

# ANNUAL REPORT

2024

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**VETERINARY PROFESSIONAL INSURANCE SOCIETY INC.**

*Insurance tailored for the veterinary profession, since 1987*

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# ABOUT US

We are a membership organisation that specialise in insurance and support to the veterinary profession. We do this primarily by providing tailored Professional Liability insurance, claims management and pastoral support from fellow veterinarians.

Our standard Professional Liability package provides Professional Indemnity insurance, Public Liability insurance, Statutory Liability insurance and Employers Liability insurance.

Professional Indemnity insurance provides cover for liability and defence costs arising from an actual or alleged breach of an insured member's professional duty. Public Liability insurance provides cover for liability and defence costs arising from physical loss or damage to a person or their property.

Statutory Liability insurance provides cover for defence costs and penalties arising from an actual or alleged breach of the law. Employers Liability insurance provides cover for liability to an employee arising from their employment.

Although we're an independent incorporated society, we know the importance of relationships, in our role as much as yours. As such, we work closely with the New Zealand Veterinary Association (NZVA) and the Veterinary Council of New Zealand (VCNZ), for the mutual benefit of our members and the profession. And because most of our team are veterinarians, Gallagher (formerly Crombie Lockwood) provide policy administration and advice to our members.

As a not-for-profit member society, any profits we make go back into the society to help us support you when you need us.



*We pride ourselves on being the insurer of choice for the New Zealand veterinary profession, supporting veterinary wellbeing and contributing to the efficiency and effectiveness of the vital services they provide.*



# FROM THE BOARD

The 2023/24 year has once again been a busy year for VPIS with continuing compliance requirements and a significant increase in claims.

In last year's report I recorded the major changes that were occurring at a governance level with 4 new Board members starting their terms in October '23. Further changes in the last 12 months have seen the retirement of Jim Rhynd (NZVCA representative) after 10 years on the Board. Jim made a valuable contribution to the Board during his tenure and his down-to-earth farming perspective will be missed. Roger Wakelin has been co-opted to the Board and his veterinary and corporate business background have already been proven to be an asset to the Board and VPIS.

This current year will see Paul Fraser and myself retire from the Board as signalled last year when the Special General Meeting approved an extension of our terms for another year to 30<sup>th</sup> September 2025. The Board will be seeking expressions of interest for replacement of either one or both of us, in the near future, in line with the constitutional changes that are being presented at this AGM.

The governance changes we have been required to make have certainly presented some challenges at several levels, but I feel the transition has been successfully managed and we will have the skills on the Board required to meet the regulatory environment we are now in as an insurer, while still meeting our vision of "insurance by vets for vets".

## Claims

Last year we reported a welcome drop in overall claims costs despite high claim volumes, but 2023/24 saw a return to the previous trend with an increase in claim volume as well as a concerningly large increase in claim costs. While the companion animal space again represented the majority of the claims, there were also significant claim numbers and some high value claims in both the equine and production animal areas.

Our claims history is an important metric to our reinsurer, and consequentially the terms of our reinsurance- especially in the present world environment of multiple global events impacting on the general insurance industry. The cost of the reinsurance terms VPIS receives significantly influence the premiums in turn charged to the practices and veterinarians that VPIS insures.

The claim trends and their impact on our ability to retain favourable reinsurance terms, are a significant risk identified by both VPIS and our Actuary. We have been addressing this through the development of resources such as informed consents, webinars and newsletters etc, focusing on areas of frequent and preventable claims as well as evolving risks that our assessors become aware of.

Our intention through this proactive approach is that we can slow or preferably reverse the upward trends in claim volumes. However, it has become apparent that much of the resources and shared knowledge is not reaching the frontline staff as it should. So, a focus this year will be encouraging practice owners and managers to focus on risk management at the frontline and ensuring that passing on our communication becomes part of their practice's risk management.

## Financial

BDO (our virtual CFO providers) will again cover the financials in more detail. But from a Board perspective it is pleasing to see an increase in the solvency capital to \$3.71 million. While our minimum solvency (i.e. the figure we cannot drop below) of \$3 million is set by the Reserve Bank the Board has identified in the Capital Management Plan that our target solvency over the medium term should be in the range of \$4-\$5 million to protect VPIS from the vagaries of investment markets, changing regulatory requirements and reinsurance terms.

*"Thank you to our members for their continued support."*

# FROM THE BOARD

The transition to IFRS 17 is now complete which means while there are still extra compliance costs with the new standard, the significant expenditure on the transition process over recent years is now behind us.

The positive financial results in the current environment are a reflection of not just the hard work of our management team, the ARC and our advisors, but also the continued support of our members.

## Acknowledgements

While we have now moved from small insurer status and all that requires from a regulatory point of view, I feel we still have at our core the values of the Society that VPIS started with back in 1987- looking after the interests of our members. The profession and its needs have changed hugely over the time I have been on the Board and there will be both new opportunities and new challenges for both the profession and VPIS in the future. But to remain the Professional Indemnity (PI) provider of choice to the profession VPIS needs to remain relevant and be seen to be working in the best interests of its members while still providing a viable PI insurance cover.

We achieve that primarily through having an interface with the profession, through our management team and our assessors that is both professional and knowledgeable, but also empathetic. The Board now has a much more defined governance role which is appropriate given the regulatory expectations we operate under, but with a majority of veterinarians on the Board and supported by the Technical Advisory Group (TAG) an understanding of the profession's needs and challenges is assured.

This interface with the profession is managed and led primarily by our CEO Alpha Woolrich and I would like to particularly acknowledge her continued commitment to VPIS, and the value that she provides

to VPIS. Alpha brings numerous skills to the many roles she fills as CEO of what is still in reality a small insurer, but one that is required to meet the standards of compliance of a large insurer. Thank you Alpha for all you do.

In the office our Claims Manager Trish Thorpe continues to be the primary point of contact for our members at claim time, and she provides constant support to the CEO, the Board, Assessors and members. Our Administration Officer Tineal Teu has grown into her role and is responsible for much of the communications, presentations and settlements for VPIS. We have a service agreement with NZVA and thank their team for their support – particularly Stephanie Smith (Finance) and Richard Anderson (IT).

We do have quite a number of external resource providers and again I thank our strategic advisor Adam Davy, Justin Martin and the rest of the BDO team, our Actuary Christine Ormrod (PwC); our legal teams at Mahoney Horner, Darroch Forrest (now Kennedys Law), and Morgan Coakle; our Brokers (Gallagher), and our investment manager Brenda Allen-Browne at JBWere; our reinsurer (Berkshire Hathaway) and our IT providers Ezidocs – you have all contributed to VPIS over the last year.

And our Board members – Paul Fraser, Mike Lange (ARC Chair), Ngaire Dixon, Stephen Hopkinson, Eric Judd and Roger Wakelin; and our Assessors – Steve Cranefield, Brendon Bell, Katy Dawson, and Tanya Page – thank you all for your contribution to VPIS over 2023/24. And finally thank you to our members for their continued support.

Mark Gilmour



VPIS Board Chair

# OUR BOARD



## **Mark Gilmour | VPIS Board since 2007 BVSc Massey 1978 Species: Production animal**

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### **What does your background bring to the job?**

I was in mixed practice in the Rangitikei for 33 years- initially at the Marton Vet Club and from 1980 to 2011 I was a partner in Southern Rangitikei Vet Services. From 2012 to 2020 I was self employed providing consultancy services to several companies. I know from my time in practice, and as a practice manager, that as vets we face some unique challenges and risks. At a VPIS Board level we are seeing in recent years major changes in veterinary work.

### **What do you enjoy about your Board role?**

Being able to help and support fellow vets is very rewarding. Also, the cases VPIS has dealt with over the years give us great insight to many aspects of practice- and allows us to have a real perspective on managing risk in the profession. We have used this to provide guidance on things like scanning and pregnancy testing, technician training, velveting, transport certification etc. as well as associated legislation.

### **Final word:**

While the primary role of VPIS is to provide comprehensive indemnity insurance to the profession, what I think gives us our point of difference is the genuine passion that every Board member, past and present, has for the wellbeing of veterinarians, and the standard of the profession.



## **Paul Fraser | VPIS Board since 2011 BVSc Massey 1997 Species: Equine**

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### **What does your background bring to the job?**

I spent 40 years in equine clinical practice at Cambridge Equine Hospital before retiring from full-time work in 2017. In the subsequent years I have worked on a consultancy basis, done the occasional locum cover and worked as an on-course vet on race days.

### **What do you enjoy about your Board role?**

Since joining the VPIS Board in 2012, I have gained immense pleasure in being able to interact with, and help, so many of our veterinarians navigate their way through legal, regulatory and indemnity problems they have been subjected to while performing their professional duties. I have enjoyed my involvement in developing risk mitigating educational material in this respect and in delivering constructive feedback to the profession on cases we have dealt with.

### **Final Word**

My goal at VPIS is to help and support all our members in indemnity of regulatory events they may experience. These are always going to be stressful, and I hope that I can minimise the impact such an occurrence may have both on their personal and professional futures. If I can achieve that, I have done my job.

# OUR BOARD



## **Jim Rhynd | VPIS Board since 2014**

### **What does your background bring to the job?**

I'm a full-time beef farmer, retired from Dairy farming after 29 years, the Director of the Northern Wairoa Vet Club and the representative on VPIS for the New Zealand Vet Clubs Association. While I'm not an Assessor, you could say I provide a practical view from a farmer perspective.

### **Final word:**

The services that rural veterinarians provide are essential to a productive and efficient agricultural sector. Insuring with VPIS provides a safety net when things go wrong for both farmers and veterinarians working together.



## **Mike Lange | VPIS Board since 2023**

### **What does your background bring to the job?**

I'm CEO for Vetora Waikato, overseeing our 8 clinics, and I have a diverse background that will help me support the VPIS Board and management. My career features a focus on innovation, finance and insurance, including many years in leadership roles for FMG, a mutual insurer committed to its membership base. I also have a drive for innovation and sustainability.

### **Final word:**

I'm excited to be able to contribute to VPIS's growth and resilience in a changing landscape.



## **Eric Judd | VPIS Board since 2023**

### **What does your background bring to the job?**

I am an actuary by profession. I have almost 40 years' experience in the insurance industry, including in risk management and time spent in senior roles in life and general insurance companies and in the public sector. My time as an animal lover and frequent user of veterinary services has created a strong interest in this role.

### **Final word:**

I look forward to playing a part in the future growth and development of VPIS.



# OUR BOARD



## **Ngaire Dixon | VPIS Board since 2023**

### **What does your background bring to the job?**

In addition to my role as a Veterinary Surgeon and Clinic Manager at the After-Hours Vet Clinic in Christchurch, I have held various leadership and governance positions, including being a past Chair of Alzheimers NZ, current Chair of NZ Cat Fancy and Board positions on the Dementia Prevention Research Trust and Mace Consulting.

Having owned and managed Veterinary Clinics, I have witnessed firsthand the challenges and risks that veterinary professionals face on a daily basis. I firmly believe that by serving on the VPIS Board I can utilise my expertise, passion, and commitment to contribute to the growth and success of VPIS, as well as to advocate for the best interests of veterinary professionals.

### **Final word:**

I am thrilled to have the opportunity to join the Board of VPIS. As an independent director with a proven track record of successful performance and integrity in high paced and challenging organisations, I am excited to bring my expertise to this Board.



## **Stephen Hopkinson | VPIS Board since 2023**

### **What does your background bring to the job?**

I've been a dairy cattle veterinarian in South Taranaki since graduating 30 years ago. I'm currently CEO of Taranaki Veterinary Centre, employing 33 vets and over 50 support staff in 5 clinics throughout South and Central Taranaki.

I've been active within the wider profession, with time on a VCNZ Complaints Assessment Committee, 10 years on the DCV (with 3 years as President), and 2 years on the NZVA Board and Member Advisory Group.

Outside of work, I have 5 children, a lifestyle block (an oxymoron if there ever was one!), I play football through winter and I'm an active volunteer firefighter with more than 30 years commitment.

### **Final word:**

After finishing my NZVA-based commitments, I felt I had more to contribute to the veterinary profession and my experiences on the VCNZ CAC led me to apply for a VPIS Board role. I look forward to providing strategic and critical governance through a pragmatic and practical lens so that veterinarians in all roles have the support, recognition and understanding that they require in these increasingly challenging times.

# TECHNICAL ADVISORY GROUP



## **Brendon Bell | BVSM**

### **What does your background bring to the job?**

Each of us in our working professional lives face the possibility of something going wrong. And some of the things that go wrong in our job can have life changing effects. When things go wrong, if they are not managed well and with empathy, the consequences for the veterinarian involved can be tragic. I had a catastrophic event early in my veterinary career and know exactly the effect these instances can have on people. Because of this I feel uniquely qualified to be able to assess equine cases 'when things go wrong', always with the veterinarian in mind, ensuring the assessment process is quick, fair and empathetic.

Veterinarians, especially newer graduates, often feel vulnerable, and have a genuine concern that the mistake they made may mean they will lose their job, or worse, their ability to practice. Over my time with VPIS I've been involved in many memorable case investigations. The one aspect of these cases that stands out for me is about the reassurance and support we can give to younger vets when something goes wrong.

### **Final word:**

VPIS is there to advocate for the vet and rectify and compensate for mistakes that can happen. Life still goes on, and luckily, I've had no instances where a mistake has resulted in a vet losing their practicing certification.



## **Steve Cranefield |**

### **What does your background bring to the job?**

I assess claims involving livestock. Veterinarians don't work in a black and white world. When dealing with livestock veterinarians are balancing the emotional and economic needs of their farming clients with the health and welfare of the animal - and often doing so in unpredictable situations. It is inevitable that, despite the best intentions, sometimes things just don't go to plan. I am proud to provide support, education and a voice of reason in very stressful times for fellow veterinarians.

