

ANNUAL REPORT

2025

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

As we close out another year at VPIS, we reflect on a period of significant change and development for our organisation.

Acknowledgements

This year marks the end of an era with the departure of Alpha Woolrich, who has served as our CEO for the past seven years. Alpha has accepted a senior role at FMG, and while we are saddened to see her move on, the Board is excited for her new opportunities and extends our best wishes for continued success in her future endeavours.

Alpha's leadership has been instrumental in shaping the success and direction of VPIS. As the face of the organisation, she was known for approachability, compassion, and exceptional judgment, particularly in navigating the complexities of professional insurance. Her passion for the industry was evident in every interaction, and beneath her empathetic exterior lay a deep well of expertise that proved essential in our transition from a small insurer to a fully-fledged company compliant with the Insurance Prudential Supervision Act (IPSA).

In light of Alpha's departure, we were pleased to announce that Eric Judd, one of our dedicated Board members, stepped into the role of interim CEO. Eric's leadership and knowledge of the organisation ensured a smooth transition as we move forward. Additionally, we are thrilled to welcome Gavin Rutherford as our new CEO from early March 2026. Gavin brings a comprehensive insurance background and a wealth of experience to the role, and we are confident that under his leadership, VPIS will continue to thrive and adapt to the ever-changing insurance landscape.

At the Board level, recent changes have occurred in line with regulatory requirements. Board members are now limited in their term length, and both Mark Gilmour and Paul Fraser have reached the end of their Board service. Their knowledge and dedication over the years have

been invaluable to VPIS, and while we will miss their leadership, we are pleased that they will remain involved in the organisation through their roles as Assessors and their work with the Membership Subcommittee.

It is also with great pleasure that we welcome Caroline Robertson to the Board. Caroline has joined Mike Lange (ARC Chair), Eric Judd, Stephen Hopkinson, and Roger Wakelin. We look forward to the fresh perspectives and insights she will bring as we continue to build on the strong foundation laid by those before us.

I also extend my heartfelt thanks to our small but dedicated team. Trish Thorpe, who works tirelessly in the office as the Claims manager, answering calls at all hours and managing claims with professionalism and care. Her dedication and hard work are deeply appreciated. We also want to thank Tineal Teu, our Administration Officer whose support is vital to the smooth running of our day-to-day operations.

A special thank you goes to our team of assessors whose hard work and dedication ensure that VPIS remains a "by vets for vets" organisation. Their expertise and commitment to the cause are invaluable, and we are deeply grateful for the role they play in maintaining the integrity and strength of our organisation.

As a small insurer, VPIS relies on the support of external experts. I would also like to express our deep appreciation for the guidance and support provide by:

- Our Board adviser, Adam Davy for his invaluable business experience and advice.
- JB Were, whose expertise helps us improve our investment portfolio. We have made notable strides in optimising our financial strategy, while managing financial risks, which will serve us well in the years to come.
- BDO Wellington for valuable help supporting our accounting and finance needs.

FROM THE BOARD

- Luke Fieldes of PwC as our Appointed Actuary. This year saw a change from Christine Ormrod, who had served as our actuary for many years. We are grateful for the support Christine provided and are excited to continue our partnership with Luke and PwC, who will bring fresh insights and expertise to our actuarial processes
- Our rating agency AM Best. Their recognition of a B rating reflects the strength and stability of our organisation, and we are proud of the work we have done to maintain the trust of our stakeholders. We look forward to building on this positive reputation as we continue to grow and develop.

Financial

Last year, we undertook significant changes in how our financial accounts are compiled, fully adopting the IFRS 17 accounting standard that is now required for our reporting. This year was much smoother thanks to the earlier work undertaken in implementing IFRS 17.

We are pleased to report that, despite the challenges, we ended the year with a slightly better than forecast result, even though it was a small deficit. In spite of the small deficit, our solvency position improved with solvency capital increasing slightly to \$3.72 million to be comfortably above the minimum solvency requirement of \$3 million set by the Reserve Bank's solvency regulations.

In addition, we are proud to present a clean audit report for the year, a testament to the diligence and professionalism of the whole team and our auditors at RSM. We extend our thanks to the auditors for their thorough work and valuable insights.

Reflections

As we reflect on the year, we are incredibly proud of the progress VPIS has made. We are poised to enter the next phase of our development, with a strong leadership, a talented Board, and a committed team ready to meet the challenges of the future. Thank you to our staff, Board members, and all those who have contributed to our success this year. Your hard work and dedication are greatly appreciated.

On behalf of the Board, I look forward to another year of growth and opportunity for VPIS.

Ngairé Dixon



VPIS Board Chair

“As we reflect on the year, we are incredibly proud of the progress VPIS has made. We are poised to enter the next phase of our development, with strong leadership, a talented Board, and a committed team ready to meet the challenges of the future.”

FROM THE CEO

As the Greek philosopher Heraclitus once said, “The only constant is change”. This past year has been one of where, once again, there has been significant changes.

I acknowledge the work and support that has been provided to the CEO’s office by the Board over the past year and especially acknowledge the contributions of Mark Gilmour and Paul Fraser over many years as members of the Board. Although their terms on the Board have ended, their contributions and support continue in other roles.

The other big change that has occurred this past year is the change in Chief Executive. Alpha Woolrich moved on from her role as Chief Executive in November of 2025. Her leadership over the years has brought VPIS to where it is today, through challenging times as the organisation navigated its way through the increasing regulatory compliance requirements. Her support during my brief term as interim CEO has been very much appreciated.

Our new CEO, starting on 2 March 2026, is Gavin Rutherford. He brings a range of experience in senior leadership roles, both in not-for-profit and commercial business environment, including in the insurance industry.

Some highlights for the year include:

- We appreciate the 80% - 85% of our members rated as Good or Very Good our efforts at education, member communication, claims management and pastoral support.
- In a challenging year, with higher than anticipated expenses, we managed to post only a small deficit (a \$43k loss), for the year.

- Our team of assessors form the backbone of our support to our members through the claims process, and once again they have done a great job providing this support.
- The volume of claims for the year ending September 2025 has been similar to the previous year.
- Premium revenue increased by 5% over the previous year, while reinsurance premiums increased by 8%.

Lastly, I want to thank VPIS staff, Trish and Tineal, Stephanie and Richard at NZVA for the support they provide, and our accounting professionals, our actuary, our fund manager, our reinsurers, and our legal teams. They all helped make this year run smoothly.

Eric Judd



Interim VPIS Chief Executive

“I acknowledge the work and support that has been provided to the CEO’s office by the Board over the past year.”

OUR BOARD



Ngaire Dixon | VPIS Board since 2023 BVetMed London 1995

What does your background bring to the job?

In addition to my role as a Veterinary Surgeon and Clinic Manager at the After-Hours Vets Clinic in Christchurch, I have held various leadership and governance positions, including being 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.



Michael Lange | VPIS Board since 2023 BBS

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. With a career in innovation, finance and insurance- including many years in leadership roles for FMG, a mutual insurer committed to its membership base- and a drive for innovation and sustainability.

Final word:

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



Stephen Hopkinson | VPIS Board since 2023 BVSc Massey 1990

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 of 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.

OUR BOARD



Eric Judd | VPIS Board since 2023 BSc FIAA FNZSA

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.



Roger Wakelin | VPIS Board since 2023 BVSc Massey 1977

What does your background bring to the job?

Following graduation from Massey in 1977, I worked in mixed veterinary practices in New Zealand, the UK and South Africa.

