-lines. Expressions of Interest have been sought to fill the vacancies that we will leave and VPIS has set up an appointment committee to assist in this process. The committee will meet with this talented group of people shortly to look to match these applicants with the skills required.

As usual, I would like to thank those that have supported us to support you over the past year. Within VPIS, I'd like to thank Alpha Woolrich, our CEO, Trish Thorpe, our Claims Manager and Tineal Teu our Administration Officer for their dedicated service over a very busy year. Others that have been a strong support to the business include Christine Ormrod (Actuary), Justin Martin and the team at BDO (virtual CFO services) and Adam Davy, our Strategic consultant. Our legal panel, of Darroch Forrest, Mahony Horner and Morgan Coakle have also provided valuable support in their various roles.

My fellow board members include Mark Gilmour (Chair of the Audit and Risk), Paul Fraser, Tanya Page and Jim Rhynd – and Steve and Brendon up to September 2022. In addition to our Board Assessors, Dr Katy Dawson has been a huge asset as an independent Assessor. Many thanks for your dedicated service in 2022.

Finally, our little business wouldn't be where it is today without the loyal members of the society. We operate under the Inc societies Act and are a not-for-profit. There is light at the end of the tunnel, but we need a little more to comply with the solvency rules. Thank you.

Gavin Shepherd
Chair