### **Most memorable VPIS moment:**

As an assessor for dairy related claims, the most memorable moment for me was when I finally met face-to-face with a veterinarian that I had helped to get through a very stressful Veterinary Council complaints assessment. We had spoken on the phone and via email countless times. There were many late night submissions as we prepared the case, and I became increasingly concerned that we were going to lose a fine young veterinarian from our profession. Through all the turmoil we developed a relationship of sorts, but it was not until I met the veterinarian face-to-face 3 years later, in a new role with a new young family that it sank in for me how different things could have been if it were not for the support VPIS provides.

### **Final word:**

I often say to veterinarians, "Thank goodness for VPIS". Yes, VPIS are insurers, but we go well beyond the financial transaction of insurance.

# TECHNICAL ADVISORY GROUP



**Katy Dawson |  
BVM&s Edinburgh 1996**

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**What does your background bring to the job?**

After a stint in mixed practice, I have worked as a companion animal vet since 2000. Since taking on my role at VPIS as a companion animal assessor in 2019, I have continued to work part-time in a clinical role and have a special interest in orthopaedics.

In my role at VPIS, I am passionate about looking at ways that we can manage risk in clinical practice and the systems we can put in place to help reduce the chances of making a mistake. My role also involves supporting vets and veterinary staff as they navigate client complaints or the aftermath of when a mistake is made. This can be very traumatic for all those involved, and being able to be a support person and help guide the team through this stressful time to make it a little easier is very satisfying.

**Final word:**

I feel lucky that I was given the opportunity to be part of VPIS and that I can give back to the veterinary profession that I have been part of for a long time.



**Tanya Page | VPIS Board since 2017 BVSc Massey 2001  
Species: Companion animal**

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**What does your background bring to the job?**

I've been a veterinarian for about 20 years now and assess claims involving companion animals. Becoming part of VPIS has allowed me to help the profession that I have been part of over that time.

The complaints procedure is a very stressful time for veterinarians. I have found that it doesn't matter how old the veterinarians are or how experienced they are, from a new graduate to one with specialist qualifications, they are all affected in a similar way.

I have a lot of empathy for the demanding work and difficult situations that veterinarians become involved in, and it is important to me that veterinarians can feel supported.

**Final word:**

It is a very satisfying experience to be able to make a complaint go a little more smoothly for the veterinarian and take some burden off their shoulders.

# OUR MANAGEMENT AND ADMINISTRATION TEAM



## **Alpha Woolrich | VPIS since 2018**

I'm the Chief Executive Officer and I'm responsible for leading the delivery of VPIS's strategic initiatives, overseeing the day-to-day business operations, and liaising with the Board and regulators. Since joining the team in January 2018 and taking on the role of CE in 2019, we've undergone significant changes to ensure our long-term viability as a member-based insurer for veterinarians. I say it every year, but working for VPIS really is the most enjoyable, challenging and rewarding experience I am fortunate enough to have. What I do matters and no two days are ever the same.



## **Trisha Thorpe | VPIS since 2000**

I'm the Claims Manager for VPIS and will usually be the first person you speak to when you ring to notify VPIS of a claim or complaint you've received from a client. I joined the NZVA and VPIS over 20 years ago and have developed an in-depth knowledge of the types of claims and stresses that veterinarians face.



## **Richard Anderson | VPIS since 2013**

I'm the IT Manager for VPIS and focus on IT support, maintaining the claims database and website and attending to any customisation and database reports VPIS needs. I joined the NZVA and VPIS more than 10 years ago and came into the IT world via a happy accident in the early 2000's after dabbling in building and property maintenance. My career has mainly revolved around website and Open-Source software development.



## **Tineal Teu | VPIS since 2022**

I'm the Office Administrator for VPIS, I'm responsible for providing support for our Claims Manager and Chief Executive Officer.

# MINUTES OF 2024 ANNUAL GENERAL MEETING

## 2024 ANNUAL GENERAL MEETING

**Minutes of the 37<sup>th</sup> Annual General Meeting of the Veterinary Professional Insurance Society (Inc) via Zoom held at 5.30pm 29 February 2024.**

### 1. Confirmation of quorum

Mark Gilmour, Chair, confirmed that the quorum was reached.

### 2. Welcome

The meeting commenced at 5.30pm. Mark Gilmour, Chair, welcomed members to the 37<sup>th</sup> Annual General Meeting of the Veterinary Professional Insurance Society (VPIS).

Present: Mark Gilmour (Chair), Paul Fraser (Board), Jim Rhynd (Board), Stephen Hopkinson (Board), Ngaire Dixon (Board), Mike Lange (Board), Neil Houston (Director Vet Associates Equine), Callum Irvine (VetEnt), Meg Irvine (VetPartners), Morgan Greene (NSVets)

Attendees: Alpha Woolrich (CEO), Justin Martin (vCFO BDO), Vince Peterson (VPIS past Chair), VPIS TAG members- Brendon Bell, Katy Dawson, Tanya Page, Steve Cranefield, Trish Thrope (minutes)

### 3. Apologies

Eric Judd (Board)

### 4. Confirmation of Minutes of the 2023 Annual General Meeting

It was resolved

That the minutes of the 8 March 2023 Annual General Meeting are accepted as a true and accurate record.

Mark Gilmour/ Jim Rhynd  
Carried

It was resolved that the minutes of the 22 November 2023 Special General Meeting are accepted as a true and accurate record.

Mark Gilmour/ Jim Rhynd  
Carried

### 5. Chairman's Report

Mark Gilmour noted the following from his report:

Mark spoke to the history of VPIS confirming that VPIS lost its small insurer exemptions on 1 October 2022.



# MINUTES OF 2024 ANNUAL GENERAL MEETING

- VPIS was short of the \$3m minimum solvency requirement on that date and received RBNZ forbearance to meet the level.
- As at 30 September 2023 exceeded the \$3m threshold by \$179,000.
- Claim volumes continue to remain high, particularly in the companion animal space, although costs are lower, claim costs for the year will not be fully known for some time.
- Changes have continued at a governance level. Both Tanya Page and Gavin Shepherd retired from the Board at the end of September 2023. Mark acknowledged their contributions to VPIS. Tanya joined the Board in 2017 and will continue to have valuable input as she joined the Technical Advisory Group (TAG) and is still maintaining her busy role as an assessor.
- Jim Rhynd's Board member term, initially as the New Zealand Veterinary Clubs Association (NZVCA) representative since 2014, was extended to Sep 2024. As from November 2023, this became a general seat.
- A technical advisory group (TAG) was established comprising of assessors and former Board members who provide the Board (and VPIS) with the technical veterinary skills, experience and feedback that the Board views as essential to VPIS and its members. The TAG will also identify and train future assessors. The formation of the TAG ensures separation between governance and operational assessor functions, particularly to avoid any perception of a conflict of interest.
- Mark Gilmour acknowledged with thanks VPIS CEO Alpha Woolrich, fellow Board members Paul Fraser, Tanya Page, Gavin Shepherd and Jim Rhynd, our assessors and TAG members, Steve Cranefield, Brendon Bell and Katy Dawson, Trish Thorpe (Claims manager) and Tineal Teu (Administrator), NZVA support provided by Richard Anderson (IT) and Stephanie Smith (finance), Berkshire Hathaway (reinsurers), Justin Martin and the virtual CFO team at BDO, our strategic advisor Adam Davy, our actuary Christine Ormrod from PwC, our brokers, Gallaghers, our legal teams at Mahoney Horner, Darroch Forrest and Morgan Coakle, our investment manager Brenda at JBWere, and Ezidocs (IT platform). And finally thank you to our members for their continued support.

It was resolved

That the Chairman's report is accepted

Mark Gilmour/ Paul Fraser  
Carried

## CEO report

Alpha Woolrich VPIS CEO acknowledged membership support and discussed claims and notifications by species and cost.

- Noted the increase in the number of insured veterinarians and NZVA members.
- Policies increased by 7%, Locums increased by 33%, Technicians by 10%.

# MINUTES OF 2024 ANNUAL GENERAL MEETING

- Support provided by VPIS to members through: Webinars, dedicated workshops, VCNZ complaints and pastoral support and regular engagement with NZVA and VCNZ.
- Added as a policy condition that claims for DCAT and ITS administration need signed farmer client consent or an increased excess applies.
- Claims- seeing more: mistakes, drug overdoses, spay and dental complications, poor clinical records, client emotional damages claims, Disputes Tribunal claims.
- 2023 claim costs are lower than 2022, so far. Most are companion animal claims. High value claims mainly resulted from surgical errors and claims with multiple points of failure.
- VCNZ and Disputes Tribunal complaints were much lower in 2023 than 2022. While we did see a reduction in 2023, Disputes Tribunal complaints have since increased.

## 6. Co-opted Board Members

It was resolved

That the appointments of the following co-opted Board members, Ngaire Dixon, Stephen Hopkinson, Eric Judd, Mike Lange, for a three-year term, 1 October 2023 to 30 September 2026, are ratified.

Mark Gilmour/ Paul Fraser  
Carried

## 7. Financial Report

### Annual Accounts for the year ended 30 September 2023

Justin Martin vCFO BDO spoke to the audited annual accounts for the year ending 30 September 2023, noting the following:

- Key focus has been to achieve the actual solvency capital
- Statement of service performance (SSP) contains non-financial requirements and was included in the audit report for the first time.
- Received an unqualified audit for the financial year ended 2023, achieved a surplus for the year of \$240k.
- Income has continued to lift year on year while reinsurance costs have also increased.
- Membership revenue will be included in the premium from 2024. Therefore, premium income will appear to increase while membership income will reduce to zero.
- Net claims costs (after reinsurance) are fairly stable.

# MINUTES OF 2024 ANNUAL GENERAL MEETING

- Other expenses have more than doubled over the last two years, due to compliance, legal and IT platform project costs.

It was resolved

That the annual accounts for the year ended 30 September 2023 are accepted.

Mark Gilmour/ Ngaire Dixon  
Carried

## **Announcement of auditor for the financial year end of 2024**

Mark Gilmour confirmed the appointment of auditor for the 2024 financial year end (Deloitte)

## **8. General Business**

None.

## **9. Venue and date for 2025 Annual General Meeting**

The date and time for the 2025 AGM is yet to be determined and will be advised at a later date.

Mark Gilmour, Chair, thanked all for attending, and formally closed the meeting 6.15pm.

Veterinary Professional Insurance Society Incorporated  
Audited Financial Report  
For the year ended 30 September 2024

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

## Company Information

Legal name	Veterinary Professional Insurance Society Inc. (VPIS)
Type of entity	Incorporated society
Registration number	NZBN 9429042897255

Physical address	Floor 2, 44 Victoria Street, Wellington
Postal address	PO Box 11212, Wellington 6142
Email	<a href="mailto:info@vpis.org.nz">info@vpis.org.nz</a>
Website	<a href="http://www.vpis.org.nz">www.vpis.org.nz</a>

## Our Directors and Officers\*

Mark Gilmour (Board Chair)	Paul Fraser
Eric Judd	Ngaire Dixon
Jim Rhynd	Stephen Hopkinson
Mike Lange	Alpha Woolrich (Chief Executive)

\* Gavin Shepherd and Tanya Page were VPIS Board members during this period, completing their terms in November 2023. Ngaire Dixon, Stephen Hopkinson, Eric Judd and Mike Lange joined the VPIS Board 1 October 2023.

## Main sources of income

- Premium income
- Membership subscriptions
- Rental income
- Investment returns

## Why we exist

We exist because we care about vets and the future of the veterinary profession. As an insurer that is dedicated solely to working with and for the veterinary profession, we help our members meet and maintain professional standards and protect them from the financial impact of actual or alleged breaches of duty.

## Where it all began

The Veterinary Services Council (VSC) provided indemnity protection for New Zealand veterinarians from 1946 until it was disestablished in 1986. Recognising the potential impact on the veterinary profession, the New Zealand Veterinary Association (NZVA) facilitated a plan to establish a new entity with the purpose of providing Professional Indemnity and Public Liability insurance, “by vets, for vets”.



# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

In 1987 VPIS was established as an incorporated society, providing liability insurance and support to its members.

From 2010 VPIS has been co-regulated by the Reserve Bank and the Financial Markets Authority as a licensed insurer and financial institution. VPIS's small premium base meant we were initially classified as a small insurer and therefore exempt from some licensing requirements. However, from 1 October 2022 we are no longer eligible for these exemptions.

## **Formal reason we exist:**

To support the efficiency of veterinary services in New Zealand through the provision of tailored insurance and related support for our members.

"We pride ourselves on being the insurer of choice for the New Zealand Veterinary profession, supporting veterinary wellbeing and contributing to the efficiency and effectiveness of the vital services they provide."  
(VPIS Annual Report)

## **Our guiding values:**

Sustainable	Our decisions are based on being here for our members, now and in the future
Wise	We use our experience and knowledge to guide and support our members
Empathetic	We do our best to understand our members and what they need
Pragmatic	We deal with problems reasonably and logically for the benefit of all members
Principled	We support professional standards and help members to deliver these

## **Our vision:**

To be the insurer that best understands, supports and satisfies the Veterinary profession, and enables better outcomes – now and in the future.

## **Our mission (purpose):**

To support our members and the efficiency of the veterinary profession by:

- Doing everything within our power to maintain our status as a licensed insurer.
- Working together with leaders of the profession to manage expectations and outcomes.
- Promoting good practices to reduce the incidence and impact of preventable errors.
- Treating our members as equals, with respect and compassion.

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

- Keeping liability insurance affordable and fair for all members.

## What we want to achieve (outcomes)

1. Meet and maintain licensed insurer obligations.
2. Promote and support Professional standards/risk reduction.
3. Maintain relevance to the veterinary profession we service.
4. Settle notified member claims effectively and empathetically.

## A note about our measures

This section outlines our key objectives and measures for achieving each of our four outcomes and the way we have performed. Data used comes from our financial statements, claims management system, policy management system, actuarial input and questionnaire responses.

