

Ansvar Insurance Limited

ABN 21 007 216 506

Annual Report for the financial year ended 31 December 2025

Ansvar Insurance Limited

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Ansvar Insurance Limited

Corporate Information

ABN 21 007 216 506

Directors

Helen Thornton, Chairperson

Warren Hutcheon, Chief Executive Officer

Mark Bennett (resigned 2 February 2026)

Michael Grantham (retired 4 March 2025)

David Lambert

S. Jacinta Whyte

Richard Harding

Elisabet Wreme (appointed 4 February 2025)

Nicholas Brierley (appointed 2 February 2026)

Company Secretary

Maggy Samaan

Registered Office and Principal Place of Business

Level 5

1 Southbank Boulevard

Southbank VIC 3006

Phone: +61 3 8630 3100

External Auditor

PricewaterhouseCoopers

2 Riverside Quay

Southbank VIC 3006

Appointed Actuary

Finity Consulting Pty Ltd

Level 3, 30 Collins Street

Melbourne VIC 3000

Ansvar Insurance Limited

Directors' Report

The Directors of Ansvar Insurance Limited (Ansvar or the Company) submit their report for the year ended 31 December 2025.

The names and details of Ansvar's Directors during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Helen Thornton
BEc, CA, GAICD
Chairperson and
Independent Non-Executive
Director

Helen joined the Ansvar Board as an Independent Non-Executive Director in May 2018 and chaired the Audit Committee and Risk and Compliance Committee from September 2018 to March 2024. She was appointed Chair of the Ansvar Australia Board and Chair of the Nominations and Remuneration Committee in March 2024. Helen is also a member of the Audit, Risk and Compliance, and Technology Committees.

With over 20 years as a Non-Executive Director, Helen currently serves as Deputy Chair of the Treasury Corporation of Victoria, and as a Director of McPhersons Ltd, Arena REIT and Beyond Bank. Helen has over 30 years of experience as a Chartered Accountant, having held senior roles at Deloitte, KPMG, BHP Ltd, and BlueScope Steel Ltd. Helen's extensive experience spans finance, audit, governance and risk management.

Warren Hutcheon
MBA, GAICD, Fellow ANZIIF
(CIP)
Chief Executive Officer and
Executive Director

Warren was appointed Chief Executive Officer and Director of Ansvar in May 2014. Before joining Ansvar, he served as the CEO of the Victorian Managed Insurance Authority, the risk and insurance advisor to the Victorian Government. With over 30 years of experience in risk and insurance, Warren has held senior management positions in underwriting, claims, operational management, strategy and organisational change. He is an active supporter of the Australian insurance industry, previously serving as Chairperson of the ANZIIF General Insurance Faculty Advisory Board, and is deeply involved in community services.

Warren is a Director of ACS (NZ) Limited and member of the Technology Committee.

David Lambert
BA (Hons), LLB
Independent Non-Executive
Director

David joined the Ansvar Board in July 2018. He is a seasoned executive, director, and commercial lawyer with diverse international experience. David has occupied senior roles in risk, strategy, and executive directorship at various organisations and law firms, including Blackmagic Design, EnergyAustralia, National Foods, Clifford Chance, Ashton Mining and Bapcor Limited.

In 2023, David was appointed Ansvar's Senior Independent Director. He previously chaired the Strategic Review Committee and was appointed as Chair of the Audit Committee in March 2024. David is a member of both the Nominations and Remuneration Committee and Risk and Compliance Committee.

Richard Harding
BEc, MAICD
Independent Non-Executive
Director

Richard was appointed to the Ansvar Board in March 2024. He previously served as the Chief Executive Officer and Managing Director of icare NSW, one of Australia's largest property and casualty insurers.

With over 35 years of experience in the insurance sector across Australia, Asia, New Zealand, and the Pacific, Richard has spent 16 years as a CEO leading significant organisational transformations that have resulted in long-term sustainability and value creation.

Richard was appointed as Chair of the Risk and Compliance Committee in March 2025 and is a member of the Audit Committee and Nominations and Remuneration Committee.

Mark Bennett
BSc Maths & Statistics, FIA,
IFOA PC holder
Non-Executive Director

Mark was appointed to the Board in March 2022. He is the Chief Financial Officer of the Benefact Group Limited and its subsidiary, Ecclesiastical Insurance Office, of which he is also a member of the Board. After working at an actuarial consultancy firm in London, he began his career at the Benefact Group in 2007. Mark qualified as an Actuary in 2009 and, after working in various actuarial teams, was appointed Group Chief Actuary in 2018 until he vacated the role when he became Group Chief Financial Officer in 2025. He also chairs and participates in several key Boards and Committees within the Group.

Mark provided notice to retire from the Board effective from 2 February 2026.

Elisabet Wreme
DBA, MSc
Independent Non-Executive
Director

Elisabet was appointed to the Board on 4 February 2025. She has extensive governance, finance, IT, and digital transformation expertise. Elisabet holds over a decade of experience as a non-executive director. She is currently Chair of BreastScreen Victoria and a non-executive director of Western Health, HAMBS (a health fund software company) and Assetinsure Pty Limited.

Elisabet's most recent executive role was as Chief Operating Officer of Guild Group, and she was previously with Telstra and National Australia Bank in both technology and business operations roles. Elisabet is the Chair of the Technology Committee and is a member of the Audit Committee, Risk and Compliance Committee and Nominations and Remuneration Committee.

Ansvar Insurance Limited

Directors' Report

Nicholas Brierley
BSc, FCA
Non-Executive Director

Nicholas was appointed to the Board on 2 February 2026. Nicholas has more than 20 years' experience in strategy and finance within the general insurance sector across the United Kingdom, Australia and international markets. He is currently Group Strategy Director at Benefact Group, where he supports the Board and executive leadership in developing and delivering group strategy and oversees the strategic planning cycle.

Prior to this, Nicholas held senior roles at Benefact Group, including Group General Insurance Strategy Director and Group General Insurance Business and Operations Director. Earlier in his career, he was Head of Strategy, Planning and Reporting at Legal & General Insurance and held a range of senior strategy and finance roles at Ecclesiastical Insurance Group, including international secondments in Australia and Canada. Nicholas began his career at Grant Thornton UK LLP, where he qualified as a Chartered Accountant. He is a Fellow Chartered Accountant.

Nicholas is a member of the Technology Committee.