I then joined the veterinary pharmaceutical industry in NZ, initially in a technical services role followed by product development and commercial leadership roles. Throughout this period, I was very active in support for the veterinary profession and practices through NZVA, including leadership of the Sheep & Beef Cattle Society and Industry Branch.

My commercial leadership roles then took me to Australia and the USA where work included close relationships with veterinary practices and their professional organisations e.g. AVA, AVMA and AAHA. The economics, dynamics and stresses and strains were and are similar to those I knew here, including the emergence of practice management education, training and systems, professional standards, mentoring of new veterinarians and the expanding role of veterinary technicians.

On returning to NZ, I finished my business operations career in manufacturing business leadership before spending more time on "giving back", particularly with Institute of Directors governance development and mentorship of small business owners through Business Mentors NZ.

Final word:

Along the way, I have retained both business and personal interest in the NZ veterinary profession and practice management. Peers, friends and family are still actively involved in practice ownership and leadership, and I am enjoying working with VPIS to support all those who work in and manage veterinary practices across New Zealand.

Changes in personnel

Mark Gilmour and Paul Fraser served on the Board until 5 December 2025, and Caroline Robertson joins the Board from 1 October 2025.

TECHNICAL ADVISORY GROUP



Mark Gilmour | BVSc Massey 1978

Species: Production animal

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.

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 | BVSc Massey 1977

Species: Equine

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.

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 minimize the impact such an occurrence may have both on their personal and professional futures. If I can achieve that, I have done my job.



Brendon Bell | BVSc Massey 1985 MS Illinois 1989 Registered Specialist Equine Surgery 11

Species: Equine

What does your background bring to the job?

Each of us in our working professional lives faces 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.

TECHNICAL ADVISORY GROUP



Steve Cranefield | BSc BVSc Massey 1992

Species: Dairy

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.

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.



Katy Dawson | BVM&s Edinburgh 1996

Species: Companion Animal

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 | BVSc Massey 2001

Species: Companion Animal

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 (until November 2025)

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, where 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 2025 ANNUAL GENERAL MEETING

2025 ANNUAL GENERAL MEETING

Minutes of the 38th Annual General Meeting of the Veterinary Professional Insurance Society (Inc) via Zoom held at 5.30pm 26 February 2025.

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 38th Annual General Meeting of the Veterinary Professional Insurance Society (VPIS).

Present: Mark Gilmour (Chair), Paul Fraser (Board), Roger Wakelin (Board), Stephen Hopkinson (Board), Ngaire Dixon (Board), Mike Lange (Board), Brendon Bell (TAG), Tanya Page (TAG), Steve Cranefield (TAG), Heather Busby (VPIS assessor), Mat O'Sullivan (VPIS assessor), Shanaka Sarathchandra (VPIS assessor), Neil Houston (Director Vet Associates Equine), Chris Carter (Director Totally Vets), Michael Lilley (Director Paradise Vets)

Attendees: Alpha Woolrich (CEO), Justin Martin (vCFO BDO), Trish Thrope (minutes)

3. Apologies

It was resolved

That the apologies of Eric Judd (Board), Katy Dawson (VPIS TAG member), Callum Irvine (VetEnt) are accepted

Mark Gilmour/ Paul Fraser
Carried

4. Confirmation of Minutes of the 2024 Annual General Meeting

During the 2024 Annual General Meeting VPIS appointed auditors Deloitte, who were subsequently replaced by RSM mid-year.

It was resolved

That the minutes of the 29 February 2024 Annual General Meeting are accepted as a true and accurate record.

Ngaire Dixon/ Mike Lange
Carried

MINUTES OF 2025 ANNUAL GENERAL MEETING

5. Chairman's Report

Mark Gilmour noted the following from his report, which was taken as read:

- Governance level changes, including the retirement of Board member Jim Rhynd (NZVCA representative) after 10 years on the Board. Roger Wakelin has been co-opted to the Board, and his veterinary and corporate business background have already proven to be an asset to the Board and VPIS. Paul Fraser and Mark Gilmour's terms will cease at 30 September 2024. The Board will be seeking expressions of interest to fill those positions.
- With the exception of 2023 where claims were lower than expected, claims volume and costs have been increasing year on year. VPIS and its Actuary have noted this as a significant risk that could impact our ability to retain our favourable reinsurance terms. The intent is to slow or preferably reverse the upwards trend in claim volumes and costs through continued risk management education with members.
- Solvency capital has increased to \$3.71m. VPIS's target solvency for the medium term has increased to \$4-\$5m, to protect VPIS from the vagaries of investment markets, changing regulatory requirements and reinsurance terms.
- On behalf of the Board, Mark Gilmour expressed his thanks to: VPIS CEO Alpha Woolrich, fellow Board members Paul Fraser, Mike Lange, Ngaire Dixon, Roger Wakelin, Stephen Hopkinson, Eric Judd; Assessors and TAG members, Steve Cranefield, Brendon Bell, Tanya Page 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 Ormond from PwC; our brokers Gallaghers; our legal teams at Mahoney Horner, Kennedys and Morgan Coakle; our investment manager Brenda at JBWere, and Ezidocs (IT platform). And finally, thank you to our members for their continued support.
- Mark also acknowledged Alpha Woolrich's continued commitment to VPIS, and the value that she provided to VPIS. Alpha brings numerous skills to the many roles she fills as CEO of what is still in reality a small insurer, and one that is required to meet the standards of compliance of a large insurer.

It was resolved

That the Chairman's report is accepted

Mark Gilmour/ Brendon Bell
Carried

Alpha Woolrich, CEO report

Alpha Woolrich VPIS CEO acknowledged membership support and discussed:

- Increased number of claims and notifications by species and cost. These have been influenced by increases in the number of insured veterinarians, locums and technicians.
- Policy numbers have reduced slightly mainly due to consolidation of practices.

MINUTES OF 2025 ANNUAL GENERAL MEETING

- Member feedback rated VPIS member communication, education, claims management and pastoral support, as predominantly good and very good. Ratings improved slightly on the previous year.
- Solvency capital as required under regulatory obligations was \$3.179 at 30 September 2023. However, due to a change in reporting standard this increased to \$3.51m a day later. As at 20 September 2024 solvency capital was \$3.71m.
- Claims in review: Mistakes continue to happen. Noted that spay errors are very costly. Large animal claims include failed vasectomies and organic farms. Noted the importance of having good practice terms and conditions in place.
- Looking at a record year for 2025 due to high claims volume and claims costs. Companion animal claims dominate the claims volume.
- 2024 VCNZ complaints also increased in the companion animal space.

6. Financial Report

Acceptance of draft Annual Accounts for the year ended 30 September 2024

Justin Martin vCFO BDO spoke to the 30 September 2024 year end financial statements.

- VPIS transitioned to IFRS 17 reporting for the 2024 year end. The comparatives only include 2023 as this is the only year under IFRS 17.
- A surplus of \$200k was achieved in 2024.
- VPIS exceeded the \$3m solvency requirements at 30 September 2024 (\$3.7m).
- VPIS attracts extra compliance demands as both an insurer and an incorporated society
- The finance function continues to be outsourced to BDO, supported by NZVA.
- Adjustments to the insurance valuation and an increase in claims led to amounts recoverable from the reinsurer exceeding the reinsurance premiums paid.
- Noted the increase in other expenses as a result of legal and IT platform project costs.
- Unrealised investment gains have in part offset increased expenses.