Our measures include member ratings of VPIS’s delivery of education, member communication, claims management and pastoral support. In 2023 responses were voluntary, however these became a requirement in 2024. In both years, those who were in run off (had ceased actively practicing) were not invited to participate and “N/A” responses have not been included.

It should be noted that some of the 2023 year financial information has changed because the introduction of International Financial Reporting Standard 17 (IFRS17) has required restatement.

## 1. Meet and maintain licensed insurer obligations

Grow solvency capital to meet the minimum capital requirement of a nonexempt insurer



Solvency capital is an important measure for VPIS as a licensed insurer. The Insurance (Prudential Supervision) Act 2010 (IPSA) requires licensed insurers to maintain \$3m minimum capital however exemptions are available for “small” insurers that have premium income of less than \$1.5m. VPIS received small insurer exemptions until 1 October 2022 when premium income had exceeded \$1.5m.

In the 2023 Financial Year VPIS met and exceeded the new \$3m minimum solvency capital requirement, ending the year with Solvency Capital of \$3,179,490.

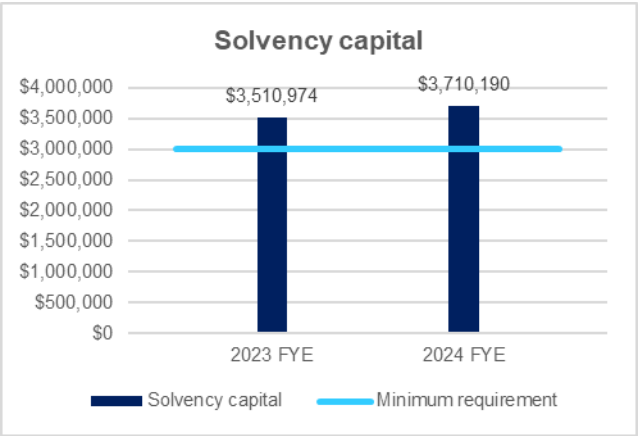


Figure 1: VPIS’s Solvency Capital at the 2023 and 2024 Financial Year End (FYE), being 30 September; Source: Xero.

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

In the 2024 Financial Year two notable changes have occurred:

- 1. The Reserve Bank of New Zealand Interim Solvency Standard came into force. This changed the treatment of intangible assets. They now contribute to Solvency Capital.
- 2. IFRS17 has been introduced.

The impacts of these changes are:

- a. Solvency Capital is now equal to Equity
- b. The 2023 Solvency Capital has been restated under IFRS17, from \$3,179,490 to \$3,510,974.

VPIS ended the 2024 Financial Year with Solvency Capital of \$3,710,190.

Achieve positive returns from our investment portfolio



As a not-for-profit entity, investment returns are important to VPIS’s capital growth.

In 2023 investment returns consisted largely from return on cash due to high interest rates whereas equity returns were negligible.

In 2024 both equities and interest rates produced strong results.

Net investment returns include the total of interest and dividend income and gains (losses) on investment less investment management fees for the financial year.

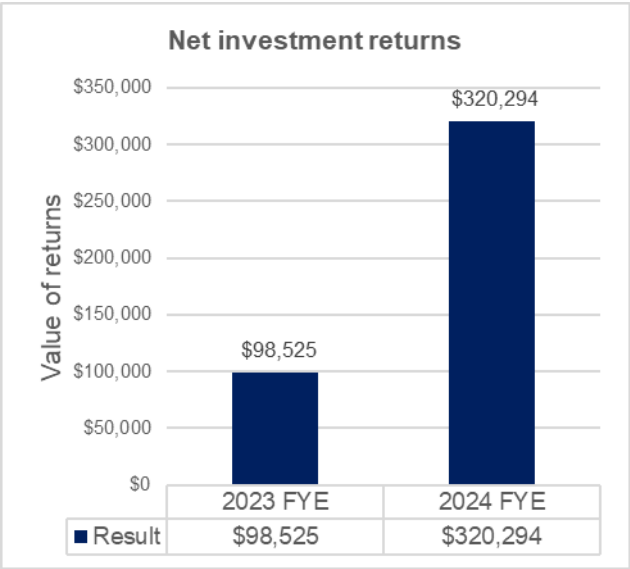


Figure 2: VPIS’s Net Investment returns for FY2023 and FY2024; Source: Annual financial accounts accessed from Xero

## 2. Promote and support Professional Veterinary standards

Provide continuing education for vets that perform equine prepurchase examinations (PPE)



The information in this section has been restated for the purposes of aligning the information to insurance years rather than financial years and making the information clearer. In doing so, it should be noted that the count of insured prepurchase veterinarians is as at a point in time, being the end of the insurance policy year (being 30 September), whereas completion of the annual training is a tally over the full year

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

VPIS has a policy extension available to vets that perform equine prepurchase examinations. Equine prepurchase examinations are a specialised activity that involves the assessment of horses prior to sale. This extension requires criteria to be met and maintained by those insured under it.

	Insurance policy year	
	2023	2024
▪ Insured prepurchase equine (PPE) veterinarians	91	89
▪ Veterinarians that completed VPIS annual training video and questionnaire	94	83
▪ Veterinarians that completed VPIS face-to-face prepurchase training	6	5

Source: *Prepurchase equine questionnaire responses from SurveyMonkey and the Equine veterinarian reports from Ezidocs, VPIS’s insurance management platform.*

Qualitative:

- VPIS has two Equine veterinarians on the VPIS membership committee who review every application for prepurchase equine insurance cover.
- Veterinarians who wish to be insured under the Equine prepurchase extension must complete a PPE face to face training course before they can be insured
- All insured practices with prepurchase examination (PPE) cover must submit a comprehensive report for review each renewal and VPIS provides feedback to practices on any areas of weakness in the reports received
- VPIS also publishes a PPE renewal presentation each year for insured PPE vets to support risk management and continuous improvement. In 2024 a podcast was used.

Post claim letters to members with recommendations to manage future risk	
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	Financial year	
	2023	2024
▪ Post claim letters with recommendations sent to members	6	13

Source: *Access, VPIS’s Claims Management System*

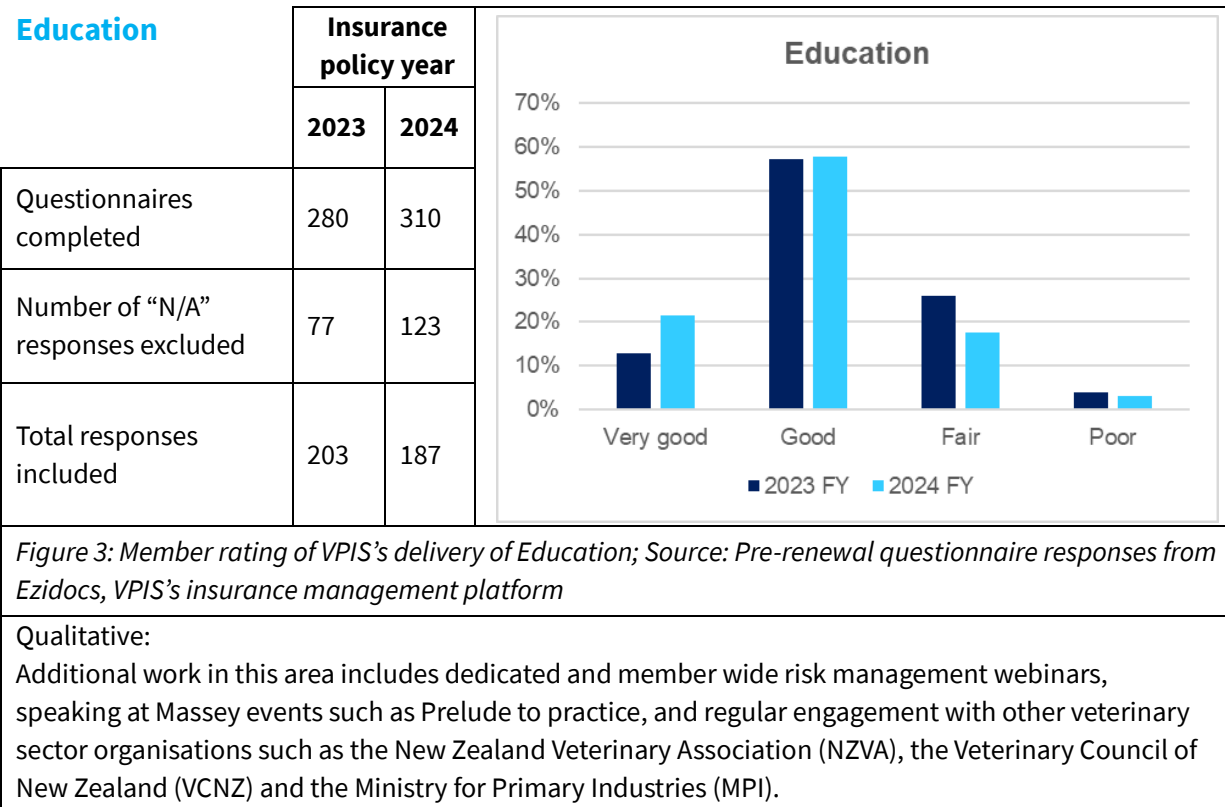
# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

In claim situations where opportunities for improvement are identified VPIS endeavours to provide the practice with recommendations that can be implemented. These are identified by the Assessor assigned to the claim and are often discussed with the practice at the time of the claim. VPIS considers this as a valuable tool for supporting risk management.

Since 2023 VPIS has included a recommendations section in its internal Assessor reports. These recommendations inform post claim letters.

### Education – member rating

All members with active insurance policies at the end of the policy period receive pre-renewal questionnaires that they are expected to complete as part of their annual renewal process. This questionnaire includes questions about how they rate the Education, Member communication, Claims management and Pastoral support services we provide.





# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

### 3. Maintain relevance to the veterinary profession we service

#### Membership numbers

	Financial year	
	2023 FY	2024 FY
Practice policies	378	371
Insured Veterinarians	2,082	2,258
Insured Production Animal Technicians	526	595

#### Member communication – member rating

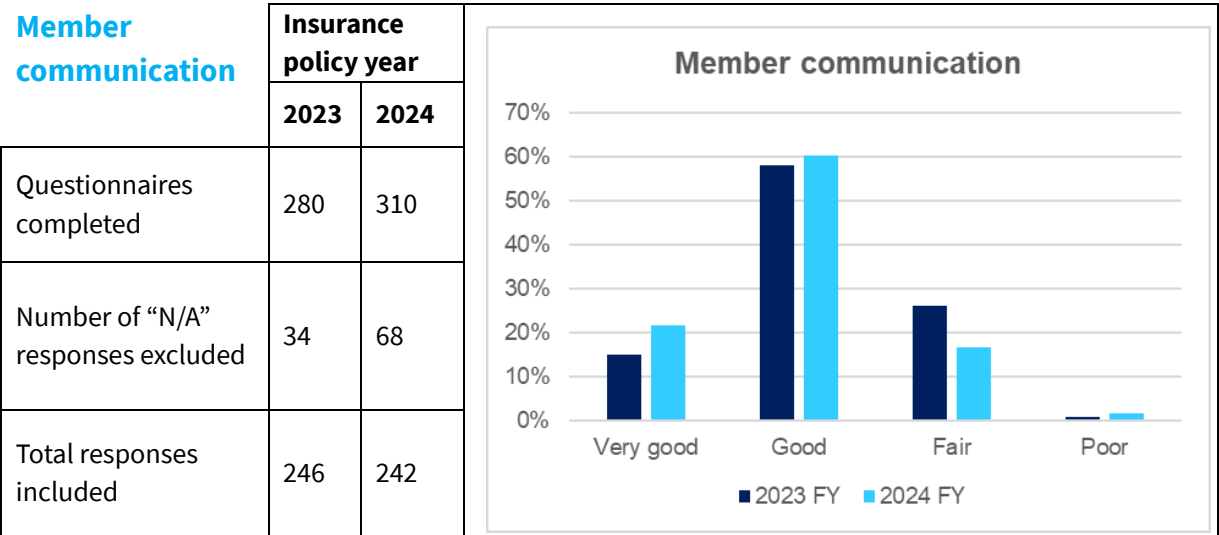


Figure 4: Member rating of VPIS’s delivery of Member communication; Source: Pre-renewal questionnaire responses from Ezidocs, VPIS’s insurance management platform

Qualitative: As part of the governance changes, we sought expressions of interest from our VPIS membership to identify prospective Board members. Three of the four new appointments are VPIS members; two of these are also practicing veterinarians.

Alongside the shift from Assessor Board members, we introduced a Technical Advisory Group (TAG) in January 2023. The TAG reports to VPIS’s Board and CE on veterinary matters to ensure VPIS remains informed and that this remains a priority for VPIS.

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

## 4. Settle notified member claims effectively and empathetically

### Number of claims and notifications lodged for Insurance Policy Year

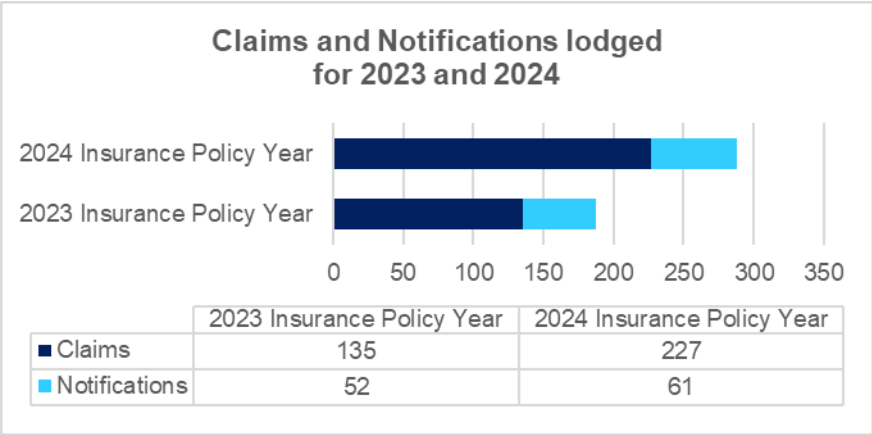


Figure5: Claims and notifications lodged; Source: Access, VPIS;s Claims Management System

Claims Management is a major component of our service. VPIS keeps records for claims and notifications that relate to a given insurance year. Notifications have the potential to develop into claims. Therefore, movement in these figures can occur after the FYE.