Michael Grantham
MBA, FAICD
Independent Non-Executive
Director

Michael was appointed to the Board in March 2016. Michael has over 40 years' experience as an information and communications technology professional. Michael is a former Director of Google Cloud Public Sector, General Manager of NBN Co Limited and Director of CGU Australia Limited, CGU Insurance Limited and Insurance Network Services. He has also held the position of Chief Information Officer at CGU Insurance Limited, Australian Customs and Border Protection, and Tenix. He has also been an Independent Non-Executive Director of Flaim Systems Pty Ltd and Chair of the Board for Ansvar Risk Management Services Pty Ltd.

Michael chaired the Technology Committee and Risk and Compliance Committee, and was a member of the Audit Committee and Nominations and Remuneration Committee. Michael resigned from the Board on 4 March 2025.

S. Jacinta Whyte
MC Inst. M, ACII, Chartered
Insurer
Non-Executive Director

Jacinta was appointed to the Board in August 2013. She is Deputy Group Chief Executive and Executive Director of Ecclesiastical Insurance Office and the Benefact Group. Jacinta joined the Benefact Group in 2003 as General Manager and Chief Agent of the Group's Canadian operations, successfully turning around its performance by building a high-performing team and a thriving specialist insurance business.

Jacinta oversees the Group's general insurance operations across the United Kingdom, Ireland, Australia and Canada.

Jacinta's career began as an underwriter in 1974 with Sun Alliance in Dublin, and she transferred with the company to Canada in 1988. During her tenure at Royal Sun Alliance, she held several senior executive positions in Ireland and Canada.

Jacinta is a member of the Nominations and Remuneration Committee.

Note: Following the announcement of Mr Warren Hutcheon's retirement in 2025, the Board commenced a recruitment process in 2025 to appoint a new Chief Executive Officer and Executive Director to support an orderly transition. On 24 February 2026, the Board announced that Mr Jason Hammond had been appointed as Ansvar's new Chief Executive Officer and Executive Director, and that he would commence with Ansvar on 10 March 2026.

As at the date of this report, the Directors held no interests in the shares and options of Ansvar Insurance Limited.

Company Secretary

Maggy Samaan
LLM, LLB, BSc

Maggy was appointed as Company Secretary and Legal Counsel in April 2022. Maggy is a senior corporate lawyer with broad experience working as a Company Secretary in the public, private and non-for-profit sectors. She specialises in corporate governance including contract and commercial law. Maggy has over 15 years' experience as a lawyer and is a graduate of the Governance Institute.

Ansvar Insurance Limited

Directors' Report

Principal activities

Ansvar is a company limited by shares that is incorporated and domiciled in Australia. The Company's principal activities in the financial year consisted of providing general insurance products to its customers across its core segments: faith, care, property owners (including heritage), education, and community. It also continued to provide claims run-off services to ACS (NZ) Limited, its former New Zealand-domiciled subsidiary, under a management services agreement. Management also finalised the wind-up and deregistration of its dormant subsidiary, Ansvar Insurance Services Limited, during the year. Refer to further details in Note 17.

The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office Plc, incorporated and domiciled in the United Kingdom. Ecclesiastical Insurance Office Plc forms part of the Benefact Group, with the ultimate holding company as Benefact Trust Limited (previously AllChurches Trust Limited), incorporated and domiciled in the United Kingdom. Ecclesiastical Insurance Office and the Company form part of Benefact Group's insurance operations to its core segments, with operations in the United Kingdom, Ireland, Australia and Canada. The Benefact Group also has operations in insurance broking and investment management segments.

Ansvar remains ultimately owned by a charity and provided further grants of \$300K (2024: \$300K) during the financial year through its Community Education Programme.

Review of operations

In 2025, Ansvar's insurance service result was \$2,304K profit (2024: \$3,224K profit) and a \$2,485K profit before tax (2024: \$1,000K profit). These were primarily due to favourable insurance service expenses of \$134,788 (2024: \$169,068) and a favourable net investment income result of \$10,733K (2024: \$8,774K); offset by unfavourable movements in allocation of reinsurance expense paid of \$109,687K (2024: \$87,578K) and amounts recovered from reinsurance of \$62,260K (2024: \$73,374). Ansvar's net insurance financial result was a \$6,594K loss (2024: \$7,224K loss), primarily due to a favourable insurance finance income result of \$10,832K expense (2024: \$11,023K expense) and a favourable reinsurance finance income result of \$4,238K income (2024: \$3,799K income).

At 31 December 2025, Ansvar's unaudited Prescribed Capital Amount Coverage Ratio was 2.22 (2024: 1.90), which was within the target range of 1.90-2.25 approved by the Board (2024: 1.75-2.25). In June 2025, Ansvar's financial strength rating from its rating agency, A.M. Best was reaffirmed as Excellent/A- (2024: Excellent/A-).

Ansvar employed 143 full time equivalent staff at 31 December 2025 (2024: 139).

Changes in state of affairs

During the financial year there were no significant changes in the state of affairs of the Company.

Subsequent events

There has not been any matter or circumstance that has occurred between the balance sheet date and the date of this report that has significantly affected, or may significantly affect, the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years.

Future developments

Disclosure of information about likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Directors' meetings

The following table sets out, for each Director, the number of Board and Board Committee meetings during the financial year for which they were eligible to attend as a member, and the number of meetings attended, including in an observer capacity.

Directors	Board		Audit Committee		Risk and Compliance Committee		Nominations and Remuneration Committee		Technology Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Helen Thornton	10	10	5	5	4	4	2	2	4	4
Warren Hutcheon	10	10	5	5	4	4	2	2	4	4
David Lambert	10	10	5	5	4	4	2	2	-	4
Richard Harding	10	10	5	5	4	4	2	2	4	4
Mark Bennett	10	9	-	4	-	3	-	1	-	-
S. Jacinta Whyte	10	9	-	4	-	4	-	2	-	-
Michael Grantham	2	2	1	1	1	1	1	1	1	1
Nicholas Brierley	-	-	-	-	-	-	-	-	4	4
Elisabet Wreme	9	8	5	5	4	4	2	1	4	4

Ansvar Insurance Limited

Directors' Report

Directors' and officers' insurance

In accordance with Section 11 of the Company's Constitution, the Company provides an indemnity to officers of the Company. This includes every person who is or has been a Director, alternate Director, executive officer, or officer of the Company or any related corporate body. During the financial year, the Company paid a premium in respect of a contract insuring the above-mentioned officers of the Company against a liability incurred as such a Director, Company Secretary, executive officer or corporate body to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during the financial year and until the date of this report, indemnified or agreed to indemnify an officer or auditor of the Company or any related corporate body against a liability incurred as such officer or auditor.