It was resolved

That the BDO financial report is accepted.

Ngairé Dixon/ Mike Lange
Carried

MINUTES OF 2025 ANNUAL GENERAL MEETING

Announcement of auditor for the financial year end of 2024

It was resolved

That RSM are appointed as auditor for the 2025 financial year end

Ngairé Dixon/ Mike Lange
Carried

7. Amendment of Constitution and Motion to re-register under the Incorporated Societies Act 2022:

The Board proposed further amendments to the Constitution of VPIS to ensure efficient governance, administration and compliance under the Incorporated Societies Act 2022 (the new Act).

Mark Gilmour spoke to the amendments to the Constitution to:

- Amend the definition of 'Veterinarian' to enable retired/former practising veterinarians to hold Board roles
- Amend the definition of 'Principal' to include a senior manager of a practice such as a Chief Executive Officer.
- Introduce an Appointments Committee to support appropriateness of Board appointments, elections and co-options.
- Clarify the ability to terminate Board membership of co-opted Board members.
- Clarify the process for replacing Auditors in between Annual General Meetings.
- Refine the commencement of Board terms to reduce the current lag.
- Clarify amendments such as inclusion of additional defined terms.
- Refine the ratio of Veterinarians required on the Board to at least 50% rather than a majority.
- Introduce a new requirement of 60 calendar days' notice of an Annual General Meeting.

It was resolved

That the Constitution be amended

Mark Gilmour/ Mike Lange
Carried

MINUTES OF 2025 ANNUAL GENERAL MEETING

It was resolved
That the Society be re-registered as an Incorporated Society pursuant to the Incorporated Societies Act
2022.

Mark Gilmour/ Ngaire Dixon
Carried

8. General Business

Mark Gilmour:

- Advised VPIS will further endeavour to increase dissemination of VPIS risk management information to frontline staff with the aim of reducing claims volume and costs in order to maintain the reinsurer relationship and achieve favourable reinsurance terms.
- Advised that the lack of veterinary practices' terms and conditions can expose veterinary clinics. VPIS intends working with practices to ensure that adequate practice terms and conditions are in place.
- Thanked the newly appointed assessors for joining VPIS.

9. Venue and date for 2026 Annual General Meeting

The date and time for the 2026 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 6.00pm.

Veterinary Professional Insurance Society Incorporated
Audited Financial Report
For the year ended 30 September 2025

STATEMENT OF SERVICES PERFORMANCE 2024 AND 2025

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	info@vpis.org.nz
Website	www.vpis.org.nz

Our Directors and Officers*

Ngaire Dixon (Board Chair)	Paul Fraser
Eric Judd	Mark Gilmour
Roger Wakelin	Stephen Hopkinson
Mike Lange	Alpha Woolrich (Chief Executive until 21 November 2025)

* *Jim Rhynd was a VPIS Board member during this period, completing his term in November 2024. Roger Wakelin joined the VPIS Board 1 October 2024. Mark Gilmour served as Board Chair until 24 September 2025. Eric Judd serves as interim Chief Executive from 21 November 2025 until a new CEO commences.*

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 2024 AND 2025

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 2024 AND 2025

- 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. Responses became a requirement in 2024. In both the 2024 and 2025 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 the 2024 year survey information in the last published financial report may not include some survey responses if they were provided after the financial report was completed. The percentages shown in the charts for 2024 have not changed materially from that reported in 2024.

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.

Since the 2023 Financial Year VPIS has met and exceeded the new \$3m minimum solvency capital requirement.

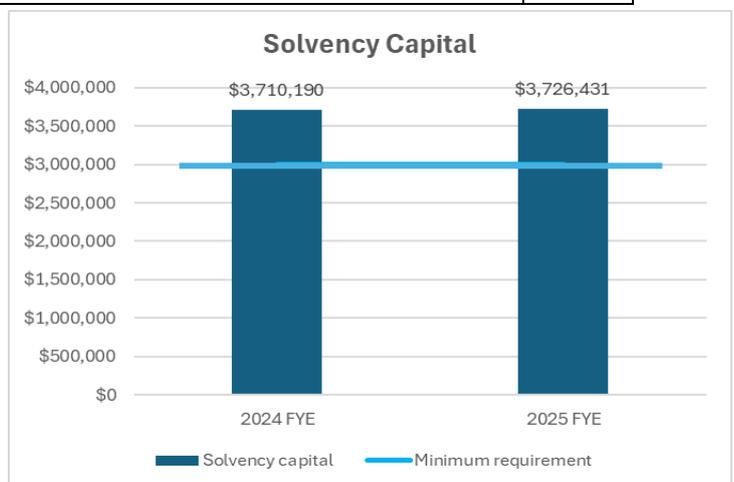


Figure 1: VPIS’s Solvency Capital at the 2024 and 2025 Financial Year End (FYE), being 30 September; Source: Xero

STATEMENT OF SERVICES PERFORMANCE 2024 AND 2025

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 was introduced.

An amendment to the Interim Solvency Standard, effective March 2025, allowed an additional amount for profit margin on premiums in advance to be added to Solvency Capital. For VPIS, Solvency Capital at 30 September 2024 was equal to Equity. At 30 September 2025 it was equal to equity plus this margin.

VPIS ended the 2025 Financial Year with Solvency Capital of \$3,726,431, a small increase from the prior year.

Achieve positive returns from our investment portfolio



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

In 2024 and 2025 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.

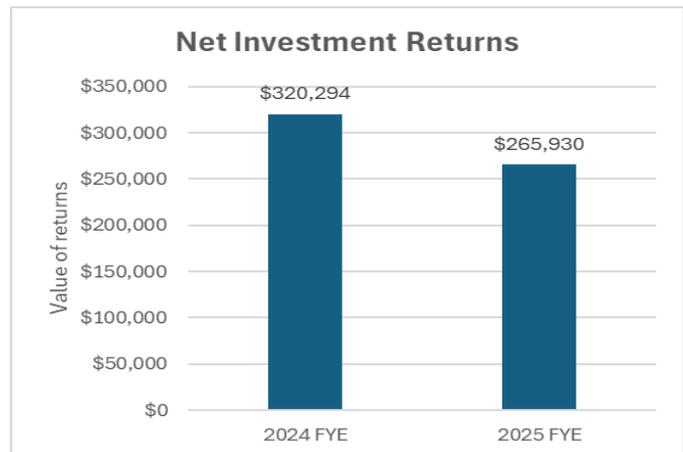


Figure 2: VPIS's Net Investment returns for FY2024 and FY2025; Source: Annual financial accounts accessed from Xero

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 2024 AND 2025

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	
	2024	2025
▪ Insured prepurchase equine (PPE) veterinarians	86	87
▪ Veterinarians that completed VPIS annual training video and questionnaire	83	76
▪ Veterinarians that completed VPIS face-to-face prepurchase training	5	5

Source: *Prepurchase equine questionnaire responses from SurveyMonkey and the Equine veterinarian reports and PPE Veterinarian Annual Accreditation report 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 and 2025 a podcast was used.

Post claim letters to members with recommendations to manage future risk	
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	Financial year	
	2024	2025
▪ Post claim letters with recommendations sent to members	13	53

Source: Access, VPIS’s Claims Management System

STATEMENT OF SERVICES PERFORMANCE 2024 AND 2025

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.