Claim volume has been rising year on year, with the exception of 2023.

### Claim costs paid in Financial Year

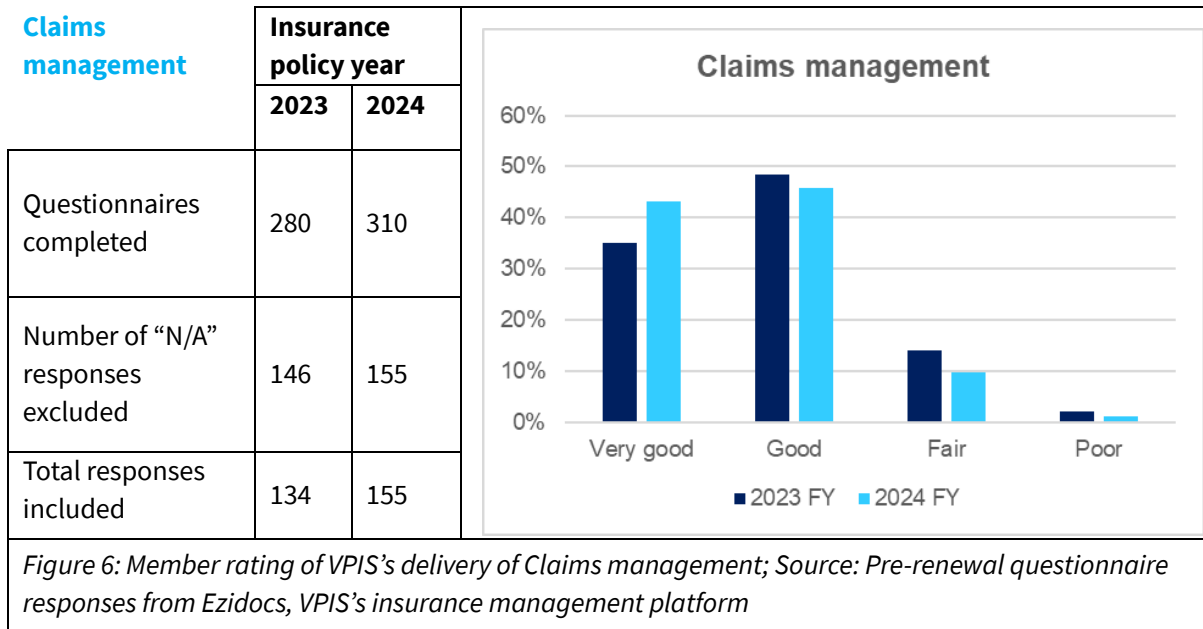
Liability claims can continue to incur costs after the end of the policy period and financial year. These costs continue to be allocated to the year that the claim arose.

2023 Financial Year	2024 Financial Year
<div><div>\$602,276 gross claims paid, consisting of:</div><ul style="list-style-type: none"><li>\$222,358 for 2023 year claims</li><li>\$375,554 for 2022 year claims</li><li>\$4,364 for prior year claims</li></ul></div>	<div><div>\$970,096 gross claims paid, consisting of:</div><ul style="list-style-type: none"><li>\$782,735 for 2024 year claims</li><li>\$156,054 for 2023 year claims</li><li>\$31,307 for prior year claims</li></ul></div>

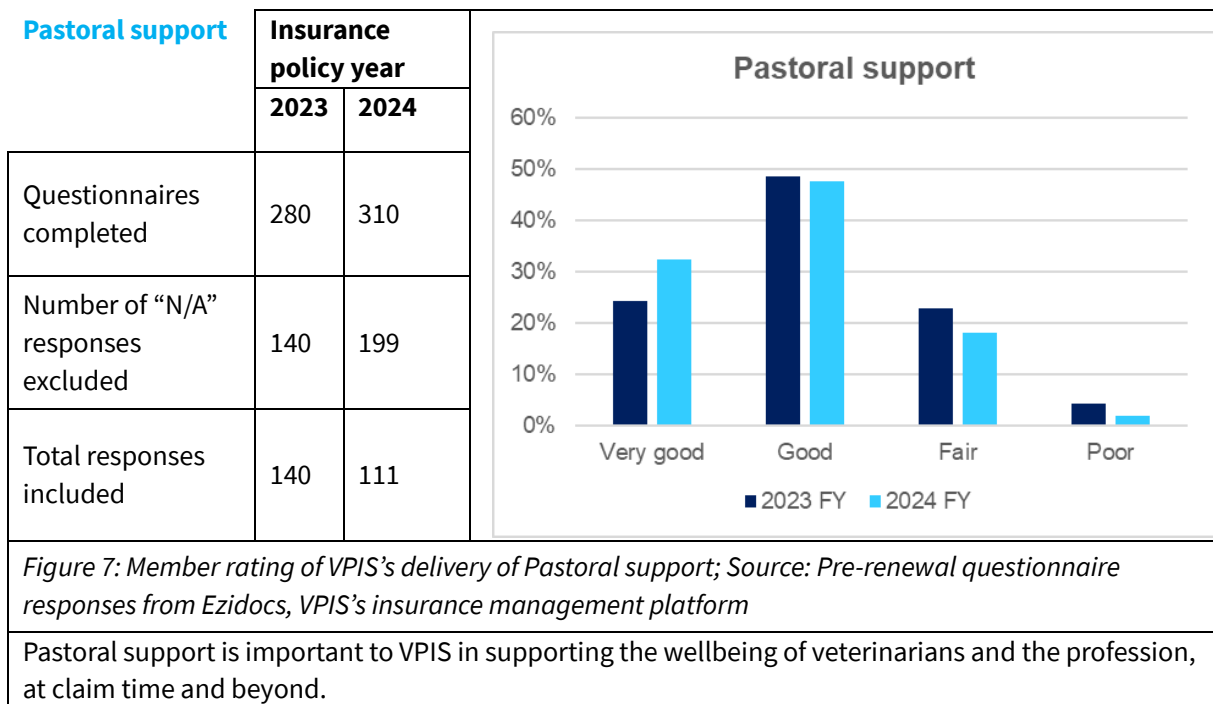
Source: Annual financial accounts accessed from Xero

# STATEMENT OF SERVICES PERFORMANCE 2023 AND 2024

## Claims management – member rating



## Pastoral support – member rating



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED AUDITED FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

## **Directory**

### **Board of Members**

Alpha Woolrich (Chief Executive Officer)  
Eric Judd (appointed 1 October 2023)  
Mark Gilmour (Board Chair) (re-appointed 6 October 2023)  
Michael Lange (ARC Chair) (appointed 1 October 2023)  
Ngaire Dixon (appointed 1 October 2023)  
Paul Fraser (re-appointed 6 October 2023)  
Roger Wakelin (appointed 1 October 2024)  
Stephen Hopkinson (appointed 1 October 2023)  
Alexander James Rhynd (retired 29 November 2024)  
Gavin Shepherd (retired 29 December 2023)

### **Actuary**

Christine Ormrod

### **Solicitor**

Mahony Horner Lawyers, Darroch Forrest Lawyers and  
Morgan Coakle Lawyerrs

### **Bank**

Westpac New Zealand Limited

### **Investment Manager**

JBWere (NZ) Pty Limited

### **Independent Auditor**

RSM Hayes Audit

### **Accountant**

BDO Wellington Limited

### **Registered Office**

Level 2, 44 Victoria Street  
Wellington Central  
Wellington, 6012

### **Incorporation Number**

376964

### **New Zealand Business Number**

9429042897255

# VETERINARY PROFESSIONAL INSURANCE SOCIETY STATEMENT OF TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 SEPTEMBER 2024

		<i>Restated</i>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Insurance services</b>			
Insurance revenue		2,850,187	2,639,028
Insurance service expense	<b>6</b>	(2,034,364)	(920,387)
<b>Insurance services result before reinsurance contracts held</b>		<b>815,823</b>	<b>1,718,641</b>
Amounts recoverable from reinsurers for incurred claims		1,134,817	205,224
Allocation of reinsurance premiums		(960,405)	(880,673)
<b>Net expense from reinsurance contracts held</b>		<b>174,412</b>	<b>(675,449)</b>
<b>Insurance service result</b>		<b>990,235</b>	<b>1,043,192</b>
<b>Investment income</b>			
Investment income		163,628	121,946
Net fair value gains/(losses) on financial assets		203,045	248
Other investment income		28,104	70,604
Other investment expenses		(51,823)	(13,116)
<b>Net investment income</b>	<b>7</b>	<b>342,954</b>	<b>179,682</b>
Insurance finance expenses for insurance contracts issued	<b>8</b>	22,902	(52,990)
Reinsurance finance income for reinsurance contracts held	<b>8</b>	(21,029)	49,044
<b>Net insurance financial result</b>		<b>1,873</b>	<b>(3,946)</b>
Other expenses	<b>9</b>	(1,135,846)	(997,711)
<b>Total Surplus (Deficit) for the period attributable to members</b>		<b>199,216</b>	<b>221,217</b>
<b>Other comprehensive revenue and expenses</b>		-	-
<b>Total other comprehensive revenue and expenses</b>		-	-
<b>Total comprehensive revenue and expenses for the period attributable to members</b>		<b>199,216</b>	<b>221,217</b>

These financial statements should be read in conjunction with the accounting policies and notes that follow.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	Total Equity
<b>As at 30 September 2022, as previously reported</b>		<b>3,317,769</b>
Impact of initial application of PBE IFRS 17	4	(28,012)
<b>Restated balance as at 1 October 2022</b>		<b>3,289,757</b>
Total surplus (Deficit) for the period ( <i>Restated</i> )		221,217
Other comprehensive revenue and expense		-
<b>Total comprehensive revenue and expenses</b>		<b>221,217</b>
<b>Restated balance as at 30 September 2023</b>		<b>3,510,974</b>
Total Surplus (Deficit) for the period		199,216
Other comprehensive revenue and expense		-
<b>Total comprehensive revenue and expenses</b>		<b>199,216</b>
<b>Balance as at 30 September 2024</b>		<b>3,710,190</b>

These financial statements should be read in conjunction with the accounting policies and notes that follow.



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

*Restated*

	Notes	2024	2023
<b>Current Assets</b>			
Cash and cash equivalents	14	1,038,277	2,154,784
Reinsurance contract assets	11	1,156,729	614,094
Accounts receivable		2,691	2,692
Investments	10	411,084	-
Prepayments		354,794	343,337
<b>Total Current Assets</b>		<b>2,963,575</b>	<b>3,114,907</b>
<b>Non Current Assets</b>			
Investments	10	2,310,186	1,322,074
Investment property	12	377,500	410,000
Property, plant and equipment		1,360	3,919
<b>Total Non Current Assets</b>		<b>2,689,046</b>	<b>1,735,993</b>
<b>Total Assets</b>		<b>5,652,621</b>	<b>4,850,900</b>
<b>Current Liabilities</b>			
Insurance contract liabilities	11	1,739,178	1,176,040
Other payables		203,253	163,886
<b>Total Current Liabilities</b>		<b>1,942,431</b>	<b>1,339,926</b>
<b>Non Current Liabilities</b>			
<b>Total Non Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>1,942,431</b>	<b>1,339,926</b>
<b>Net Assets attributable to members</b>		<b>3,710,190</b>	<b>3,510,974</b>
<b>Equity</b>		<b>3,710,190</b>	<b>3,510,974</b>

Signed for and on behalf of the Board:

Name Mark Lyndsay Gilmour BVSc

Signature



Date 28 February, 2025

Name Michael Bernard Lange BBus

Signature



Date 28 February, 2025

These financial statements should be read in conjunction with the accounting policies and notes that follow.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2024

		<i>Restated</i>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cashflows from operating activities</b>			
Insurance revenue		2,845,647	2,660,889
Insurance service expenses		(1,443,784)	(1,027,223)
Recovered insurance service expenses		552,201	530,688
Reinsurance premiums paid		(941,453)	(886,326)
Interest received		27,056	10,553
Other income		32,051	32,331
Other Operating Expenses		(1,138,743)	(930,800)
Refunds received/(paid) for GST		29,420	(16,916)
<b>Net cash (outflow)/inflow flow from investing activities</b>		<b>(37,605)</b>	<b>373,197</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of investments		297,034	185,422
Payments to acquire investments		(1,493,186)	(14,052)
Payments to acquire property, plant and equipment		-	(1,698)
Proceeds from interest		103,414	83,326
Dividends received		33,158	28,067
Management fees paid		(19,322)	(13,116)
<b>Net cash (outflow)/inflow flow from investing activities</b>		<b>(1,078,902)</b>	<b>267,949</b>
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
Net change in cash and cash equivalents		(1,116,507)	641,146
Cash and cash equivalents, beginning of period		2,154,784	1,513,638
<b>Cash and cash equivalents at end of period</b>	<b>14</b>	<b>1,038,277</b>	<b>2,154,784</b>

These financial statements should be read in conjunction with the accounting policies and notes that follow.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 1 Reporting Entity

The Veterinary Professional Insurance Society Incorporated (“VPIS” or “Society”) is registered as an Incorporated Society under the Incorporated Societies Act 1908 and is domiciled in New Zealand.

VPIS’s principal activities are:

- the establishment of insurance schemes or arrangements that facilitate or are incidental to the provision of Veterinary Services by Members to the New Zealand public;
- support for Members in relation to professional conduct or service matters;
- organising, operating, and promoting Veterinary Services of education, training, and advice programmes for the benefit of Members and other classes of persons the Board deems appropriate;
- the establishment and maintenance of a fund or funds for the purpose of making payments to any person who is not a Member and who may have suffered loss because of any action or default of a Member in the provision of Veterinary Services.