Environmental regulations

The operations of the Company are not subject to any particular environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known breaches of any environmental requirements applicable to the Company.

Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is included on page 8 of the Annual Report.

Rounding

The Company is a company of the kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and accordingly, all amounts in the Directors' Report and the annual financial statements are rounded to the nearest thousand Dollars, except for Notes 21 and 22.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors:



H Thornton
Chairperson



D Lambert
Director

Melbourne
27 February 2026



Auditor's Independence Declaration

As lead auditor of Ansvar Insurance Limited's financial report for the year ended 31 December 2025 I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

A handwritten signature in black ink that reads 'K.J. Murray'.

KJ Murray
Partner
PricewaterhouseCoopers

Melbourne
27 February 2026

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006,
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Independent auditor's report

To the members of Ansvar Insurance Limited

Our opinion

In our opinion:

The accompanying financial report of Ansvar Insurance Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the year then ended;
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 31 December 2025;
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information 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 directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 report as a whole is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, stylized script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'K.J. Murray' in a cursive, stylized script.

KJ Murray
Partner

Melbourne
27 February 2026

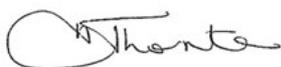
Ansvar Insurance Limited

Directors' Declaration

In the opinion of the Directors of Ansvar Insurance Limited:

- The financial statements and notes of Ansvar Insurance Limited for the year ended 31 December 2025 are in accordance with the *Corporations Act 2001* including:
 - Giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the year ended on that date; and
 - Complying with International Financial Reporting Standards as issued by the International Accounting Standards Board, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- The financial statements and notes also comply with Australian Accounting Standards as disclosed in Note 1; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The consolidated entity disclosure statement on page 61 is true and correct.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.



H Thornton
Chairperson



D Lambert
Director

Melbourne
27 February 2026

Ansvar Insurance Limited

Statement of Comprehensive Income For the financial year ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Insurance revenue	2.5.1	184,519	186,496
Insurance service expenses	2.5.1	(134,788)	(169,068)
Insurance result from insurance contracts issued		49,731	17,428
Allocation of reinsurance expense paid	2.5.2	(109,687)	(87,578)
Amounts recovered from reinsurance	2.5.2	62,260	73,374
Net income/(expenses) from reinsurance contracts held		(47,427)	(14,204)
Insurance service result		2,304	3,224
Interest revenue from financial instruments not measured at fair value through profit or loss (FVTPL)	3.4	1,492	860
Net gain/(loss) from financial instruments at FVTPL	3.4	9,623	8,294
Investment expenses	3.4	(382)	(380)
Net investment income		10,733	8,774
Finance income/(expenses) from insurance contracts issued	3.4	(10,832)	(11,023)
Finance income/(expenses) from reinsurance contracts held	3.4	4,238	3,799
Net insurance financial result		(6,594)	(7,224)
Other income	14	1,285	1,063
Other operating expenses	4	(4,359)	(4,452)
Other finance costs		(884)	(385)
Profit before income tax		2,485	1,000
Income tax expense	7	(821)	(577)
Profit after income tax		1,664	423
Other comprehensive income		-	-
Total comprehensive income		1,664	423

The Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

Ansvar Insurance Limited

Balance Sheet As at 31 December 2025

	Note	2025 \$'000	2024 \$'000
Assets			
Cash and cash equivalents	3.3	43,789	36,267
Financial assets	3.3	261,802	250,019
Other receivables	6	8,546	9,255
Current tax assets		-	1,620
Reinsurance contract assets	2.5.2	131,707	167,226
Property, plant & equipment	8	1,157	1,533
Intangible assets	9	108	208
Lease right-of-use assets	10	2,230	2,058
Deferred tax asset	7	7,756	8,577
Total assets		457,095	476,763
Liabilities			
Other payables and liabilities	11	37,534	27,737
Insurance contract liabilities	2.5.1	303,125	335,017
Provisions	12	5,088	4,118
Lease liabilities	10	3,167	3,374
Total liabilities		348,914	370,246
Net assets		108,181	106,517
Equity			
Share capital	13	46,300	46,300
Retained earnings		61,881	60,217
Total equity		108,181	106,517

The Balance Sheet should be read in conjunction with the accompanying Notes to the Financial Statements.

Ansvar Insurance Limited

Statement of Changes in Equity For the financial year ended 31 December 2025

		Fully paid ordinary shares	Retained earnings	Total
	Note	\$'000	\$'000	\$'000
Balance as at 1 January 2024		46,300	59,794	106,094
Comprehensive result for the year		-	423	423
Balance as at 31 December 2024		46,300	60,217	106,517
Comprehensive result for the year		-	1,664	1,664
Balance as at 31 December 2025	13	46,300	61,881	108,181

The Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

Ansvar Insurance Limited

Cash Flow Statement For the financial year ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Premiums received	2.5.1	175,042	181,462
Reinsurance recoveries received	2.5.2	95,857	55,840
Reinsurance premiums paid (net of ceding commission received)	2.5.2	(103,527)	(86,968)
Acquisition costs paid	2.5.1	(39,534)	(39,609)
Claims and other insurance service expenses paid	2.5.1	(128,501)	(108,312)
Reinsurance collateral received/(refunded)		9,538	(5,777)
Other operating expenses paid		(699)	(3,626)
Interest paid		(885)	(385)
Income taxes refunded/(paid)		1,619	(779)
Other income received		1,062	1,019
Net cash flow from operating activities	19	9,972	(7,135)
Cash flows from investing activities			
Acquisition of investments		(70,155)	(33,024)
Proceeds on disposal of investments		60,160	32,400
Acquisition of property, plant & equipment	8	(183)	(115)
Acquisition of intangible assets	9	-	(300)
Interest received		9,327	8,848
Investment management fees paid		(382)	(379)
Net cash flow from investing activities		(1,233)	7,430
Cash flows from financing activities			
Repayment of principal on leases		(1,217)	(619)
Net cash flow from financing activities		(1,217)	(619)
Net (decrease)/increase in cash and cash equivalents		7,522	(324)
Cash and cash equivalents at beginning of year		36,267	36,591
Cash and cash equivalents at end of year	3.3	43,789	36,267

The Cash Flow Statement should be read in conjunction with the accompanying Notes to the Financial Statements.