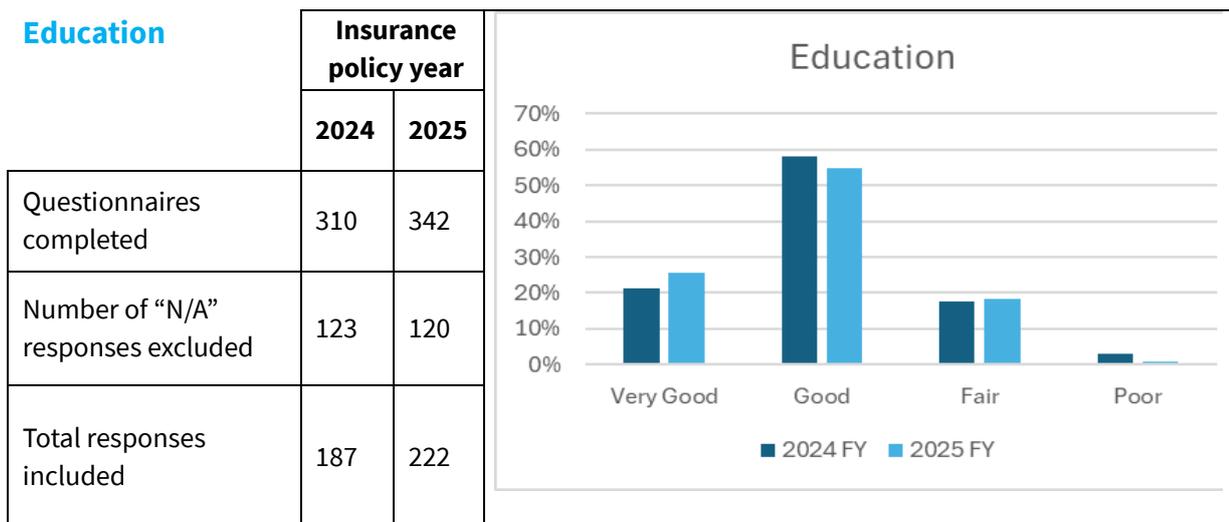


Figure 3: Member rating of VPIS’s delivery of Education; Source: Pre-renewal questionnaire responses from Ezidocs, VPIS’s insurance management platform

Qualitative:

Additional work in this area includes dedicated and member wide risk management webinars, speaking at Massey events such as Prelude to practice, and regular engagement with other veterinary sector organisations such as the New Zealand Veterinary Association (NZVA), the Veterinary Council of New Zealand (VCNZ) and the Ministry for Primary Industries (MPI).

STATEMENT OF SERVICES PERFORMANCE 2024 AND 2025

3. Maintain relevance to the veterinary profession we service

Membership numbers

	Financial year	
	2024 FY	2025 FY
Practice policies	371	366
Insured Veterinarians	2,258	2,316
Insured Production Animal Technicians	565	576

Member communication – member rating

Member communication	Insurance policy year		Member communication
	2024	2025	
Questionnaires completed	310	342	
Number of "N/A" responses excluded	68	80	
Total responses included	242	262	

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

Qualitative: 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 2024 AND 2025

4. Settle notified member claims effectively and empathetically

Number of claims and notifications lodged for Insurance Policy Year

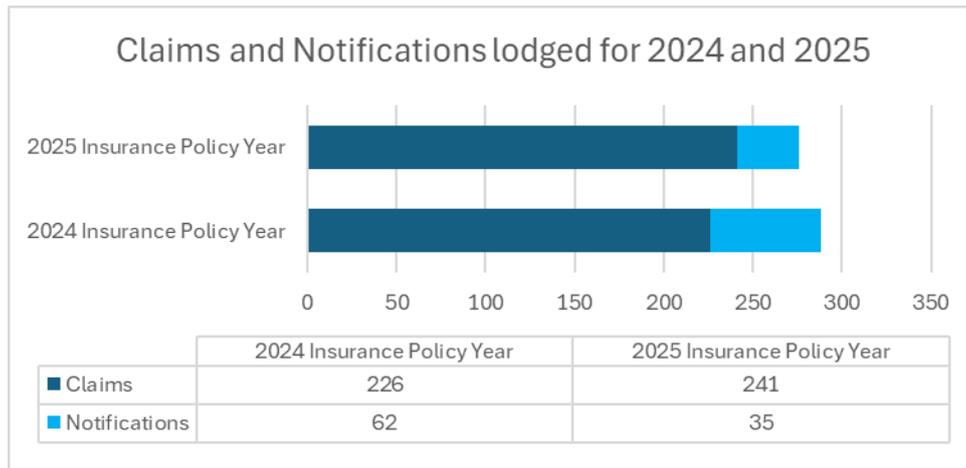


Figure5: Claims and notifications lodged; Source: Access, VPIS’s Claims Management System

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.

2024 Financial Year

\$970,096 gross claims paid, consisting of:

- \$782,735 for 2024 year claims
- \$156,054 for 2023 year claims
- \$31,307 for prior year claims

2025 Financial Year

\$1,032,319 gross claims paid, consisting of:

- \$695,354 for 2025 year claims
- \$232,960 for 2024 year claims
- \$104,005 for prior year claims

Source: Annual financial accounts accessed from Xero

STATEMENT OF SERVICES PERFORMANCE 2024 AND 2025

Claims management – member rating

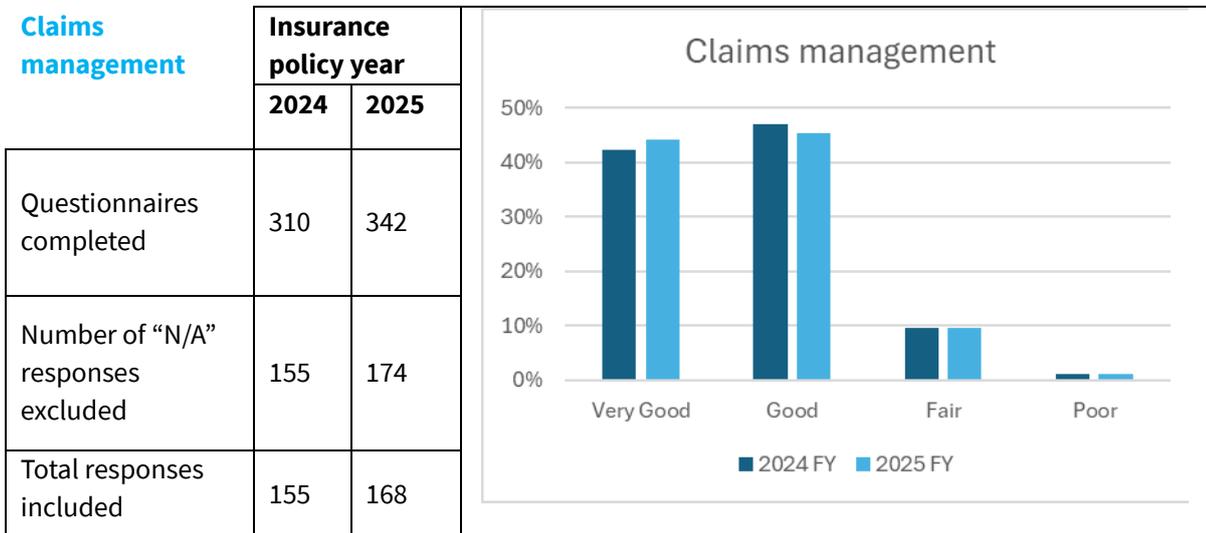


Figure 6: Member rating of VPIS’s delivery of Claims management; Source: Pre-renewal questionnaire responses from Ezidocs, VPIS’s insurance management platform