These financial statements were approved for issue by the Board of VPIS on \_\_\_\_\_

## 2 Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity International Public Sector Accounting Standards. The Society reports using Tier 1 Public Benefit Entity Standards.

VPIS is a Public Benefit Entity (PBE) for the purposes of financial reporting and the financial statements have been prepared in accordance with the requirements in accordance with the Financial Market Conduct Act 2013, Financial Reporting Act 2013 and the Insurance (Prudential Supervision) Act 2010.

In July 2013 VPIS was issued its original license, in August 2015 was issued a revised license and in April 2023 it was issued a further revised license to carry on insurance business in New Zealand under the Insurance (Prudential Supervision) Act 2010.

### (b) Measurement basis

The financial statements have been prepared on the historical cost basis except for the insurance services which are accounted for in accordance with PBE IFRS 17 and the following material items in the statement of financial position, which are measured at fair value:

- Investment property
- Financial assets measured at fair value through surplus or deficit

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## **(c) Functional and presentation currency**

The VPIS financial statements are presented in New Zealand dollars (\$), which is VPIS's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

## **(d) Material Accounting Policy Information**

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements, except as explained in Note 4, which addresses changes in material accounting policy information.

## **3 Use of judgements and estimates**

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities, and the Society disclosures and the disclosure of contingent liabilities.

### **Insurance risk**

Judgements have been made in respect of claims acceptance and validity. Further significant estimates are made in conjunction with the appointed actuary to determine the insurance contract liabilities and reinsurance assets. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of liabilities or assets affected in future periods.

VPIS management based its assumptions and estimates on facts and circumstances available at balance sheet date. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

The risk under any one insurance contract is the possibility that one or more insured events occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is unpredictable.

Moreover, the estimate of the outstanding claims is subject to uncertainty due to the long tail claims risk for some of the products written by VPIS. Premiums are earned within one year, but the liability for incurred claims may remain on the balance sheet for several years. The ultimate claims costs of the claims outstanding at any particular date may be materially higher or lower than current estimates.

### **Reinsurance**

VPIS has developed its reinsurance strategy to mitigate these insurance risks. All policies since 30 September 2019 have been reinsured so the maximum exposure to VPIS in any one year is the aggregate of \$50,000 per claim or \$200,000 in any year.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 3 Use of judgements and estimates (cont)

The principal risk that VPIS faces under its insurance contracts is that the actual claims exceed the carrying amount of the liability for incurred claims for any year, and the reinsurer refuses or is unable to pay the claimed amount. This risk is mitigated by the reinsurer's involvement in every claim from the outset.

VPIS on occasion may choose to absorb costs or make payments for claims that fall outside the scope of the policy. Such decisions are made as a membership benefit. In such cases, the total claims cost for the year may exceed the retention limit.

Reinsurance contract assets recoverable from reinsurers are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contracts. Although VPIS has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

### Software as a Service (SaaS)

In applying the entity's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements, the Members made the following key judgements that may have the most significant effect on the amounts recognised in financial statements:

Determination whether configuration and customisation services are distinct from the SaaS access costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the Members applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term. Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software is deemed to be significant. At period end, the Society recognised \$296,605 (2023: \$342,242) as prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

### Liability for incurred claims

Liability for incurred claims represents the obligation to pay claims reported but not yet paid, claims incurred but not yet reported, associated claim handling costs and other incurred insurance service expenses not yet paid. It includes both estimates of future cashflows to fulfil insurance contracts and a risk adjustment for non-financial risk.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 3 Use of judgements and estimates (cont)

### Estimates of future cash flows to fulfil insurance contracts

At each balance date, a provision is made for the estimated future gross claim payments and associated claim handling costs. Patterns can be detected through analysis of past experience with respect to numbers of claims, claim payments and changes in estimates of outstanding liabilities. Using these patterns and past experience, future payments on outstanding claims are projected. Data is examined for potential distortions from any abnormal losses, and where abnormal losses do exist, these are assessed separately to reduce any resulting distortion from the projections.

The principal assumption underlying the provision is that future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation and claim numbers for each loss year. Qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example changes in external factors such as public attitude to claiming and judicial decisions, as well as internal factors such as changes in policy conditions and claims handling procedures.

The 30 September 2024 valuation was undertaken using the Payment Per Claim Incurred method (2023: payment per claim incurred). The claims provision was calculated by multiplying projected future reporting's of small, medium and large claims by projected average claim size and adjusting for development of existing reported claims and any specific large claim estimates. The provision was adjusted for inflation and expected claims handling expenses. Future payments were discounted. Amounts recoverable from reinsurers were estimated in a manner consistent with the liability for incurred claims and are in accordance with the reinsurance contracts.

Key assumptions used in determining the liability for incurred claims at 30 September 2024, were as follows:

Average claim:

Valuation Date	Small	Medium	Large
30 September 2024	\$467	\$5,014	\$40,000
30 September 2023	\$437	\$4,087	\$40,000

Discount rate: These are risk-free forward rates published by the Treasury as at 30 September 2024, which are based on New Zealand government bond yields using a bottom-up approach. There is no illiquidity premium, as it has been determined to be immaterial.

Inflation: Future claim payments are increased to allow for projected future CPI inflation.

### Risk adjustment for non-financial risk

The risk adjustment for non-financial risk (risk adjustment) represents compensation for uncertainty related to non-financial risk.



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 3 Use of judgements and estimates (cont)

### Uncertainty and sensitivities

The liability for incurred claims is subject to a significant amount of uncertainty as it can take several years for the final cost of a claim to be known. The ultimate claims cost of the claims outstanding at any particular date may be materially higher or lower than the current estimates. As VPIS is a small business, its experience is likely to be volatile.

However, the stop-loss reinsurance treaties in place with Berkshire Hathaway and Vero Liability significantly reduce the volatility of VPIS's profit, with the net of reinsurance underwriting result generally known within the year. Sensitivity tests have been carried out to determine the impact of an adverse change to the underlying experience on the balance sheet and profit and loss.

At 30 September 2024:

Project claim development	Liability for incurred claims	Asset for incurred claims	Equity and net profit
Claim development \$1,000,000 higher	1,329,974	1,233,006	-96,968
Claim development \$450,000 lower	-532,024	-493,234	38,790

At 30 September 2023:

Project claim development	Liability for incurred claims	Asset for incurred claims	Equity and net profit
Claim development \$1,000,000 higher	1,325,375	1,235,400	89,975
Claim development \$450,000 lower	-596,419	-555,930	-40,489

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 3 Use of judgements and estimates (cont)

### Claims development tables

The tables below show how estimates of cumulative claim payments for VPIS have developed over time, on a gross and net of reinsurance basis. Each table shows how VPIS's estimates of total claim payments for each insurance year have developed over time and reconciles the projected outstanding payments to the liability for incurred claims included in the statement of financial position.

The tables show:

- Undiscounted estimates of claim payments for incurred claims and directly attributable expenses, by financial year, for each loss year from 2018
- Cumulative actual claim payments and directly attributable expenses for each loss year from 2018• Projected outstanding claim payments and directly attributable expenses for each loss year
- The effect of discounting and the risk adjustment for non-financial risk.

No future claims payments are projected for loss years prior to 2018.

### Claims development – gross

Loss year ending 30 September	Estimate of ultimate claim payments at 30 September						At 30 September 2024	Payments to 30 September 2024	Outstanding at 30 September 2024
	2018	2019	2020	2021	2022	2023			
2018	591,646	615,180	704,770	765,774	766,834	766,723	745,653	(745,653)	0
2019		179,521	453,397	431,807	427,531	427,531	427,531	(427,531)	0
2020			445,099	490,394	497,338	500,443	500,443	(500,443)	0
2021				582,867	518,628	493,363	493,363	(493,363)	0
2022					1,306,943	1,061,373	1,167,447	(767,630)	399,817
2023						719,329	347,696	(332,234)	15,462
2024							1,599,702	(722,075)	877,627
						Total			1,292,906
						Effect of discounting			(47,636)
						Expenses			90,905
						Risk adjustment			322,681
						Liability for incurred claims (Net)			1,658,856

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 3 Use of judgements and estimates (cont)

### Claims development – net

Loss year ending 30 September	Estimate of ultimate claim payments at 30 September						At 30 September 2024	Payments to 30 September 2024	Outstanding at 30 September 2024
	2018	2019	2020	2021	2022	2023			
2018	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	-
2019		150,000	150,000	150,000	150,000	150,000	150,000	150,000	-
2020			200,000	200,000	200,000	200,000	200,000	200,000	-
2021				200,000	200,000	200,000	200,000	200,000	-
2022					200,000	200,000	200,000	200,000	-
2023						200,000	200,000	200,000	-
2024							200,000	200,000	-
						Total			-
						Effect of discounting			-
						Expenses			109,584
						Risk adjustment			11,363
						Receivables/(payables)			460,418
						Liability for incurred claims			581,365

### Statement of Service Performance

The judgements that had the most significant effect on the non-financial information presented related to the selection of information about what the entity has done in the period – the “key objective” as reported (and the selection of performance measures for each key objective identified). The selection of which key objectives to report was initially based on the entities strategy and management’s assessment of where the entity is expected to invest the most time and resources in the period.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 4 Changes in accounting standards

### (a) *New and amended accounting standards adopted*

In these financial statements, the Society has applied PBE IFRS 17 for the first time. The Society has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### **PBE IFRS 17 Insurance Contracts**

PBE IFRS 17 replaces PBE IFRS 4 Insurance Contracts for annual periods commencing on or after 1 January 2023.

The Society has restated comparative information for the period ended 30 September 2023 applying the transitional provisions to PBE IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

### **Changes to classification and measurement**

PBE IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Society. The adoption of PBE IFRS 17 changed the measurement of the Society's insurance contracts to be measured by applying the Premium-allocation approach.

Under PBE IFRS 17, the Society's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium-allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general measurement model (GMM) in PBE IFRS 17. The Society has determined that PAA will be applied to all of the Society's insurance and reinsurance contracts.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Society under PBE IFRS 4 in the following key areas:

The liability for remaining coverage is determined as premiums received less amounts recognised in revenue for insurance services provided

The asset for remaining coverage is determined as

- The liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Society's obligation to pay other incurred insurance expenses.
- The asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) includes a risk adjustment for non-financial risk which represents the amount of risk being transferred by VPIS to the reinsurer

The Society's classification and measurement of insurance and reinsurance contracts is explained in the following notes to the financial statements.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 4 Changes in accounting standards (cont)

### Changes to presentation and disclosure

For presentation in the statement of financial position, the Society aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets

The portfolios referred to above are those established at initial recognition in accordance with the PBE IFRS 17 requirements. The line item descriptions in the statement of comprehensive revenue and expense have been changed significantly compared with last year. Previously, the Society reported the following line items:

Gross written premiums

- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, PBE IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Society provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

### Transition

On transition date, 1 October 2022, the Society has identified, recognised and measured each insurance contract as if PBE IFRS 17 had always applied, derecognised any existing balances that would not exist had PBE IFRS 17 always applied and recognised any resulting net difference in equity. The adoption of PBE IFRS 17 has resulted in a decrease in net assets of \$28,012. The opening net asset impact reflects decrease from the change in risk adjustment (\$1,439) and expense allocation (\$26,573).

The Society applied the full retrospective approach on transition as per PBE IFRS 17.132.4.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information

The material accounting policies used in the preparation of these financial statements are set out below.

### 5.1 Income

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Society and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding goods and service tax, and insurance recoveries.

The following specific recognition criteria must be met before revenue is recognized.

#### Income from Exchange Transactions

##### Investment Income

Investment income includes net proceeds from dividends, interest received, and investments sold during the year. Income from dividends is recognised when the Society's right to receive payment is established, and the amount can be reliably measured. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Gains or losses resulting from changes in the fair value of shares and bonds are separately accounted for and disclosed in the statement of comprehensive revenue and expenses.

##### Investment Property Income

Investment property income is the rental income from VPIS's share in the investment property held jointly with the New Zealand Veterinary Association and the New Zealand Veterinary Trust.

##### Insurance Revenue

Insurance revenue includes insurance premiums received from the Societies members.

##### Reinsurance Revenue

Reinsurance revenue includes insurance proceeds received from the Societies reinsurer.

### 5.2 Insurance and reinsurance contracts classification

The Society issues non-life insurance to individuals and businesses engaging in veterinary services. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's actions. The Society does not issue reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Society does not issue any contracts with direct participating features. The Society issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Society determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### Separating components from insurance and reinsurance contracts

The Society assesses its insurance policies to determine whether they contain distinct components which must be accounted for under another PBE Accounting Standard instead of under PBE IFRS 17. After separating any distinct components, the Society applies PBE IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Society's products do not include any distinct components that require separation.

### Level of aggregation

PBE IFRS 17 requires a Society to determine the level of aggregation for applying its requirements. Portfolios are divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. PBE IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Society assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Society assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Society considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Society divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Management has reached the following conclusions on determining the level of aggregation for Veterinary Professional Insurance Society's business:

There is only one product available, Professional Liability, and policies are only offered to veterinarians or groups of veterinarians. Consequently, the risks under each policy are similar. Policies will be grouped into annual cohorts by initial recognition. VPIS has adopted the PAA approach. Therefore, no contracts will be assumed to be onerous at initial recognition unless facts and circumstances indicate otherwise. While VPIS is setting premium rates to grow or maintain capital, then no contracts will be assumed to be onerous at initial recognition. Setting premium rates with the intent of reducing capital may indicate the contracts fall into the definition of onerous and this will be addressed at the time.