Certain cash flow line items within operating activities have been reclassified for the current and comparative periods to improve alignment with the nature of the underlying cash movements and presentation requirements. These changes relate to the remapping of certain expense-related cash flows and the separate presentation of reinsurance collateral movements. The reclassifications affect presentation only and have no impact on net assets, profit, or total net operating cash flows for the current or comparative periods. Comparative information has been reclassified accordingly.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 1 **Basis of preparation**

Note 1.1 *Overview*

This section outlines the basis on which the Company's financial statements are prepared. Material accounting policies are described in the note to which they relate.

Note 1.2 *Corporate information*

Ansvar Insurance Limited (Ansvar or the Company) is a for-profit company limited by shares that is incorporated and domiciled in Australia. Ansvar's immediate parent is Ecclesiastical Insurance Office Plc, which owns 100% of the ordinary shares. Ecclesiastical Insurance Office Plc is a wholly owned subsidiary of Benefact Trust Limited, which is the ultimate parent. The nature of the operations and principal activities of the Company are outlined in the Directors' Report.

The Company's financial statements for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Directors on 27 February 2026. The directors have the power to amend and reissue the financial statements.

Note 1.3 *Basis of preparation*

The financial report is a general purpose report which:

- comprises the Company's financial statements.
- has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC);
- has been prepared on a historical cost basis, except for insurance contract liabilities and reinsurance contract assets (refer to Note 2) and investments, which have been measured at fair value (refer to Note 3).
- is presented in Australian Dollars, which is the Company's functional and presentation currency.
- adopts all new and amended accounting standards that are mandatory for 31 December 2025 reporting periods, but does not apply any pronouncements before their operative date (refer to Note 23).

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby reporting the substance of the underlying transactions or other events. Assets and liabilities are presented in a decreasing order of liquidity on the face of the Balance Sheet. Information regarding the current and non-current amounts of assets and liabilities is included in the relevant note to the financial statements.

Note 1.4 *Critical accounting estimates and judgements*

The preparation of financial statements requires the use of certain critical accounting estimates and for management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

- Note 2 Insurance operations
- Note 3 Financial operations
- Note 7 Income tax

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations

Note 2.1 Summary of material accounting policies for insurance contracts

The Company applies Australian Accounting Standards Board 17 *Insurance Contracts* (AASB 17), including consequential amendments to other standards, to account for insurance contracts issued and reinsurance contracts held.

Note 2.1.1 Summary of measurement approaches

Definition and classification

Insurance Contracts Accounting Policy

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specific uncertain future event adversely affects the policyholder. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company issues general insurance products to both individuals and businesses across its core segments: faith, care, property owners (including heritage), education, and community.

The Company does not offer any products with direct or discretionary participation features.

Reinsurance Contracts Accounting Policy

A reinsurance contract transfers insurance risk from the insured portion of the underlying insurance contracts. The transferred insurance risk is significant when substantially all the insurance risk is passed to the reinsurer, even if it does not expose the reinsurer to a material risk of loss.

In the normal course of business, the Company uses reinsurance contracts to mitigate its insurance risk exposure and to manage its regulatory capital position.

All references to insurance and reinsurance contracts in these financial statements apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise.

Measurement approach adopted

The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of insurance contracts issued and reinsurance contracts held when the following criteria are met:

- The coverage period of each contract in a group of insurance contracts is one year or less.
- Where the coverage period of a group of insurance contracts is longer than one year, the Company reasonably expects that the measurement of the Liability for Remaining Coverage (LfRC) of the group containing those contracts does not materially differ from the measurement that would be recognised by applying the General Measurement Method (GMM).
- For risks attaching and losses occurring from reinsurance contracts, the Company reasonably expects that the resulting measurement of the Asset for Remaining Coverage (AfRC) under the PAA would not differ materially from the result of applying the GMM.

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the LfRC and the Liability for Incurred Claims (LfIC). The LfRC represents the Company's obligation to provide future insurance services in relation to contracts recognised at the reporting date.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.1 Summary of measurement approaches (continued)

Liability for Remaining Coverage accounting policy

The LfRC is measured as premiums received, less amounts recognised as insurance revenue for coverage provided, net of premiums receivable (adjusted for any expected or actual credit losses) and deferred insurance acquisition cash flows.

Liability for Incurred Claims accounting policy

The LfIC is measured as the present value of the estimated future payments arising from claims incurred at the end of each reporting period under insurance cover issued by the Company and other incurred insurance service expenses.

Subsequently, the carrying amount of the LfRC is:

- a. increased by premiums received in the period, and insurance acquisition cash flows amortised in the period; and
- b. decreased by insurance acquisition cash flows paid in the period, and the amounts of expected premiums received recognised as insurance revenue for the services provided in the period.

The change in the LfIC resulting from changes in discount rates is recognised within insurance finance income and expenses in the Statement of Comprehensive Income.

Note that all contracts meet the eligibility criteria for PAA and hence, no insurance or reinsurance contracts have been measured using the General Measurement Method (GMM).

Note 2.1.2 Level of aggregation

AASB 17 requires aggregation of insurance contracts into portfolios of contracts that have “similar risks and are managed together”. Portfolios are further divided into groups of contracts to identify any are onerous.

The Company manages insurance contracts issued by lines of business. All insurance contracts within a line of business represent a portfolio of contracts. Where sets of contracts within a portfolio have materially dissimilar risks, further disaggregation may be required. The concept of “managed together” is reflected through management oversight of the Company’s business, which is also reflective of the nature of policy types and claims benefits of underlying products to which the reinsurance contracts apply.

The Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that onerous contracts exist, an additional assessment is performed to distinguish these from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood that the contracts will become onerous in subsequent periods due to changes in the applicable facts and circumstances.

The following portfolios have been determined in considering the level of aggregation for insurance contracts issued and reinsurance contracts:

- Insurance contracts issued: Short-Tail; Casualty
- Reinsurance contracts held: Short-Tail; Casualty; Physical and Sexual Abuse (PSA)

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (ii) a group of remaining contracts.

Portfolios of reinsurance contracts are divided applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net loss on initial recognition for Ansvar as cedant. Reinsurance contracts are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting the historical performance of such contracts. This information is used to set the pricing of these contracts so they result in reinsurance contracts in a net cost position.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.3 Recognition and derecognition

The Company recognises groups of insurance contracts from the earliest of the following:

- the beginning of the coverage period of the group;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

The Company recognises groups of reinsurance contracts that cover the losses of separate insurance contracts on a proportionate basis (also known as quota share reinsurance) at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Company does not recognise a group of reinsurance contracts until it has recognised at least one of the underlying insurance contracts.