Pastoral support – member rating

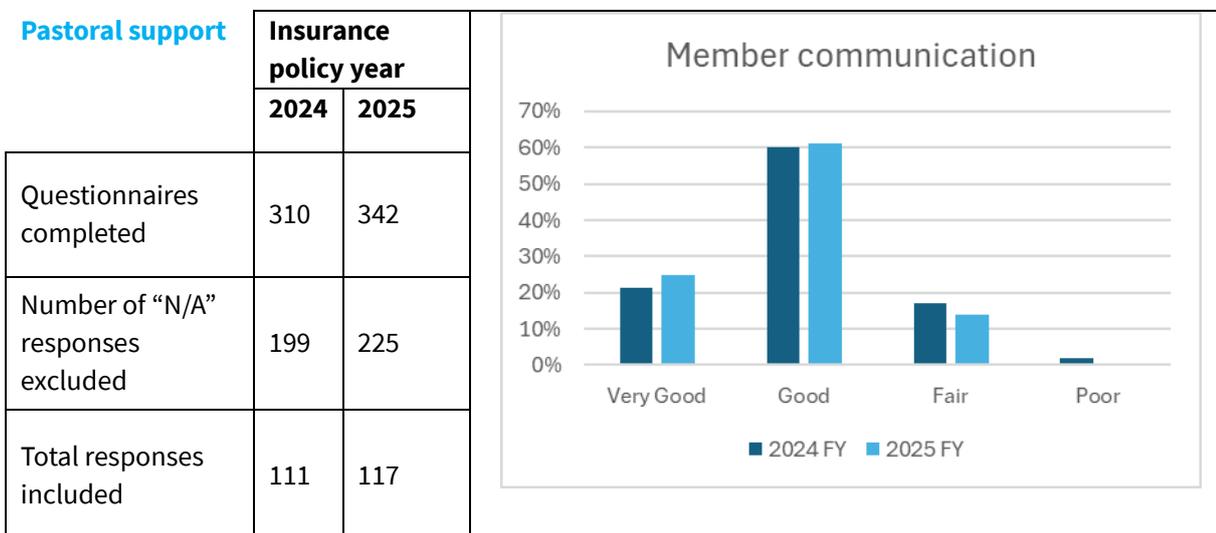


Figure 7: Member rating of VPIS’s delivery of Pastoral support; Source: Pre-renewal questionnaire responses from Ezidocs, VPIS’s insurance management platform

Pastoral support is important to VPIS in supporting the wellbeing of veterinarians and the profession, at claim time and beyond.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED AUDITED FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2025

Directory

Board of Members

Alpha Woolrich (Chief Executive Officer)
Caroline Robertson (appointed 1 October 2025)
Eric Judd (appointed 1 October 2023)
Mark Gilmour (retired 5 December 2025)
Michael Lange (ARC Chair) (appointed 1 October 2023)
Ngairé Dixon (Board Chair) (appointed 1 October 2023)
Paul Fraser (retired 5 December 2025)
Roger Wakelin (appointed 1 October 2024)
Stephen Hopkinson (appointed 1 October 2023)
Alexander James Rhynd (retired 29 November 2024)

Actuary

Luke Fieldes

Solicitor

Mahony Horner Lawyers, Darroch Forrest Lawyers and
Morgan Coakle Lawyers

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 2025

	Notes	2025	2024
Insurance services			
Insurance revenue		2,999,072	2,850,187
Insurance service expense	6	(1,526,216)	(2,034,364)
Insurance services result before reinsurance contracts held		1,472,856	815,823
Amounts recoverable from reinsurers for incurred claims		592,361	1,134,817
Allocation of reinsurance premiums		(1,037,121)	(960,405)
Net expense from reinsurance contracts held		(444,760)	174,412
Insurance service result		1,028,096	990,235
Investment income			
Investment income		117,410	163,628
Net fair value gains/(losses) on financial assets		171,240	203,045
Other investment income		28,104	28,104
Other investment expenses		(74,542)	(51,823)
Net investment income	7	242,212	342,954
Insurance finance expenses for insurance contracts issued	8	(17,497)	22,902
Reinsurance finance income for reinsurance contracts held	8	16,280	(21,029)
Net insurance financial result		(1,217)	1,873
Other expenses	9	(1,135,846)	(997,711)
Total Surplus (Deficit) for the period attributable to members		(42,459)	199,216
Other comprehensive revenue and expenses		-	-
Total other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the period attributable to members		(42,459)	199,216

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 2025

	Total Equity
Balance as at 1 October 2023	3,510,974
Total surplus (Deficit) for the period	199,216
Other comprehensive revenue and expense	-
Total comprehensive revenue and expenses	199,216
Balance as at 30 September 2024	3,710,190
Total Surplus (Deficit) for the period	(42,459)
Other comprehensive revenue and expense	-
Total comprehensive revenue and expenses	(42,459)
Balance as at 30 September 2025	3,667,730

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 2025

	Notes	2025	2024
Current Assets			
Cash and cash equivalents	14	1,162,083	1,038,277
Reinsurance contract assets	11	1,206,732	1,156,729
Accounts receivable		2,691	2,691
Investments	10	615,238	411,084
Prepayments		813,045	354,794
Total Current Assets		3,799,789	2,963,575
Non Current Assets			
Investments	10	1,841,119	2,310,186
Investment property	12	320,000	377,500
Property, plant and equipment		-	1,360
Total Non Current Assets		2,161,119	2,689,046
Total Assets		5,960,908	5,652,621
Current Liabilities			
Insurance contract liabilities	11	1,887,752	1,739,178
Other payables		405,426	203,253
Total Current Liabilities		2,293,178	1,942,431
Non Current Liabilities			
Total Non Current Liabilities		-	-
Total Liabilities		2,293,178	1,942,431
Net Assets attributable to members		3,667,730	3,710,190
Equity		3,667,730	3,710,190

Signed for and on behalf of the Board:

Name Ngairé Dixon

Signature



Date 30 January 2026

Name Michael Lange

Signature



Date 30 January 2026

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 2025

Cashflows from operating activities	Note	2025	2024
Insurance revenue		3,178,995	2,845,647
Insurance service expenses		(1,575,062)	(1,443,784)
Recovered insurance service expenses		561,602	552,201
Reinsurance premiums paid		(1,040,085)	(941,453)
Interest received		5,678	27,056
Other income		33,197	32,051
Other Operating Expenses		(1,760,979)	(1,138,744)
Refunds received/(paid) for GST		189,615	29,420
Net cash (outflow)/inflow flow from investing activities		(407,039)	(37,605)
Cash flow from investing activities			
Proceeds from sale of investments		531,293	297,034
Payments to acquire investments		(95,139)	(1,493,186)
Proceeds from interest		75,915	103,414
Dividends received		35,817	33,158
Management fees paid		(17,041)	(19,323)
Net cash (outflow)/inflow flow from investing activities		530,845	(1,078,902)
Net cash flow from financing activities			
		-	-
Net change in cash and cash equivalents		123,806	(1,116,507)
Cash and cash equivalents, beginning of period		1,038,277	2,154,784
Cash and cash equivalents at end of period	14	1,162,083	1,038,277

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 2025

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 30 January 2026

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 Public Benefit Entity International Financial Reporting Standard 17 (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 2025

(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 2025

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 \$812,461 (2024: \$296,605) 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.