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### Recognition

The Society recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date for a group of onerous contracts, if facts and circumstances indicate that the group is onerous. However, the Society delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Society recognises an onerous group of underlying insurance contracts if the Society entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date. The Society adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

### Contract boundary

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

- The Society has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or;
- Both of the following criteria are satisfied:
  - The Society has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

### Insurance contracts – initial measurement

The Society applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. The initial liability for remaining coverage relates to premiums received.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### Reinsurance contracts held – initial measurement

The Society measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Society recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Society establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Society calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Society expects to recover from the group of reinsurance contracts held. The Society uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

### Insurance contracts – subsequent measurement

The Society measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Society estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Society, and include an explicit adjustment for non-financial risk (the risk adjustment). Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Society recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component would be established by the Society for the liability for remaining coverage for such onerous group depicting the losses recognised.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### Insurance contracts – modification and derecognition

The Society derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

### Presentation

The Society has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities. The Society disaggregates the total amount recognised in the statement of comprehensive revenue and expenses into an insurance service result, comprising insurance revenue and insurance service expense. The Society does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result. The Society separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

### Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Society allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

### Loss-recovery components

As described in policy above, where the Society recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Society establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

### Insurance finance revenue or expenses

Insurance finance revenue or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

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

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### Net revenue or expenses from reinsurance contracts held

The Society presents separately on the face of the statement of comprehensive revenue and expenses, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Society treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

### 5.3 Financial Instruments

Bonds and equities are recorded at FVTSD. All other financial assets are classified under the amortised cost.

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Society considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Society considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;

*Financial assets - Subsequent measurement and gains*

Equity investments at FVTSD All assets are subsequently measured at fair value, with all movement being recorded through surplus and deficit. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 5 Material Accounting Policy Information (cont)

### 5.4 Receivables from Exchange Transactions

Accounts receivable from exchange transactions are non-interest bearing and receipt is normally due in 30 days. Therefore, the carrying value of receivables approximates its fair value. As at 30 September 2024 and 30 September 2023, all overdue balances have been assessed for impairment and no allowance was necessary. Because all debtors are members of the society or the reinsurer, it is considered there is a low risk of uncollectibility.

For financial assets, the Society applies the simplified approach permitted by PBE IPSAS 41, which requires expected lifetime losses ("ECLs") to be recognised from initial recognition.

All receivables are subject to credit risk exposure.

### 5.5 Investment Property

The investment property is held to earn rentals and/or for capital appreciation. Investment property is initially measured at cost and subsequently measured at fair value with fair value gains/losses being recognised in surplus or deficit.

### 5.6 Income Tax

VPIS is exempt from income tax under the Veterinary Services Bodies provisions of Section CW50 of the Income Tax Act 2007.

### 5.7 Goods and Service Tax (GST)

The financial statements have been prepared on a GST exclusive basis, except for accounts receivables and accounts payable which are stated inclusive of GST. Insurance contract liability and reinsurance contract asset related receivables and payables are incorporated into the respective insurance contract liabilities and reinsurance contract asset balances, and are stated inclusive of GST.

### 5.7 Software as a Service

Software-as-a-Service (SaaS) arrangements are service contracts providing the Society with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred may be for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meet the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 6 Insurance service expense

The breakdown of insurance service expenses is presented below:

	2024	2023
Incurring claims and other expenses	1,304,762	913,460
Amortisation of insurance acquisition cash flows	-	-
Losses on onerous contracts and reversals of those losses	-	-
Changes to liabilities for incurred claims	572,607	(123,770)
Impairment of assets for insurance acquisition cash flows	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-
Insurance acquisition cash flows expensed as incurred	156,995	130,697
<b>Total</b>	<b>2,034,364</b>	<b>920,387</b>

## 7 Investment income

The breakdown of investment income presented below:

	2024	2023
Interest revenue calculated using the effective interest method	130,470	93,879
Dividend revenue	33,158	28,067
Net fair value gains/(losses) on financial assets at fair value through surplus or deficit	203,045	248
Other investment income	28,104	70,604
Unrealised gains/(losses) on valuation of property	(32,500)	-
Investment management fees	(19,323)	(13,116)
<b>Total amounts recognised in the profit or loss</b>	<b>342,954</b>	<b>179,682</b>
<b>Amounts recognised in OCI</b>	<b>-</b>	<b>-</b>
<b>Total investment income</b>	<b>342,954</b>	<b>179,682</b>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 8 Insurance finance income/(expenses) from insurance contracts issued

The table below presents an analysis of total insurance finance result recognised in profit or loss and OCI in the period:

	2024	2023
Interest accreted to insurance contracts using current financial assumptions	22,902	(52,990)
Interest accredited to insurance contracts using lockedin rate	-	-
Due to changes in interest rates and other financial assumptions	-	-
Net foreign exchange income/(expenses)	-	-
<b>Insurance finance income/(expenses) from insurance contracts issued</b>	<b>22,902</b>	<b>(52,990)</b>
<b>Total amounts recognised in the profit or loss</b>	<b>22,902</b>	<b>(52,990)</b>
<b>Amounts recognised in OCI</b>	<b>-</b>	<b>-</b>
<b>Total insurance finance income/(expenses)</b>	<b>22,902</b>	<b>(52,990)</b>

## Reinsurance finance income/(expenses) from reinsurance contracts issued

The table below presents an analysis of total reinsurance finance result recognised in profit or loss and OCI in the period:

	2024	2023
Interest accreted to reinsurance contracts using current financial assumptions	(21,029)	49,044
<b>Changes in non-performance risk of reinsurer</b>	<b>-</b>	<b>-</b>
Net foreign exchange income/(expenses)	-	-
<b>Reinsurance finance income/(expenses) from insurance contracts issued</b>	<b>-</b>	<b>-</b>
<b>Total amounts recognised in the profit or loss</b>	<b>(21,029)</b>	<b>49,044</b>
<b>Amounts recognised in OCI</b>	<b>-</b>	<b>-</b>
<b>Total reinsurance finance income/(expenses)</b>	<b>(21,029)</b>	<b>49,044</b>



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 9 Other expenses

The breakdown of investment income presented below:

	2024	2023
Administration	330,600	206,004
Depreciation and amortisation	88,208	84,161
Personnel - employee benefits	336,060	315,543
Project expenses	380,978	392,003
<b>Total other expenses</b>	<b>1,135,846</b>	<b>997,711</b>

## 10 Investments

The breakdown of financial assets measured at FVPL is, as follows:

	As at 30 September 2024	As at 30 September 2023
<b>Current</b>		
Debt instruments	411,084	-
<b>Total current investments</b>	<b>411,084</b>	<b>-</b>
<b>Non-Current</b>		
Debt instruments	1,424,410	795,882
Equity securities	885,776	526,192
<b>Total non-current investments</b>	<b>2,310,186</b>	<b>1,322,074</b>
<b>Total equity and debt instruments at FVPL</b>	<b>2,721,270</b>	<b>1,322,074</b>

All investments are categorised as utilised investments.

## 11 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	As at 30 September 2024			As at 30 September 2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
<b>Total Insurance contracts issued</b>	-	1,739,178	(1,739,178)	-	1,176,040	(1,176,040)
<b>Total Reinsurance contracts held</b>	1,156,729	-	1,156,729	614,094	-	614,094

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 11 Insurance and reinsurance contracts (cont)

### Insurance Contract Liabilities

As at 30 September 2024					
		Liabilities for remaining coverage	Liabilities for incurred claims		
	Ref	Excl loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets as at 1/10/23		-	-	-	-
Insurance contract liabilities as at 1/10/23		-	895,438	7,323	902,761
Adjustment from adoption of IFRS 17		5,623	58,756	208,900	273,279
<b>Net insurance contract (assets)/liabilities as at 1/10/23</b>		<b>5,623</b>	<b>954,194</b>	<b>216,223</b>	<b>1,176,040</b>
Insurance revenue		(2,850,187)	-	-	(2,850,187)
Insurance service expenses		-	1,923,469	110,895	2,034,364
- Incurred claims and other expenses		-	1,304,762	-	1,304,762
- Insurance acquisition cash flows expensed as incurred		-	156,995	-	156,995
- Changes to liabilities for incurred claims		-	461,712	110,895	572,607
<b>Insurance services result before reinsurance contracts held</b>		<b>(2,850,187)</b>	<b>1,923,469</b>	<b>110,895</b>	<b>(815,823)</b>
<b>Insurance finance income</b>	<b>a</b>	<b>-</b>	<b>(18,465)</b>	<b>(4,437)</b>	<b>(22,902)</b>
<b>Total changes in the statement of comprehensive revenue and expenses</b>		<b>(2,850,187)</b>	<b>1,905,004</b>	<b>106,458</b>	<b>(838,725)</b>

### Cash flows

Premiums received	<b>b</b>	2,845,647	-	-	2,845,647
Claims and other expenses paid		-	(1,286,789)	-	(1,286,789)
Insurance acquisition cash flows		-	(156,995)	-	(156,995)
<b>Total cash flows</b>		<b>2,845,647</b>	<b>(1,443,784)</b>	<b>-</b>	<b>1,401,863</b>
<b>Net insurance contract (assets)/liabilities as at 30/9/24</b>		<b>1,083</b>	<b>1,415,414</b>	<b>322,681</b>	<b>1,739,178</b>
Insurance contract assets as at 30/9/24		-	-	-	-
Insurance contract liabilities as at 30/9/24		1,083	1,415,414	322,681	1,739,178
<b>Net insurance contract (assets)/liabilities as at 30/9/24</b>		<b>1,083</b>	<b>1,415,414</b>	<b>322,681</b>	<b>1,739,178</b>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 11 Insurance and reinsurance contracts (cont)

As at 30 September 2023					
		Liabilities for remaining coverage	Liabilities for incurred claims		
	Ref	Excl loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract assets as at 1/10/22		-	-	-	-
Insurance contract liabilities as at 1/10/22		(16,236)	994,742	229,520	1,208,026
<b>Net insurance contract (assets)/liabilities as at 1/10/22</b>		<b>(16,236)</b>	<b>994,742</b>	<b>229,520</b>	<b>1,208,026</b>
Insurance revenue		(2,639,028)	-	-	(2,639,028)
Insurance service expenses		-	790,073	130,314	920,387
- Incurred claims and other expenses		-	913,461	-	913,461
- Insurance acquisition cash flows		-	130,697	-	130,697
- Changes to liabilities for incurred		-	(254,085)	130,314	(123,771)
<b>Insurance services result before reinsurance contracts held</b>		<b>(2,639,028)</b>	<b>790,073</b>	<b>130,314</b>	<b>(1,718,641)</b>
<b>Insurance finance expenses</b>	<b>a</b>	<b>-</b>	<b>52,990</b>	<b>-</b>	<b>52,990</b>
<b>Total changes in the statement of comprehensive revenue and expenses</b>		<b>(2,639,028)</b>	<b>843,063</b>	<b>130,314</b>	<b>(1,665,651)</b>
<b>Cash flows</b>					
Premiums received	<b>b</b>	2,660,887	-	-	2,660,887
Claims and other expenses paid		-	(752,915)	(143,611)	(896,526)
Insurance acquisition cash flows		-	(130,697)	-	(130,697)
<b>Total cash flows</b>		<b>2,660,887</b>	<b>(883,612)</b>	<b>(143,611)</b>	<b>1,633,664</b>
<b>Net insurance contract (assets)/liabilities as at 30/9/23</b>		<b>5,623</b>	<b>954,193</b>	<b>216,223</b>	<b>1,176,039</b>
Insurance contract assets as at 30/9/23		-	-	-	-
Insurance contract liabilities as at 30/9/23		5,623	954,194	216,223	1,176,040
<b>Net insurance contract (assets)/liabilities as at 30/9/23</b>		<b>5,623</b>	<b>954,194</b>	<b>216,223</b>	<b>1,176,040</b>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 11 Insurance and reinsurance contracts (cont)

### Reinsurance Contract Assets

As at 30 September 2024					
		Asset for Remaining Coverage	Amounts Recoverable on incurred claims		
	Ref	Excl loss- recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets as at 1/10/23		-	831,063	-	831,063
Reinsurance contract liabilities as at 1/10/23		-	-	-	-
Adjustment from adoption of IFRS 17		18,952	(443,687)	207,766	(216,969)
<b>Net reinsurance contract assets/(liabilities) as at 1/10/23</b>		<b>18,952</b>	<b>387,376</b>	<b>207,766</b>	<b>614,094</b>
An allocation of reinsurance premiums		(960,405)	-	-	(960,405)
Amounts recoverable from reinsurers for incurred claims		-	1,027,006	107,811	1,134,817
- Amounts recoverable for incurred claims and other expenses		-	602,575	-	602,575
- Changes to amounts recoverable for incurred claims		-	424,431	107,811	532,242
<b>Net income or expense from reinsurance contracts held</b>		<b>(960,405)</b>	<b>1,027,006</b>	<b>107,811</b>	<b>174,412</b>
<b>Reinsurance finance expenses</b>	<b>a</b>	<b>-</b>	<b>(16,769)</b>	<b>(4,260)</b>	<b>(21,029)</b>
<b>Effect of movements in the exchange rates</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total changes in the statement of comprehensive revenue and expenses</b>		<b>(960,405)</b>	<b>1,010,237</b>	<b>103,551</b>	<b>153,383</b>
<b>Cash flows</b>					
Premiums paid	<b>b</b>	941,453	-	-	941,453
Amounts received		-	(552,201)	-	(552,201)
<b>Total cash flows</b>		<b>941,453</b>	<b>(552,201)</b>	<b>-</b>	<b>389,252</b>
<b>Net reinsurance contract assets/(liabilities) as at 30/9/24</b>		<b>-</b>	<b>845,412</b>	<b>311,317</b>	<b>1,156,729</b>
Reinsurance contract assets as at 30/9/24		-	845,412	311,317	1,156,729
Reinsurance contract liabilities as at 30/9/24		-	-	-	-
<b>Net reinsurance contract assets/(liabilities) as at 30/9/24</b>		<b>-</b>	<b>845,412</b>	<b>311,317</b>	<b>1,156,729</b>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 11 Insurance and reinsurance contracts (cont)