The Company recognises a group of reinsurance contracts that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess-of-loss reinsurance) at the beginning of the coverage period of that group.

Note 2.1.4 Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When the Company modifies an insurance contract as a result of an agreement with the counterparties (such as a change in terms or coverage) or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - i. is not in scope of AASB 17; or
 - ii. results in different separable components; or
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts; or
- b. the original contract was accounted for under the PAA, but the modification means the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the fulfilment cash flows to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognised part of the LfRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to a third party, any net difference between the derecognised part of the LfRC of the original contract and the premium charged by the third party;
- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LfRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms and the new contract at the date of the contract modification, less any additional premium charged for the modification.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.5 Measurement

2.1.5.1 Fulfilment cash flows

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current estimates of future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay for claims, benefits and expenses, adjusted to reflect the timing and uncertainty of those amounts.

The estimates of future cash flows:

- a. are based on a probability weighted mean of the full range of possible outcomes;
- b. are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims.

Future cash flow estimates are adjusted using current discount rates to reflect the time value of money and the financial risks associated with those cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including their timing, currency, and liquidity. Determining the discount rate that reflects the characteristics of the cash flows and the liquidity of the insurance contracts requires significant judgement and estimation.

The Company estimates certain fulfilment cash flows at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the present value of future cash flows for the group of reinsurance contracts and for the groups of underlying insurance contracts.

Contract boundary

The Company uses the concept of contract boundary to determine which cash flows should be considered in measuring groups of insurance contracts. This assessment is reviewed at the end of each reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risks, are not included.

Cash flows outside the scope of the insurance contract are recognised when the future insurance contracts meet the recognition criteria. The *Insurance Contracts Act 1984* allows the Company to cancel issued insurance contracts, typically when the policyholder fails to comply with the policy's terms. The policyholder may cancel the contract at any time. The Company considers the contract terms when determining the contract boundary.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.5 Measurement (continued)

2.1.5.1 Fulfilment cash flows (continued)

For groups of reinsurance contracts, cash flows are within the contract boundary if they arise from the Company's substantive rights and obligations that exist during the reporting period in which the Company is required to pay amounts to the reinsurer, or during the period in which the Company has a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time. The Company reassesses the contract boundary for all changes that directly impact the Company's substantive rights and obligations.

Insurance acquisition cash flows

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a. costs directly attributable to individual contracts and groups of contracts; and
- b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Insurance acquisition cash flows are recognised in the LfRC and amortised as insurance service expenses in a systematic way. Before a group of insurance contracts is recognised, the Company pays directly attributable acquisition costs to originate them. When such prepaid costs are refundable upon termination of insurance contracts, they are recorded as prepaid insurance acquisition cash flows within other assets and allocated to the carrying amount of the group of insurance contracts when the insurance contracts are subsequently recognised.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts, the risk adjustment for non-financial risk represents the amount of risk the Company transfers to the reinsurer.

2.1.5.2 Onerous contracts

If, at any time during the period, facts and circumstances indicate that a group of contracts is onerous, the Company recognises a loss within the insurance service expenses in the statement of comprehensive income and increases the LfRC to the extent that the current estimates of future cash outflows relating to remaining coverage exceed the carrying amount of the LfRC. Measurement of the loss component arising from the identification of onerous contracts is based on the underwriting calculation for the annual cohort, which is indicated to be loss-making.

The Company will recognise the loss arising from onerous contracts as part of the insurance service expense in the statement of comprehensive income. If there are no changes in expectations in subsequent periods, the release of the loss component is recognised as an adjustment to insurance service expenses in the Statement of Comprehensive Income in line with the pattern of earned premium.

Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.5 Measurement (continued)

2.1.5.3 Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

The carrying amount of a group of reinsurance contracts at the end of each reporting period is the sum of:

- a. the Asset for Remaining Coverage (AfRC); and
- b. the Asset for Incurred Claims (AfIC).

Asset for Remaining Coverage accounting policy

The AfRC is measured as the present value of the expected future cash flows recoverable from reinsurers in relation to insured events that have not yet occurred.

Asset for Incurred Claims accounting policy

The AfIC is measured at the present value of the expected future cash flows recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

On initial recognition, the measurement of the reinsurance contracts includes all expected cash flows within the boundary of the reinsurance contract, including those cash flows related to future underlying insurance contracts that have not yet been issued by the Company, but are expected to be issued during the coverage period of the reinsurance contracts held. The estimates of the present value of future cash flows of the reinsurance contracts will reflect the risk of non-performance by the reinsurer and the risk adjustment for reinsurance contracts, and are measured and recognised separately from insurance contracts issued.

Where the Company 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 Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts 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 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 Company expects to recover from the group of reinsurance contracts held.

Note 2.1.6 Amounts recognised in comprehensive income

2.1.6.1 Insurance service result from insurance contracts issued

Insurance revenue

Insurance revenue recognition accounting policy

Insurance revenue is the amount of expected premium receipts allocated over the coverage period of groups of insurance contracts, based on the passage of time.

As the Company provides services under the group of insurance contracts, it reduces the LfRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.6 Amounts recognised in comprehensive income (continued)

2.1.6.1 Insurance service result from insurance contracts issued (continued)

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims and benefits;
- b. other incurred directly attributable insurance service expenses;
- c. amortisation of insurance acquisition cash flows;
- d. changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the liability for incurred claims); and
- e. changes that relate to future service (i.e. losses/reversals of losses on onerous groups of contracts from changes in the loss components).

Amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the Statement of Comprehensive Income.

2.1.6.2 Net income/(expenses) from reinsurance contracts

The Company presents financial performance of groups of reinsurance contracts on a net basis in net income/(expenses) from reinsurance contracts, comprising the following amounts:

- a. reinsurance expenses;
- b. incurred claims recovery;
- c. other incurred directly attributable insurance service expenses;
- d. effect of changes in risk of reinsurer non-performance; and
- e. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised in a manner similar to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For groups of reinsurance contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

2.1.6.3 Insurance finance income or expenses

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

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

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the LfIC; and
- b. the effect of interest rates on other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses. The Company includes all insurance finance income or expenses for the period in comprehensive income.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.1.7 Concentrations of risk

The Company's core business is general insurance, with principal classes of business written such as property (short-tail) and liability and financial lines (casualty). The Company also writes motor & personal accident policies; however, due to the small size of these classes, they have been included within the property (short-tail) & liability classes, respectively, for disclosure purposes.