During the period, the useful life was determined to be 12 years, compared to the 8 years used in preparation of the 2024 accounts. This change estimate has been accounted for on a prospective basis

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 2025

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 2025 valuation was undertaken using the Payment Per Claim Incurred method (2024: 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 2025, were as follows:

Average claim:

Valuation Date	Small	Medium	Large
30 September 2025	\$551	\$3,702	\$40,000
30 September 2024	\$467	\$5,014	\$40,000

Discount rate: These are risk-free forward rates published by the Treasury as at 30 September 2025, 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. (Year 1: 2.49%)

Inflation: Future claim payments are increased to allow for projected future CPI inflation (FY2025 to FY2026: 2.30%).

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk (risk adjustment) represents compensation for uncertainty related to non-financial risk. The risk adjustment adopted is 25% for outstanding claim payments and 12.5% for the associated claim handling expense.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 2025:

Project claim development	Liability for incurred claims	Asset for incurred claims	Equity and net profit
Claim development \$1,000,000 higher	1,344,642	1,244,881	-99,762
Claim development \$450,000 lower	-538,721	-498,752	39,969

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

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 2025	Payments to 30 September 2025	Outstanding at 30 September 2025
	2018	2019	2020	2021	2022	2023	2024			
2018	591,646	615,180	704,770	765,774	766,834	766,723	745,653	745,653	745,653	0
2019		179,521	453,397	431,807	427,531	427,531	427,531	427,531	427,531	0
2020			445,099	490,394	497,338	500,443	500,443	500,443	500,443	0
2021				582,867	518,628	493,363	493,363	493,363	493,363	0
2022					1,306,943	1,061,373	1,167,448	1,175,180	865,649	309,531
2023						719,329	347,696	332,234	332,234	0
2024							1,599,701	1,102,805	936,923	165,881
2025								1,406,991	617,805	789,186
							Total			1,264,598
							Effect of discounting			(34,426)
							Expenses			93,001
							Risk adjustment			319,168
							Liability for incurred claims (Net)			1,642,341

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 2025	Payments to 30 September 2025	Outstanding at 30 September 2025
	2018	2019	2020	2021	2022	2023	2024			
2018	150,000	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	150,000	
2020			200,000	200,000	200,000	200,000	200,000	200,000	200,000	
2021				200,000	200,000	200,000	200,000	200,000	200,000	
2022					200,000	200,000	200,000	200,000	200,000	
2023						200,000	200,000	200,000	200,000	
2024							200,000	200,000	200,000	
2025								200,000	200,000	
							Effect of discounting			
							Expenses			110,223
							Risk adjustment			11,625
							Receivables/(payables)			378,165
							Liability for incurred claims			500,014

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 2025

4 Changes in accounting standards

There are no accounting standards which have been effective from 1 October 2024 that have an impact on the Society's financial statements.

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 recognised over the term of the underwrite.

Reinsurance Revenue

Reinsurance revenue includes insurance proceeds received from the Societies reinsurer.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

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.

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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

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.

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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

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.

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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

Insurance contracts – Pre-recognition and liabilities

Certain Contracts recognised by the Society at reporting date were sold with a start date in the future. Insurance contract cash inflows that have occurred prior to the recognition of the relevant insurance contracts (typically premium cash inflows), are recognised as a pre-recognition liability within the total insurance contract liabilities. These pre-recognition liabilities are derecognised when the relevant insurance contracts are recognised within the liability for the remaining coverage at that time.

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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

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.

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 fair value through surplus and deficit. 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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5 Material Accounting Policy Information (cont)

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.

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 2025 and 30 September 2024, 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.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

5.7 Software as a Service (cont)

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.

6 Insurance service expense

The breakdown of insurance service expenses is presented below:

	2025	2024
Incurring claims and other expenses	1,394,239	1,304,762
Amortisation of insurance acquisition cash flows	-	-
Losses on onerous contracts and reversals of those losses	-	-
Changes to liabilities for incurred claims	(34,012)	572,607
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	165,989	156,995
Total	1,526,216	2,034,364

7 Investment income

The breakdown of investment income presented below:

	2025	2024
Interest revenue calculated using the effective interest method	81,593	130,470
Dividend revenue	35,817	33,158
Net fair value gains/(losses) on financial assets at fair value through surplus or deficit	171,240	203,045
Other rental income	28,104	28,104
Unrealised gains/(losses) on valuation of property	(57,500)	(32,500)
Investment management fees	(17,042)	(19,323)
Total amounts recognised in the profit or loss	242,212	342,954
Amounts recognised in OCI	-	-
Total investment income	242,212	342,954

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

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:

	2025	2024
Interest accreted to insurance contracts using current financial assumptions	(17,497)	22,902
Interest accredited to insurance contracts using locked-in rate	-	-
Due to changes in interest rates and other financial assumptions	-	-
Net foreign exchange income/(expenses)	-	-
Insurance finance income/(expenses) from insurance contracts issued	(17,497)	22,902
Total amounts recognised in the profit or loss	(17,497)	22,902
Amounts recognised in OCI	-	-
Total insurance finance income/(expenses)	(17,497)	22,902

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:

	2025	2024
Interest accreted to reinsurance contracts using current financial assumptions	16,280	(21,029)
Changes in non-performance risk of reinsurer	-	-
Net foreign exchange income/(expenses)	-	-
Reinsurance finance income/(expenses) from insurance contracts issued	-	-
Total amounts recognised in the profit or loss	16,280	(21,029)
Amounts recognised in OCI	-	-
Total reinsurance finance income/(expenses)	16,280	(21,029)

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

9 Other expenses

The breakdown of other expenses presented below:

	2025	2024
Administration	395,680	330,600
Depreciation and amortisation	1,360	2,559
Personnel - employee benefits	368,101	336,060
IT Project expenses	546,409	466,627
Total other expenses	1,311,551	1,135,846

10 Investments

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

	As at 30 September 2025	As at 30 September 2024
Current		
Debt instruments	615,238	411,084
Total current investments	615,238	411,084
Non-Current		
Debt instruments	860,800	1,424,410
Equity securities	980,319	885,776
Total non-current investments	1,841,119	2,310,186
Total equity and debt instruments at FVPL	2,456,357	2,721,270

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 2025			As at 30 September 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Total Insurance contracts issued	-	1,887,752	(1,887,752)	-	1,739,178	(1,739,178)
Total Reinsurance contracts held	1,206,732	-	1,206,732	1,156,729	-	1,156,729

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

11 Insurance and reinsurance contracts (cont)

Insurance Contract Liabilities

As at 30 September 2025						
		Pre- recognition liabilities	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Ref		Excl loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract assets as at 1/10/24		-	-	-	-	-
Insurance contract liabilities as at 1/10/24		1,083	-	1,415,414	322,681	1,739,178
Net insurance contract (assets)/liabilities as at 1/10/24		1,083	-	1,415,414	322,681	1,739,178
Insurance revenue			(2,999,072)		-	(2,999,072)
Insurance service expenses			-	1,529,729	(3,513)	1,526,216
- Incurred claims and other expenses			-	1,394,239	-	1,394,239
- Insurance acquisition cash flows expensed as incurred			-	165,989	-	165,989
- Changes to liabilities for incurred claims			-	(30,499)	(3,513)	(34,012)
Insurance services result before reinsurance contracts held		-	(2,999,072)	1,529,729	(3,513)	(1,490,353)
Insurance finance income	a	-	-	(17,497)	-	(17,497)
Total changes in the statement of comprehensive revenue and expenses		-	(2,999,072)	1,529,729	(3,513)	(1,490,353)
Transfer from pre-recognition liabilities		(1,083)	1,083	-	-	-