As at 30 September 2023					
		Asset for Remaining Coverage	Amounts Recoverable on incurred claims		
	Ref	Excl loss - recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets as at 1/10/22		13,298	650,124	221,438	884,860
Reinsurance contract liabilities as at 1/10/22		-	-	-	-
<b>Net reinsurance contract assets/(liabilities) as at 1/10/22</b>		<b>13,298</b>	<b>650,124</b>	<b>221,438</b>	<b>884,860</b>
An allocation of reinsurance premiums		(880,673)	-	-	(880,673)
Amounts recoverable from reinsurers for incurred claims		-	80,583	124,641	205,224
- Amounts recoverable for incurred claims and other expenses		-	319,703	-	319,703
- Changes to amounts recoverable for incurred claims		-	(239,120)	124,641	(114,479)
<b>Net income or expense from reinsurance contracts held</b>		<b>(880,673)</b>	<b>80,583</b>	<b>124,641</b>	<b>(675,449)</b>
<b>Reinsurance finance income</b>	<b>a</b>	<b>-</b>	<b>49,044</b>	<b>-</b>	<b>49,044</b>
<b>Effect of movements in the exchange rates</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total changes in the statement of comprehensive revenue and expenses</b>		<b>(880,673)</b>	<b>129,627</b>	<b>124,641</b>	<b>(626,405)</b>
<b>Cash flows</b>					
Premiums paid	<b>b</b>	886,326	-	-	886,326
Amounts received		-	(392,375)	(138,313)	(530,688)
<b>Total cash flows</b>		<b>886,326</b>	<b>(392,375)</b>	<b>(138,313)</b>	<b>355,638</b>
<b>Net reinsurance contract assets/(liabilities) as at 30/9/23</b>		<b>18,952</b>	<b>387,376</b>	<b>207,766</b>	<b>614,094</b>
Reinsurance contract assets as at 30/9/23		18,952	387,376	207,766	614,094
Reinsurance contract liabilities as at 30/9/23		-	-	-	-
<b>Net reinsurance contract assets/(liabilities) as at 30/9/23</b>		<b>18,952</b>	<b>387,376</b>	<b>207,766</b>	<b>614,094</b>

### Notes

- a. The Society has made an accounting policy choice for the product line to disaggregate insurance finance expense between profit or loss and other comprehensive income.
- b. Any refunds of premiums have been included in this line.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 12 Investment Property

VPIS has a 25% ownership in the land and building situated at Level 2, 44 Victoria Street, Wellington, the principal place of operation. Ownership is shared with New Zealand Veterinary Association (NZVA) and the New Zealand Veterinary Trust (as successors to the New Zealand Veterinary Association Foundation for Continuing Education) under an agreement for purchase dated August 2006. VPIS is restricted from disposing of the asset since it owns only 25% of the property. There are no contractual obligations to purchase, construct, develop the property or for maintenance and enhancements. VPIS receives rental income from NZVA.

Investment property is stated at fair value. The most recent revaluation was done with an effective date of 30 September 2024. The valuation was performed by an independent valuer, being Jon Parker, BBS, ANZIV, SPINZ of Darroch Property Advisors & Valuers.

The valuation was based on capitalising the potential net income at an appropriate market derived rate of return to arrive at a capitalised value. Key assumptions used in determining the value of the investment property were as follows:

- Capitalisation rate (market income) - 8.25% (2023: 7.75%)
- Rate per square metre Building – \$3,500 - \$3,600 psm (2023: \$3,800 - \$3,850 psm)
- Range of equivalent yields (Market rental/sale price adjusted for vacancy, capital expenditure, etc) – 6.79% to 9% (2023: 6.75% to 8%).
- Market rental assessment – \$126,286 (2023: \$129,245) based on a comparison with recent leasing and reviews of similar premises in the near locality.

Investment Property	Opening Cost	Opening Fair Value gain (loss)	Additions	Fair Value Gain (loss)	Carrying amount
	\$	\$	\$	\$	\$
<b>2024</b>	253,65	156,342	-	(32,500)	377,500
<b>2023</b>	253,658	113,842	-	42,500	410,000

Significant inputs used together with the impact on fair value of a change in inputs:

	Range of significant unobservable inputs for 30 September 2024	Impact of fair value measurement	
		Increase to	Decrease to input
Rate per square meter building	\$1,563 - \$4,030 psm	Increase	Decrease
Range of equivalent yields	6.79% - 9.00%	Increase	Decrease
Capitalisation Rate (Market Income)	8.25%	Decrease	Increase

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 13 Audit fees

Audit fees of \$53,100 (2023: \$35,250), Solvency fees of \$5,000 (2023: \$6,600) and fees of \$8,000 in relation to the audit of the statement of service performance were paid to Deloitte Limited and RSM Hayes Audit for 2024 and Deloitte Limited for 2023.

Solvency fees, relate to the review engagement by which RSM Hayes Audit will review the annual Solvency Return as at 30 September 2024, prepared in accordance with the Solvency Standard for Non-life insurance Business 2014 published by the Reserve Bank of New Zealand ('RBNZ'). Fees in relation to the additional work to audit the statement of service performance for the first year were expected to be one off in nature.

## 14 Cash and Cash Equivalents

The carrying value of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on daily deposit balances. Short term deposits for original maturities from 30 days to 180 days were earning interest rates of between 0.45% and 0.85%. There are currently no short-term deposits. On Call rates were 0.05%.

Cash held on behalf by JBWere earns interest at floating rates on daily deposit balances.

	As at 30 September 2024	As at September 2023
	\$	\$
Cash held at Bank	364,007	170,823
Cash held in Investment Portfolio	674,270	1,983,961
	<u>1,038,277</u>	<u>2,154,784</u>

Per annum annual interest rate ranges applicable to components of cash and cash equivalents:

	As at 30 September 2024	As at September 2023
	\$	\$
Cash held at Bank	2.6%	2.7%
Cash held in Investment Portfolio	<u>0% - 5.5%</u>	<u>3.57% - 5.29%</u>

There are no restrictions over any of the cash and cash equivalents held by the Society.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 15 Classification of Financial assets and liabilities

VPIS is exposed to various risks in relation to financial instruments. VPIS's financial assets and liabilities by category are summarised below:

	As at 30 September 2024	As at 30 September 2023
	\$	\$
<b>Financial Assets at Amortised Cost</b>	1,038,277	2,154,784
Cash and Cash Equivalents	2,693	2,693
Other Receivables from exchange transactions		
<b>Financial Assets at Fair Value through surplus &amp; deficit</b>		
Investments	2,310,186	1,322,074
<b>Total Financial Assets</b>	<b>3,351,156</b>	<b>3,479,551</b>
 <b>Financial Liabilities at Amortised Cost</b>		
Other payable from exchange transactions	115,151	93,423
<b>Total Financial Liabilities at Amortised Cost</b>	<b>115,151</b>	<b>93,423</b>

All Financial Assets at Fair Value through Profit and Loss have previously been measured at fair value through profit and loss. Therefore, there is no change of treatment under PBE IPSAS 41 Financial Instruments.

## 16 Commitments, contingent assets and contingent liabilities

There were no commitments, contingent assets and/or contingent liabilities at period end (2023:nil).

## 17 Related party transactions

### Rental

VPIS receives rental income from New Zealand Veterinary Association Incorporated (NZVA) who occupies the premises.

Rental Income received for the period was \$28,104 (2023: \$28,104), owed to VPIS as at 30 September 2024 was \$2,693 (2023: \$2,693).



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 17 Related party transactions (cont)

### Management fees & Sponsorship

VPIS is charged by NZVA for management services provided to VPIS as well as sponsorship. All transactions are agreed by the VPIS Board.

Management fees were \$55,692 (2023: \$55,692).

Sponsorship costs were \$15,813 (2023: \$14,625).

Amounts owed to NZVA as at 30 September 2024 were \$6,775 (2023: \$6,775).

### Key management personnel

VPIS services apart from the employees and contractors of VPIS are provided under contract from New Zealand Veterinary Association Incorporated (NZVA). VPIS during the period ended 30 September 2024 had 2 full time employees (FTE).

Total costs incurred for key management personnel for the period was \$200,700, which included a none-off bonus of \$15,000, being 1 FTE (2023: \$176,827, 1 FTE).

A close family member of key management personnel was employed by the Society on normal employment terms. During the year, they became a contractor. The total aggregate remuneration paid to close family members of key management personnel was \$66,387 (2023: \$50,815).

### Fees paid to board members

Board members of VPIS are contracted as insurance assessors from time to time. The Board have determined that if a board member also earns income as an assessor and this amount is less than 2% of the gross annual insurance income then they are deemed to be an independent board member. Board member fees, Audit and Risk Committee fees and membership committee fees paid for the period were \$105,005, 0.36 FTEs (2023: \$77,900, 0.27 FTEs).

Board and Audit and Risk Committee fees owed to Board members as at 30 September 2024 were \$19,528 (2023: \$2,000).

Assessors Fees paid to Board members for the period was \$27,957 (2023: \$80,874).

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 17 Related party transactions (cont)

Board Members received the following payments:

Name		Assessor Fees		Assessor Fees Payable at Balance Date (inc GST)	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
Brendon Bell (Retired)	Board member and assessor	3,710	1,062	-	863
Mark Gilmour	Current board member and director of Mark Gilmour Consulting Limited	14,443	17,623	1,067	16,422
Paul Fraser	Board member and director of Landeg Holding Company Limited	9,804	11,660	530	705
Tanya Page (Retired)	Board member and assessor	-	46,097	-	6,932
Vince Peterson (Retired)	Board member and assessor	-	4,432	-	-
		<b>27,957</b>	<b>80,874</b>	<b>1,597</b>	<b>24,922</b>

## Related Party Insurance Claims & Revenue

Dr Mark Gilmour is a current board member and director of Mark Gilmour Consulting Limited. During the year, Mark Gilmour Consulting Limited paid insurance premium's of \$905 to the Society.

Dr Stephen Hopkinson is a current board member and CEO of Taranaki Veterinary Centre. During the year, they paid insurance premium's of \$30,571 to the Society.

Michael Lange is a current board member and director of Epivets Limited and CEO of Te Awamutu Veterinary. During the year, they paid insurance premium's of \$8,884 and \$46,035 to the Society and \$4,902 was paid in insurance claims from the Society.

## 18 Potential legal costs

As mentioned in the 2023 audited financial statements, there is an ongoing defence of allegations made by a former service provider, from 2018. VPIS now consider the matter closed. There are no other potential legal costs.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management

The Society is exposed to a number of risks in the normal course of business, specifically insurance risk, credit risk, liquidity risk and interest rate risk. The Board recognise the importance of having effective risk management and have put in place a comprehensive risk management programme. The Society has an Audit and Risk committee, which meet quarterly, headed by a Chairperson. These members are also Board Members.

### Insurance risk

The Society is exposed to insurance risk through its insurance activities. Uncertainty (or risk) is the essence of an insurance contract. At least one of the following is uncertain at the inception of an insurance contract:

- the probability of an insured event occurring
- when it will occur, or
- how much the entity will need to pay if it occurs.

The risk accepted from the policyholder must be insurance risk. Insurance risk is defined as a risk, other than financial risk, transferred from the holder of a contract to the issuer. The key risk is that of claims costs varying significantly from what was assumed in the setting of premium rates and putting pressure on the solvency and liquidity of the Society. The Society mitigates the risks arising from insurance contracts by using reinsurance and structuring its investment portfolio and financial policies to allow for sufficient cash flow during periods of volatility. The Society's insurance risk is concentrated to within the veterinary sector.

The Society structures the levels of risk it accepts by placing limits on its exposure by having reinsurance in place to cover amounts that exceed \$50,000 in one claim or \$200,000 over one insurance year. Reinsurance is used to manage insurance risk.

The Society only issues professional indemnity insurance.

The objective of the Society is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance contracts that it issues and reinsurance contracts it holds. The risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Society. The Society further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

Inflation risk is mitigated by tying premiums to member turnover and by taking expected inflation into account and pricing appropriately.

The Society purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on a proportional basis.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

### Sensitivities

### Maturity profiles

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets of the Society based on remaining undiscounted contractual cash flows, including interest receivable:

As at 30 September 2024							
	Up to 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	1,038,277	-	-	-	-	-	<b>1,038,277</b>
Equity and debt instruments at FVPL	1,167,929	328,347	60,475	167,264	213,559	372,612	<b>2,310,186</b>
<b>Total</b>	<b>2,206,206</b>	<b>328,347</b>	<b>60,475</b>	<b>167,264</b>	<b>213,559</b>	<b>372,612</b>	<b>3,348,463</b>

As at 30 September 2023							
	Up to 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	2,154,784	-	-	-	-	-	<b>2,154,784</b>
Equity and debt instruments at FVPL	892,547	88,025	94,925	78,764	-	167,813	<b>1,322,074</b>
<b>Total</b>	<b>3,047,331</b>	<b>88,025</b>	<b>94,925</b>	<b>78,764</b>	<b>-</b>	<b>167,813</b>	<b>3,476,858</b>

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

### Current and non-current assets and liabilities

The table below summarises the expected utilisation or settlement of assets and liabilities:

	As at 30 September 2024			As at 30 September 2023		
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
<b>Financial Assets</b>						
Cash and cash equivalents	1,038,277	-	<b>1,038,277</b>	2,154,784	-	<b>2,154,784</b>
Equity and debt instruments at FVPL	1,167,929	1,142,257	<b>2,310,186</b>	892,547	429,527	<b>1,322,074</b>
<b>Insurance contract assets</b>						
Reinsurance held	1,167,417	-	<b>1,167,417</b>	614,094	-	<b>614,094</b>
<b>Insurance contract liabilities</b>						
Insurance issued	(1,739,178)	-	<b>(1,739,178)</b>	(1,176,040)	-	<b>(1,176,040)</b>
<b>Total</b>	<b>1,634,445</b>	<b>1,142,257</b>	<b>2,776,702</b>	<b>2,485,385</b>	<b>429,527</b>	<b>2,914,912</b>

### Significant judgements and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

### Liability for remaining coverage Insurance acquisition cash flows

For insurance premiums, the Society is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is because all insurance contracts issued have a coverage period of one year or less.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

### Time value of money

The Society adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

### Financial assets

#### Impairment losses on financial assets

The measurement of impairment losses under IPSAS 41 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the simplified approach.