Property (short-tail) class – Provides coverage for loss and damage to buildings and contents as a result of insured events. Cover can also include protection against business interruption, theft or burglary, money, glass, mechanical and electronic equipment breakdown and general property.

Liability (casualty) class - includes the following risks:

- General Public & Product Liability - protects against claims resulting from personal injury or property damage to third parties.
- Professional Indemnity - protects against claims for negligent professional services or advice.
- Management Liability - considers operational risks and exposures, such as breaches of directors' duties, statutory breach of duty, occupational health & safety prosecutions and inquiries, unfair/wrongful dismissal, discrimination, harassment, breach of intellectual property, employee theft and tax investigation costs.

The Company considers concentrations of risk in line with its Board-approved risk appetite statement, which governs the extent to which the Company exposes itself to certain risks. The Company limits its exposure based on the type of risk insured and sets maximum retention for single and aggregate risks. Additionally, within the property class, the Company limits its exposure within geographic locations and to climate change risks. The Company achieves this strategy through active management of its portfolio of insurance contracts and through the use of reinsurance contracts.

Note 2.2 Significant judgements and estimates in applying AASB 17

Note 2.2.1 Judgements

Areas of potential judgement	Applicable to the Company
Definition and classification - whether contracts are in the scope of AASB 17 and, for contracts determined to be in scope of AASB 17, what measurement model is applicable:	
Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract transfers significant insurance risk.	<p>The Company:</p> <ul style="list-style-type: none"> • only issues insurance contracts that accept significant insurance risk • only holds reinsurance contracts that transfer significant insurance risk. <p>Refer to Note 2.1.1.</p> <p>The Company also assesses its insurance contracts issued and reinsurance contracts held to determine whether they contain distinct components that must be accounted for under another AASB rather than AASB 17. Currently, the Company's products do not include any distinct components that require separation.</p>

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2 Significant judgements and estimates in applying AASB 17 (continued)

Note 2.2.1 Judgements (continued)

Areas of potential judgement	Applicable to the Company
Definition and classification - whether contracts are in the scope of AASB 17 and, for contracts determined to be in scope of AASB 17, what measurement model is applicable:	
For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment as required by AASB 17(53)(a), (54), (69)(a), (70) and may involve significant judgement.	Applicable to the Company as it issues some insurance contracts with a coverage period of longer than one year (e.g. where extension of terms is requested by the policyholder and granted). The Company reasonably expects that the measurement of the LfRC for the group containing those contracts under PAA does not differ materially from the measurement that would be recognised by applying the General Measurement Model (GMM). This is tested annually by the Company in completing PAA eligibility calculations. In assessing materiality, the Company has also considered qualitative factors in determining the measurement model.
Level of Aggregation - the level(s) at which groups of insurance contracts are aggregated (otherwise known as the 'unit of account').	
Judgements involved in the identification of portfolios of contracts as required by AASB 17(14) (i.e. having similar risks and being managed together).	Assessing which risks are similar and how contracts are managed requires exercising judgement and taking into account information provided to key management decision-makers and regulators. Further details on this are provided in Note 2.1.2.
Determining whether to treat a set or series of contracts as a single contract or multiple contracts requires significant judgement and careful consideration.	In assessing whether a set or series of insurance contracts achieves, or is designed to achieve, an overall commercial effect, the Company considers the pricing mechanism used.
Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice.	For contracts covering a single insurance type, the contract itself would form the unit of accounting, while bundled contracts would be split amongst the insurance types, with each treated as a separate unit of account. In determining whether a legal contract does not reflect its substance, such that separate insurance elements must be recognised, the Company considers the interdependencies between the different risks covered, the ability of all components to lapse independently of one another, and the ability to price and sell the components separately.
Aggregation of insurance contracts issued on initial recognition into groups of contracts with no significant possibility of becoming onerous and groups of other contracts. Similar grouping assessment for reinsurance contracts held. For contracts measured under PAA, the assessment of the likelihood of adverse changes in the applicable facts and circumstances is a matter of potential judgement.	Refer to Note 2.1.2 for a description of judgements applied by the Company.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.1 Judgements (continued)

Areas of potential judgement	Applicable to the Company
Level of Aggregation (continued)	
For insurance contracts measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This is an area of judgement for the Company. In 2025, the Company identified facts and circumstances that indicate that groups of contracts measured under PAA had become onerous. A loss component has been recognised within the LfRC based on the Company's unit of account. Refer to Note 2.5.1 for further details.
The determination of whether laws or regulations constrain the Company's practical ability to set a different price or level of benefits for policyholders with varying profiles of risk so the Company may include such contracts in the same group, disregarding the aggregation requirements set in AASB 17(14)-(19), is an area of judgement.	The regulatory environment in which the Company operates does not impose any price or other constraints. Thus, no judgement has been applied by the Company.
Recognition and derecognition - Accounting for contract modification and derecognition	
When contracts are modified, judgement may be applied to determine whether the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether: <ul style="list-style-type: none"> a. significant insurance risk still exists; b. there are elements that are to be distinct from the contract; c. contract boundaries have changed; d. the contract would have to be included in a different group subject to aggregation requirements; and e. the contract no longer meets the requirements of the measurement model. 	The Company applies its judgement to assess whether amendments to a contract result in a modification which meets the criteria for derecognition. If the derecognition criteria are met, the Company derecognises the original contract and recognises the modified contract as a new contract. There were no instances where this occurred in 2025.
Measurement - Fulfilment cash flows	
The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of AASB 17. Judgements may be required to determine when the Company is capable of repricing the entire contract to reflect reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period. Where such features as options and guarantees are included in the insurance contracts, judgement may be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.	Applicable to the Company as the assessment of the contract boundary requires judgement and consideration of the Company's substantive rights and obligations under the contract and in terms of legislative requirements and business practices. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment consider only the risks until that next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. In doing so, the Company disregards restrictions that have no commercial substance. The Company also exercises judgement on whether commercial considerations in setting the contract boundary are relevant.
An entity may use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The Company performs regular reviews of expenses and uses judgement to determine the extent to which fixed and variable costs are directly attributable to fulfilling insurance contracts. Refer to Note 2.1.5.1.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.2 Estimates and assumptions

The preparation of financial statements requires accounting estimates that may not reflect actual results.