Cash flows

Premiums received	b	181,007	2,997,989	-	-	3,178,995
Claims and other expenses paid		-	-	(1,374,079)	-	(1,374,079)
Insurance acquisition cash flows		-	-	(165,989)	-	(165,989)
Total cash flows		181,007	2,997,989	(1,540,068)	-	1,638,927
Net insurance contract (assets)/liabilities as at 30/9/25		181,007	-	1,387,577	319,168	1,887,752
Insurance contract assets as at 30/9/25			-	-	-	-
Insurance contract liabilities as at 30/9/25		181,007	-	1,387,577	319,168	1,887,752
Net insurance contract (assets)/liabilities as at 30/9/25		181,007	-	1,387,577	319,168	1,887,752

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

11 Insurance and reinsurance contracts (cont)

As at 30 September 2024						
		Pre- recognition liabilities	Liabilities for remaining	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
Net insurance contract (assets)/liabilities as at 1/10/23		-	5,623	954,194	216,223	1,176,040
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		-	-	156,995	-	156,995
- Changes to liabilities for incurred		-	-	461,712	110,895	572,607
Insurance services result before reinsurance contracts held		-	(2,850,187)	1,923,469	110,895	(815,823)
Insurance finance expenses	a	-	-	(18,465)	(4,437)	(22,902)
Total changes in the statement of comprehensive revenue and expenses		-	(2,850,187)	1,905,004	106,458	(838,725)
Cash flows						
Premiums received	b	1,083	2,844,564	-	-	2,845,647
Claims and other expenses paid			-	(1,286,789)	-	(1,286,789)
Insurance acquisition cash flows			-	(156,995)	-	(156,995)
Total cash flows		1,083	2,844,564	(1,443,784)	-	1,401,863
Net insurance contract (assets)/liabilities as at 30/9/24		1,083	-	1,415,414	322,681	1,739,178
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
Net insurance contract (assets)/liabilities as at 30/9/24		1,083	-	1,415,414	322,681	1,739,178

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

11 Insurance and reinsurance contracts (cont)

Reinsurance Contract Assets

As at 30 September 2025					
		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 1/10/24		-	845,412	311,317	1,156,729
Reinsurance contract liabilities as at 1/10/24		-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1/10/23		-	845,412	311,317	1,156,729
An allocation of reinsurance premiums		(1,037,121)	-	-	(1,037,121)
Amounts recoverable from reinsurers for incurred claims		-	596,135	(3,774)	592,361
- Amounts recoverable for incurred claims and other expenses		-	626,056	-	626,056
- Changes to amounts recoverable for incurred claims		-	(29,921)	(3,774)	(33,695)
Net income or expense from reinsurance contracts held		(1,037,121)	596,135	(3,774)	(444,760)
Reinsurance finance expenses	a	-	16,280	-	16,280
Effect of movements in the exchange rates			-	-	-
Total changes in the statement of comprehensive revenue and expenses		(1,037,121)	612,415	(3,774)	(428,480)
Cash flows					
Premiums paid	b	1,040,085	-	-	1,040,085
Amounts received		-	(561,602)	-	(561,602)
Total cash flows		1,040,085	(561,602)	-	478,483
Net reinsurance contract assets/(liabilities) as at 30/9/25		2,964	896,225	307,543	1,206,732
Reinsurance contract assets as at 30/9/25		2,964	896,225	307,543	1,206,732
Reinsurance contract liabilities as at 30/9/25		-	-	-	-
Net reinsurance contract assets/(liabilities) as at 30/9/25		2,964	896,225	307,543	1,206,732

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

11 Insurance and reinsurance contracts (cont)

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)
Net reinsurance contract assets/(liabilities) as at 1/10/23		18,952	387,376	207,766	614,094
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
Net income or expense from reinsurance contracts held		(960,405)	1,027,006	107,811	174,412
Reinsurance finance expenses	a	-	(16,769)	(4,260)	(21,029)
Effect of movements in the exchange rates		-	-	-	-
Total changes in the statement of comprehensive revenue and expenses		(960,405)	1,010,237	103,551	153,383
Cash flows					
Premiums paid	b	941,453	-	-	941,453
Amounts received		-	(552,201)	-	(552,201)
Total cash flows		941,453	(552,201)	-	389,252
Net reinsurance contract assets/(liabilities) as at 30/9/24		-	845,412	311,317	1,156,729
Reinsurance contract assets as at 30/9/24		-	845,412	311,317	1,156,729
Reinsurance contract liabilities as at 30/9/24		-	-	-	-
Net reinsurance contract assets/(liabilities) as at 30/9/24		-	845,412	311,317	1,156,729

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 2025

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 2025. 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) - 8.50% (2024: 8.25%)
- Rate per square metre Building – \$3,000 - \$3,050 psm (2024: \$3,500 - \$3,600 psm)
- Range of equivalent yields (Market rental/sale price adjusted for vacancy, capital expenditure, etc) – 6.79% to 19.96% (2023: 6.79% to 9%).
- Market rental assessment – \$109,781 (2024: \$126,286) 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
	\$	\$	\$	\$	\$
2025	253,658	123,842	-	(57,500)	320,000
2024	253,658	156,342	-	(32,500)	377,500

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

Inputs	Range of significant unobservable inputs for 30 September 2025	Impact of fair value measurement	
		Increase to input	Decrease to input
Rate per square meter building	\$345 - \$4,219 psm	Increase	Decrease
Range of equivalent yields	6.79% - 19.96%	Increase	Decrease
Capitalisation Rate (Market Income)	8.50%	Decrease	Increase

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

13 Audit fees

Audit fees of \$36,050 (2024: \$78,100), and Solvency fees of \$5,150 (2024: \$5,000) were paid to RSM Hayes Audit.

Solvency fees, relate to the review engagement by which RSM Hayes Audit will review the annual Solvency Return 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 2025	As at September 2024
	\$	\$
Cash held at Bank	474,340	364,006
Cash held in Investment Portfolio	687,743	674,270
	<u>1,162,083</u>	<u>1,038,277</u>

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

	As at 30 September 2025	As at September 2024
	\$	\$
Cash held at Bank	0.0%	2.6%
Cash held in Investment Portfolio	<u>0% - 3.55%</u>	<u>0% - 5.5%</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 2025

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 2025	As at 30 September 2024
	\$	\$
Financial Assets at Amortised Cost		
Cash and Cash Equivalents	1,162,083	1,038,277
Other Receivables from exchange transactions	2,693	2,693
Financial Assets at Fair Value through surplus & deficit		
Investments	1,841,119	2,310,186
Total Financial Assets	3,005,895	3,351,156
Financial Liabilities at Amortised Cost		
Other payable from exchange transactions	78,773	115,151
Total Financial Liabilities at Amortised Cost	78,773	115,151

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 (2024: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 (2024: \$28,104), owed to VPIS as at 30 September 2025 was \$2,693 (2024: \$2,693).

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

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 \$108,250, 0.36 FTEs (2024: \$105,005, 0.36 FTEs).

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

Assessors Fees paid to Board members for the period was \$22,525 (2024: \$27,957).