#### Credit risk

Credit risk is the potential risk of loss arising from the failure of a debtor or counterparty to meet their contractual obligations. In the normal course of its business the Society incurs credit risk from investment in financial assets. The Society maintains policies which are used to manage the exposure to credit risk. Limits on counter-party exposures have been set and are monitored on an ongoing basis. In addition, the RBNZ has issued concentration risk limits, as part of its solvency standards. The maximum exposure to credit risk at the end of the reporting period is the amount of financial assets and the reinsurance contract assets stated in the statement of financial position. These exposures are net of any recognised allowance for impairment losses. The Society does not require any collateral or security to support financial assets due to the quality of the counterparty organisations.

The Society has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the entity is exposed to credit risk are:

- Reinsurers' share of insurance liabilities.
- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from money market and cash positions.

Liquidity and market risk are managed by VPIS through the reinsurance agreement and through limited cover explained above. VPIS's reinsurance provider has a financial risk rating of A+. Up to 30 September 2022, as a small insurer, VPIS was not required to have a credit rating. From 1 October 2022 VPIS was required to obtain a credit rating. VPIS has obtained their first credit rating in May 2022 and has been given a B (fair) insurer financial strength rating by AM Best.

#### Cash and cash equivalents

The Society has a total of \$1,038,277 (2023: \$2,154,784) of cash and cash equivalents with financial institutions. It is the Society's policy to only have cash and cash equivalents and investments held in financial institutions that have a Standard and Poor's Short-Term rating of A-2 or Long-Term credit rating of A.

The spread of the Society's cash and cash equivalents between different financial institutions as at 30 September 2024:

- Westpac Bank: Credit Rating AA- to A+, % of funds held 35.06% (2023: AA- to A+, 7.93%)
- JBWere: Credit Rating: Not Applicable as not required, % of funds held 64.94% (2023: NA, 92.07%)

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

### Debt instruments

The Society has a total of \$1,835,494 (2023: \$795,588) invested in debt securities. At reporting date, all debt instruments were in public debt securities, with no investment in private debt securities.

During the period an impairment loss of \$nil was recognised in respect to private debt securities due to financial difficulties of the issuer.

Contractual maturities and interest rates of debt securities as at 2024:

Maturity	Year Ended	Interest Rates
1 Year	Year ended 30 September 2025	1.735% - 4.21%
2 Year	Year ended 30 September 2026	1.65% - 2.16%
3 Year	Year ended 30 September 2027	3.696% - 5.36%
4 Year	Year ended 30 September 2028	5.737% - 5.82%
5 Year	Year ended 30 September 2029	5.21% - 6.78%
5+ Years		2.99% - 6.42%

### Liquidity risk

The Society is exposed to daily calls on its available cash resources from claims and administration expenses. Liquidity risk is the risk that payment of financial liability obligations may not be met in a timely manner at a reasonable cost.

The Society ensures that the maturity profile of its short-term liquid financial assets (such as cash and cash equivalents, and trade receivables) is sufficient to meet the contractual cash flow obligations of its financial liabilities.

The portfolio is managed to ensure funds are available to meet such calls to cover claims and expenses at unexpected levels of demand.

### Market risk

Market risk arises from the Society's use of financial instruments that are interest bearing, denominated in foreign currencies, and/or traded in public markets. Specifically, market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). Market risk is managed through a diversified portfolio of bonds, equity and cash in line with the risk appetite of the Society as outlined in the Statement of Investment Policy and Objectives.

### Interest rate risk

The Society invests in term investments and cash at call held in financial institutions. There is a risk that any movement in interest rates could have an effect on the profitability and cash flows. The Society maintains a spread of maturity profiles to mitigate this risk.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

	Weighted average interest rate		Nominal amounts	
	2024	2023	2024	2023
Cash held at Bank	2.6%	2.7%	27,056	10,553
Cash held in Investment portfolio	0% - 5.5%	3.57% - 5.29%	38,984	78,619
Debt securities (NZ public bonds)	1.65% - 6.78%	1.65% - 5.36%	9,594	4,706
			<b>75,634</b>	<b>93,878</b>

### Foreign currency risk

The Society is exposed to foreign currency risk in respect of its financial assets and liabilities that it holds in foreign currencies.

The Society's exposure to foreign currency risk is presented below:

	2024				
	AUD	USD	GBP	EURO	JPY
<b>Financial assets:</b>					
Cash and cash equivalents	988	1,416	488	125	537
Receivables (exchange transactions)	-	-	-	-	-
Debt securities (bonds)	-	-	-	-	-
Derivative assets (shares)	271,883	316,174	23,054	52,904	-
<b>Total</b>	<b>272,871</b>	<b>317,590</b>	<b>23,542</b>	<b>53,029</b>	<b>537</b>
<b>Financial liabilities:</b>					
Payables (exchange transactions)	-	-	-	-	-
<b>Net exposure to foreign currency risk</b>	<b>272,871</b>	<b>317,590</b>	<b>23,542</b>	<b>53,029</b>	<b>537</b>
	2023				
	AUD	USD	GBP	EURO	JPY
<b>Financial assets:</b>					
Cash and cash equivalents	2,953	1,034	275	1,451	-
Receivables (exchange transactions)	-	-	-	-	-
Debt securities (bonds)	-	-	-	-	-
Derivative assets (shares)	131,477	218,447	10,153	54,711	-
<b>Total</b>	<b>134,430</b>	<b>219,481</b>	<b>10,428</b>	<b>56,162</b>	<b>-</b>
<b>Financial liabilities:</b>					
Payables (exchange transactions)	-	-	-	-	-
<b>Net exposure to foreign currency risk</b>	<b>134,430</b>	<b>219,481</b>	<b>10,428</b>	<b>56,162</b>	<b>-</b>



# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 19 Financial risk management (cont)

### Price risk

The Society is exposed to price risk in respect of its publicly listed debt and equity instruments. In respect of its publicly listed debt instruments, the Society manages this risk by spreading the holdings across varying maturity dates and issuers. In respect of its publicly listed equity instruments, the Society manages this risk indirectly by requiring that the portfolio is spread across different sectors with various amounts of systematic risk to movements in the economy as a whole.

The Society's maximum exposure to price risk is presented below:

<b>New Zealand</b>	<b>As at 30 September 2024</b>	<b>As at 30 September 2023</b>
Debt Securities (publicly - listed)	1,835,494	795,881
Equity Securities (publicly listed)	221,762	111,404
<b>Australia</b>		
Equity Securities (publicly listed)	271,883	131,477
<b>United States</b>		
Equity Securities (publicly listed)	316,174	218,447
<b>Great Britain</b>		
Equity Securities (publicly listed)	23,054	10,153
<b>Europe</b>		
Equity Securities (publicly listed)	52,905	54,711

## 20 Capital management & solvency

During the year the Society has applied the newly developed Internal Capital Adequacy Assessment Process ('ICAAP') framework to prioritise capital management in decision making.

The objectives of the Society with regard to capital management are to:

- Maintain a level of target surplus which creates a buffer over minimum regulatory capital while still allowing for efficient use of capital;
- Maintain a strong capital base to cover the inherent risks of the business; and
- Support the future development and growth of the business to maximise member value.

The Board has the ultimate responsibility for managing capital and compliance with the Interim Solvency Standard 2023, as amended from time to time, issued by RBNZ ('Solvency Standard'). The Board approves the capital policy and minimum capital levels and limits. Minimum capital levels are set based on maintaining a target surplus in excess of solvency margin requirements under the Solvency Standard. The Audit and Risk Committee oversees the capital computations and advises the Board on capital management and solvency. In addition, the Society manages its required level of capital through analysis and optimisation of the Society's product and asset mix, reinsurance programme, insurance risk exposure and investment strategy.

# VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

## 20 Capital management & solvency (cont)

During the 30 Sept 2023 year, once the small insurer exemptions no longer applied, VPIS was subject to forbearance conditions issued by RBNZ in relation to not immediately meeting the required solvency capital level. Since May 2023, VPIS has met the requirements of the Solvency Standard.

	30 September 2024	30 September 2023
Solvency capital	3,710,000	3,179,000
Prescribed capital Requirement	3,000,000	3,000,000
Solvency margin	710,000	179,000
Solvency ratio	124%	106%

The solvency capital, solvency margin and solvency ratio as 30 September 2024 and 30 September 2023 are not directly comparable due to the change in the solvency standard effective for VPIS from 1 October 2023.

## 21 Events subsequent to reporting date

There were no events that have occurred after reporting date that would have a material impact on the Financial Report.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Veterinary Professional Insurance Society Incorporated

### Opinion

We have audited the general purpose financial report (hereinafter referred to as 'financial report') of Veterinary Professional Insurance Society Incorporated (the 'Society'), which comprises the financial statements on pages 11 to 27 and the service performance information on pages 3 to 9. The complete set of financial statements comprises the statement of financial position as at 30 September 2024, the statement of total comprehensive revenue and expenses, statement of changes in net assets, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial report presents fairly, in all material respects:

- the financial position of the Society as at 30 September 2024, its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 September 2024 in accordance with the Society's service performance criteria.

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

### Basis for opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Society in accordance with Professional and Ethical Standard 1 *International Code of*

*Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the

New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other services for the Society in the areas of assurance over the Society's solvency return. The provision of these other services has not impaired our independence as auditor of the Society. Other than in our capacity as auditor and assurance provider, we have no relationship with, or interests in, the Society.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. We identify two key audit matters, which were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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## Why we considered this to be a key audit matter

### Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets

As disclosed in Note 11, the Society has insurance contract liabilities of \$1,739,178 and reinsurance contract assets of \$1,156,729. The Society's insurance contract liabilities and reinsurance contract assets were significant to our audit due to the size of these balances, and the subjectivity, complexity, and uncertainty inherent in estimating the expected cash flows and profit margins, relevant to their determination.

Determining expected cash flows include maintenance expenses, claims, and require the use of key assumptions including risk adjustments and discount rates.

Management engaged an external actuarial expert to estimate the Society's insurance contract liabilities and reinsurance contract assets as at 30 September 2024.

### How we addressed this key audit matter:

- Evaluated the design of the key controls over insurance contract origination, ongoing administration, claims management and reporting, and the integrity of the related data;
- Carried out a combination of control and substantive procedures over the Society's notified and paid claims; and
- Obtained an understanding and evaluated the Society's internal controls relevant to the accounting estimates used to determine the valuation of the Society's insurance contract liabilities and reinsurance contract assets;
- Evaluated the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work for determining insurance contract liabilities and reinsurance contract assets;
- On a sample basis, agreed the data provided to Management's external actuarial expert to the Society's records;
- Engaged our own actuarial expert to assist in understanding and evaluated:
  - the work and findings of the Society's external actuarial expert engaged by Management;
  - the Society's actuarial methods and assumptions to assisted us in challenging the appropriateness of actuarial methods and assumptions used by Management; and
  - evaluated the selection of methods and assumptions with a view to identify management bias.
- Evaluated the related disclosures (including the accounting policies and accounting estimates) about insurance contract liabilities and reinsurance contract assets, and the risks attached to them, which are included in Notes 3 and 11.

### Adoption of NZ IFRS 17 Insurance Contracts

As disclosed in Note 4, effective 1 October 2022, the Society applied a new accounting standard PBE IFRS 17: *Insurance Contracts* ('PBE IFRS 17'). The

### How we addressed this key audit matter:

- Assessed the accounting policies, measurement models, and methodologies

## Why we considered this to be a key audit matter

adoption of PBE IFRS 17 was significant to our audit due to the subjectivity, complexity, and uncertainty inherent in determining the overall impact of the transition to PBE IFRS 17 on adoption, including:

- the determination of the applicability of the premium allocation approach (PAA) to the existing contracts;
- the use of the full retrospective approach in estimating the impact on transition;
- the identification of groups of contracts with similar risks which are managed together;
- The adoption of principles regarding:
  - the determination of contract boundaries;
  - the identification and assessment of onerous contracts; and
  - the determination of the risk adjustments for non-financial risks and discount rates.

Management engaged an external actuarial expert to assist the Society to determine the impact of the transition at 1 October 2022.

used against the requirements of PBE IFRS 17;

- Together with the use of our external expert, assessed the analysis prepared by management to support the following:
  - the application of PAA to the portfolio of existing contracts;
  - the identification and grouping of contracts considered to be onerous on transition, and
  - the determination of the risk adjustments applied.
- Tested, on a sample basis, the key attributes of contract policy information to assess the groups used for valuation purposes,
- Together with the use of our external expert:
  - Evaluated the methodology used in the determination of the risk adjustment for non-financial risk; and
  - Assessed the overall impact of the transition on net assets at 1 October 2022.
- Evaluated the disclosures related to the change in accounting policies, which are included in Note 4.

## Other Matter

The financial statements of Veterinary Professional Insurance Services Incorporated for the year ended 30 September 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 19 February 2024.

## Other information

The Board is responsible for the other information. The other information comprises the Directory on page 10 (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board for the financial report

The Board is responsible, on behalf of the Society, for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and
- (c) such internal control as the Board determine is necessary to enable the preparation of financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board are responsible for assessing the Society'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 Board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

A further description of the auditor's responsibilities for the audit of the financial report is located at the XRB's website at:



## Who we report to

This report is made solely to the Members of Veterinary Professional Insurance Society Incorporated, as a body. Our audit work has been undertaken so that we might state to the Members 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 Veterinary Professional Insurance Society Incorporated and the Members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Nigel de Frere.

A handwritten signature in blue ink that reads 'RSM'.

**RSM Hayes Audit**  
Auckland

28 February 2025