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying AASB 17 measurement requirements, the following inputs were used that include significant estimates:

- Discount rates (see 2.2.2.1)
- Estimates of future cash flows to fulfill insurance contracts (see 2.2.2.2)
- Expenses (see 2.2.2.3)
- Methods used to measure insurance liabilities relating to claims (see 2.2.2.4)
- Methods used to measure reinsurance assets relating to claims (see 2.2.2.5)
- Methods used to measure the risk adjustment for non-financial risk (see 2.2.2.6)

For sensitivities with regard to the assumptions made that have the most significant impact on measurement under AASB 17, refer to Note 2.2.4.

2.2.2.1 Discount rates

The liability for incurred claims is calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. The method for determining the discount rates used is a bottom-up approach. The premise of this approach is that the Company estimates the discount rate as a point on a liquid, risk-free rate curve for the same currency and duration as the insurance contracts' cash flows, with a premium for the illiquidity of the contracts explicitly added to the risk-free rate.

As a result, cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines risk-free rates by reference to the yields on Australian Government Bonds denominated in the currency of the insurance contract liabilities. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. The illiquidity premium is based on a reference portfolio of assets.

The yield curves described above are based on nominal discount rates, which incorporate the impact of general inflation. This ensures consistency between the basis for determining expected cash flows (including the effect of inflation) and the discount rates applied to those cash flows.

Product	2025					2024				
	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Short-tail	3.92%	4.31%	4.86%	-	-	4.24%	3.94%	4.45%	-	-
Casualty	3.92%	4.31%	4.86%	5.37%	5.46%	4.24%	3.94%	4.45%	4.97%	5.09%

The Company does not adjust the LfRC for insurance contracts issued and the AfRC for reinsurance contracts at initial recognition for the effect of the time value of money where insurance premiums are due within one year or less.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.2 Estimates and assumptions (continued)

2.2.2.2 Estimates of future cash flows to fulfil insurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts and assesses their eligibility annually. When measuring the LfIC, the Company discounts the expected value of future cash flows related to claims and other insurance expenses and includes an explicit risk adjustment for non-financial risk.

In estimating future cash flows, the Company incorporates, in an unbiased manner, all reasonable and supportable information available without undue cost or effort as of the reporting date. This information includes both internal and external historical data about claims experience, updated to reflect current expectations of future events.

Included in the measurement of each group of contracts in the scope of AASB 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates the expected cash flows and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of future cash flows is calculated using a deterministic scenario that represents the probability-weighted mean across a range of scenarios.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic and rational basis and are consistently applied to all costs that have similar characteristics. Acquisition cash flows are allocated to groups of contracts based on resource time allocation and/or insurance premium splits by line of business, depending on the type of expenses and the internal team. Other costs which are not directly attributable to insurance services are recognised in the Statement of Comprehensive Income as they are incurred.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates, leading to growth in claims and claims-handling expenses.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

2.2.2.3 Expenses

The Company applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads directly attributable to fulfilling insurance contracts.

The Company estimates future expenses relating to the fulfilment of contracts within the scope of AASB 17 using a percentage of the average annual gross claim payments, taking into account any movements in future cash flows due to inflation. For property claims, the short-tail claims handling expense rate is only applied to non-catastrophe payments, as catastrophe events, whilst adding volatility to the gross claims costs, don't require additional claims resources to manage.

The estimate of future fulfilment cash flows is adjusted annually based on the Company's experience and is considered a non-financial risk. The Company has not changed its assumptions or methods for projecting expenses in 2025 with the exception of claims handling expense rate assumptions, which have been revised to 7.0% (2024: 5.0%) for non-catastrophe short tail and 4.75% (2024: 5.0%) for long tail.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.2 Estimates and assumptions (continued)

2.2.2.4 Methods used to measure insurance liabilities relating to claims

The Company estimates insurance liabilities for claims incurred separately for Short-Tail and Casualty contracts. Estimates are performed on an accident year basis with further allocation to annual cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for claims incurred. In certain instances, different methods or a combination of methods have been selected for individual accident years or groups of accident years within the same type of contracts, including the following:

- Historical trends in the development and incidence of claims reported, the number of claims finalised, claim payments and reported incurred costs.
- Exposure details, including policy counts, sums insured, earned premiums, and policy limits.
- Claim frequencies and average claim sizes.
- The legislative framework, legal and court environments and social and economic factors that may impact upon each class of insurance.
- Historical and likely future trends in standard inflationary pressures relating to commodity prices and wages.
- Historical and likely future trends of inflationary pressures, in addition to price or wage inflation, are termed superimposed inflation.
- Historical and likely future trends of expenses associated with managing claims to finalisation.
- Reinsurance recoveries available under contracts entered into by the Company.
- Historical and likely future trends of recoveries from sources such as subrogation and third-party actions.
- Insurer-specific, relevant industry data and more general economic data are utilised in the estimation process.

Projected future claim payments and associated claims handling costs are discounted to a present value as required using appropriate risk-free discount rates. A projection of future claims payments, both gross and net of reinsurance and other recoveries, is undertaken.

As such, the resulting estimate is considered to be a net central estimate of the liability for incurred claims. Where possible and appropriate, multiple actuarial methods will be applied to project future claim payments. This helps provide a deeper understanding of the trends inherent in historical data. Projections from various methods also help set the range of possible outcomes.

The most appropriate method or blend of methods is selected, taking into account the characteristics of the class of insurance and the extent of the development of each past policy year.

Large claims affecting each relevant class of insurance are generally assessed separately, either on a case-by-case basis or projected separately, to account for the potential distortive effects of the development and incidence of these large claims.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.2 Estimates and assumptions (continued)

2.2.2.4 Methods used to measure insurance liabilities relating to claims (continued)

As an estimate of future outcomes, the net central estimate of the liability for incurred claims is uncertain. This uncertainty may consist of one or more of the following components:

- Modelling - the process of managing and finalising claims is a complex one. Actuarial models represent a simplification of this complex process, raising the possibility that actual future outcomes may depart from the modelled outcomes.
- Assumption selection - even with a perfect model, assumptions about future claim payment experience must be drawn from limited past data and are subject to sampling error.
- Evaluation of assumptions and future events - some assumptions will change over time due to external factors, such as changes in the legislative and economic environments, or internal factors, such as claim management practices.
- Random variation - there is a certain amount of residual randomness that drives differences between actual and expected outcomes.

Uncertainty from the sources above is assessed for each insurance class and expressed as the volatility of the net central estimate. The volatility of each class is derived after consideration of stochastic modelling and benchmarking to industry analysis. The long-tail liability classes exhibit the highest volatility because their longer average time to settlement creates more opportunities for uncertainty to arise. Short-tail classes such as Property and Motor exhibit lower volatility.