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

17 Related party transactions (cont)

Board Members received the following payments:

Name	Assessor Fees		Assessor Fees Payable at Balance Date (inc GST)	
	30 September 2025	30 September 2024	30 September 2025	30 September 2024
Brendon Bell Board member and assessor (Retired)	-	3,710	-	-
Mark Gilmour Board member and director of (Retired 1 October Mark Gilmour Consulting Limited 2025)	16,033	14,443	1,067	1,067
Paul Fraser Board member and director of (Retired 1 October Landeg Holding Company Limited 2025)	6,492	9,804	265	530
	22,525	27,957	1,332	1,597

Related Party Insurance Claims & Revenue

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 \$2,110 to the Society. (2024: \$905)

Stephen Hopkinson is a current board member and CEO of Taranaki Veterinary Centre. During the year, they paid insurance premium's of \$73,858 to the Society. (2024: \$30,571)

Michael Lange is a current board member and director of Epivets Limited and CEO of Te Awamutu Veterinary. During the year, Te Awamutu Veterinary paid insurance premiums of \$102,738 to the Society and \$5,118 and \$46,035 to the Society and \$4,902 was paid in insurance claims from the Society.

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 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, annual 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 2025

18 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 2025							
	Up to 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total
Financial Assets							
Cash and cash equivalents	1,162,083	-	-	-	-	-	1,162,083
Equity and debt instruments at FVPL	1,595,557	45,722	253,596	214,909	52,152	294,421	2,456,357
Total	2,757,640	45,722	253,596	214,909	52,152	294,421	3,618,440

As at 30 September 2024							
	Up to 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total
Financial Assets							
Cash and cash equivalents	1,038,277	-	-	-	-	-	1,038,277
Equity and debt instruments at FVPL	1,579,013	328,347	60,475	167,264	213,559	372,612	2,310,186
Total	2,617,290	328,347	60,475	167,264	213,559	372,612	3,348,463

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 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 2025			As at 30 September 2024		
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
Financial Assets						
Cash and cash equivalents	1,162,083	-	1,162,083	1,038,277	-	1,038,277
Equity and debt instruments at FVPL	1,595,557	860,800	2,456,357	1,579,013	1,142,257	2,721,270
Insurance contract assets						
Reinsurance held	1,206,732	-	1,206,732	1,167,417	-	1,167,417
Insurance contract liabilities						
Insurance issued	(1,887,752)	-	(1,887,752)	(1,739,178)	-	(1,739,178)
Total	2,076,620	860,800	2,937,420	2,045,529	1,142,257	3,187,787

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 2025

18 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 \$1,162,083 (2024:\$1,038,277) 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 2025:

- Westpac Bank: Credit Rating AA- to A+, % of funds held 40.82% (2024: AA- to A+, 35.06%)
- JBWere: Credit Rating: Not Applicable as not required, % of funds held 59.18% (2024: NA, 64.94%)

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 Financial risk management (cont)

Debt instruments

The Society has a total of \$1,476,038 (2024: \$1,835,494) 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	Amount
1 Year	Year ended 30 September 2026	1.646% - 2.16%	615,238
2 Year	Year ended 30 September 2027	3.70%	47,722
3 Year	Year ended 30 September 2028	5.32% - 5.82%	253,596
4 Year	Year ended 30 September 2029	5.21% - 6.78%	214,808
5 Year	Year ended 30 September 2030	5.45%	52,152
5+ Years		4.33% - 6.42%	196,449

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 2025

18 Financial risk management (cont)

	Weighted average interest rate		Nominal amounts	
	2025	2024	2025	2024
Cash held at Bank	0.0%	2.6%	5,678	27,056
Cash held in Investment portfolio	0% - 3.55%	0% - 5.5%	38,984	38,984
Debt securities (NZ public bonds)	1.65% - 6.78%	1.65% - 6.78%	9,594	9,594
			54,256	75,633

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:

	2025				
	AUD	USD	GBP	EURO	JPY
Financial assets:					
Cash and cash equivalents	14,445	1,411	1,480	1,305	1,204
Receivables (exchange transactions)	-	-	-	-	-
Debt securities (bonds)	-	-	-	-	-
Derivative assets (shares)	293,908	367,019	27,947	54,095	-
Total	308,354	368,429	29,426	55,400	1,204
Financial liabilities:					
Payables (exchange transactions)	-	-	-	-	-
Net exposure to foreign currency risk	308,354	368,429	29,426	55,400	1,204
	2024				
Financial assets:	AUD	USD	GBP	EURO	JPY
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	-
Total	272,871	317,590	23,542	53,029	537
Financial liabilities:					
Payables (exchange transactions)	-	-	-	-	-
Net exposure to foreign currency risk	272,871	317,590	23,542	53,029	537

VETERINARY PROFESSIONAL INSURANCE SOCIETY INCORPORATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2025

18 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:

New Zealand	As at 30 September 2025	As at 30 September 2024
Debt Securities (publicly - listed)	1,197,621	1,835,494
Equity Securities (publicly listed)	225,251	221,762
Australia		
Equity Securities (publicly listed)	293,908	271,883
United States		
Equity Securities (publicly listed)	367,019	316,174
Great Britain		
Equity Securities (publicly listed)	27,947	23,054
Europe		
Equity Securities (publicly listed)	54,095	52,905

19 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:

- i. Maintain a level of target surplus which creates a buffer over minimum regulatory capital while still allowing for efficient use of capital;
- ii. Maintain a strong capital base to cover the inherent risks of the business; and
- iii. 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 2025

19 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 2025	30 September 2024
Solvency capital	3,726,000	3,710,000
Prescribed capital Requirement	3,000,000	3,000,000
Solvency margin	726,000	710,000
Solvency ratio	124%	124%

20 Events subsequent to reporting date

A dispute has arisen between VPIS and our external administration system provider. The matter is under discussion and is unresolved as at the date of signing these Financial Statements. In the event of VPIS ceasing to use this provider and seeking an alternative, the prepaid SaaS expenditure classified as a current asset and totalling \$812,460 (as at 30 September 2025) (note 3) will need to be assessed for indicators of impairment during the financial year ending 30 September 2026.

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 2025, 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 a summary of significant accounting policies.

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

- the financial position of the Society as at 30 September 2025, its financial performance, and its cash flows for the year then ended; and
 - the service performance for the year ended 30 September 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the Society's measurement bases or evaluation methods
- in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board. ('Public Benefit Entity Standards').

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 one key audit matters, which was 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

How we addressed this key audit matter:

Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets

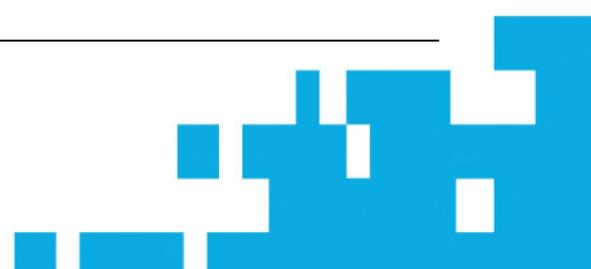
As disclosed in Note 11, the Society has insurance contract liabilities of \$1,887,752 (2024: \$1,739,178) and reinsurance contract assets of \$1,206,732 (2024: \$1,156,729). The Society's insurance contract liabilities and reinsurance contract assets were significant to our audit due to the size of 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 2025.

Our audit procedures among others included:

- 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 test of controls and substantive test of details and analytical 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.



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
- (b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with Public Benefit Entity Standards;
- (c) the preparation and fair presentation of service performance information in accordance with the Society's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards;
- (d) the overall presentation, structure and content of the service performance information in accordance with Public Benefit Entity Standards; and
- (e) 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: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

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

30 January 2026