Because the volatility of each insurance class is partially correlated with other classes, when combined across the entire Company, the overall volatility will be less than the sum of the individual classes' volatilities. With an estimate of the overall volatility for general insurance business, a range of risk margins associated with a probability of the total net claims liabilities proving adequate may be produced.

The assumptions with regard to uncertainty for each class of insurance are applied to the gross and net central estimates, and the results are aggregated, allowing for diversification, in order to arrive at an overall net claims liability that is intended to have a 75% probability of sufficiency (2024: 75%).

2.2.2.5 Methods used to measure reinsurance assets relating to claims

Assets arising from reinsurance contracts are also calculated using the above method. In addition, the recoverability of these assets is assessed periodically to ensure the balance reflects the amounts that will ultimately be received, taking into account factors such as counterparty and credit risk. A credit risk adjustment for reinsurance contracts is recognised for any expected reinsurer defaults.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.2 Estimates and assumptions (continued)

2.2.2.6 Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation required to bear the uncertainty about the amount and timing of cash flows arising from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates a separate adjustment for non-financial risk.

The risk adjustment for non-financial risks covers insurance risk and other non-financial risks, such as lapse risk and expense risk. Risks that are not considered to be related to the fulfilment of insurance obligations will be excluded in determining the risk adjustment for non-financial risks. The Company calculates the risk adjustment separately for earned (liability for incurred claims) and unearned (LfRC) business, given that the risk profiles differ and change significantly in nature and diversification type at the point of earning.

Risk adjustment for liability for incurred claims

Reflecting the compensation required, the Company has estimated the risk adjustment using a confidence level at the 75th percentile, which is consistent with the Board's risk appetite for managing reserving risk. Risk adjustments will be assessed primarily on a diversified net basis rather than gross, consistent with how risk appetite is managed in reserving. To determine risk adjustments for non-financial risk in reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk transferred to the reinsurer as the difference between the two results.

Risk adjustment for liability for remaining coverage

The risk adjustment for the LfRC business will be set against the target net combined ratio for pricing purposes. Risk adjustments will be assessed primarily on a net, rather than gross, basis, consistent with how the business is priced.

The calculated risk adjustment corresponds to the 75th percentile confidence level (2024: 75th percentile).

Note 2.2.3 Sensitivity analysis to underwriting risk variables

The following tables present information on how reasonably possible changes in the Company's assumptions regarding underwriting risk variables affect insurance liabilities and profit or loss, and equity, before and after risk mitigation through reinsurance contracts held. The Company's aim is to reserve to at least the 75th percentile confidence level. These contracts are measured under the PAA and, thus, only the liability for incurred claims component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

The analysis below is based on a change in a single assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.2.3 Sensitivity analysis to underwriting risk variables (continued)

Movement in variable		2025		2024	
		Gross	Net	Gross	Net
Present value of future cash flows	+10.0%	31,576	21,684	34,994	24,653
	-10.0%	(31,576)	(21,684)	(34,994)	(24,653)
Inflation rate	+0.5%	3,638	2,898	4,434	3,384
	-0.5%	(3,638)	(2,898)	(4,434)	(3,384)
Discount rate	+0.5%	(3,638)	(2,898)	(4,434)	(3,384)
	-0.5%	3,638	2,898	4,434	3,384
Risk adjustment	+1.0%	2,366	1,575	2,615	1,805
	-1.0%	(2,366)	(1,575)	(2,615)	(1,805)

Further sensitivity analysis over financial risk variables, such as interest rates, is provided in Note 5.3.3.1.

Note 2.3 Composition of the Balance Sheet

An analysis of the amounts presented on the Balance Sheet for insurance contracts is provided in Tables 2.5.1 and 2.5.2, which present the current and non-current portions of the balances. For credit risk disclosures relating to insurance contract liabilities and reinsurance contract assets, refer to Note 3.6.3.

Note 2.4 Insurance revenue and insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts for 2025 and 2024 is included in the following tables. Additional information on amounts recognised in profit or loss is included in the insurance contract balances reconciliations below in Notes 2.5.1 & 2.5.2.

	2025	2024
Insurance revenue	184,519	186,496
Insurance service expenses		
Incurred claims and other directly attributable expenses	(111,827)	(146,158)
Losses on onerous contracts and reversal of those losses	(75)	1,519
Insurance acquisition cash flow amortisation	(22,886)	(24,429)
Total insurance service expenses	(134,788)	(169,068)
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses - contracts measured under the PAA	(109,687)	(87,578)
Recoveries on onerous contracts and reversal of those recoveries	60	(1,215)
Claims recovered	62,200	74,589
Total net income/(expenses) from reinsurance contracts held	(47,427)	(14,204)
Total insurance service result	2,304	3,224

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.5 Insurance contracts issued and reinsurance contracts held

Note 2.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2025				Total
	LfRC		LfIC		
	Excl. loss comp.	Loss comp.	PV of FCFs	Risk adj. for non-fin risk	
Opening insurance contract liabilities	25,518	3,510	261,502	44,487	335,017
Insurance revenue	(184,519)	-	-	-	(184,519)
Insurance service expense					
Incurred claims and other insurance service expenses	44,503	-	71,726	(4,402)	111,827
Losses on onerous contracts and reversal of those losses	-	75	-	-	75
Insurance acquisition cash flows amortisation	22,886	-	-	-	22,886
Insurance service expense	67,389	75	71,726	(4,402)	134,788
Insurance service result	(117,130)	75	71,726	(4,402)	(49,731)
Effect of changes in discount rate on insurance contracts	-	-	9,190	1,642	10,832
Total amounts recognised in comprehensive income	(117,130)	75	80,916	(2,760)	(38,899)
Cash flows					
Premiums received	175,042	-	-	-	175,042
Claims and other insurance service expenses paid	(23,005)	-	(105,496)	-	(128,501)
Insurance acquisition cash flows	(39,534)	-	-	-	(39,534)
Total cash flows	112,503	-	(105,496)	-	7,007
Closing insurance contract liabilities	20,891	3,585	236,922	41,727	303,125

The current portion of insurance contract liabilities is \$117,768K (2024: \$128,293K).

	2024				Total
	LfRC		LfIC		
	Excl. loss comp.	Loss comp.	PV of FCFs	Risk adj. for non-fin risk	
Opening insurance contract liabilities	24,112	5,029	238,099	40,641	307,881
Insurance revenue	(186,496)	-	-	-	(186,496)
Insurance service expense					
Incurred claims and other insurance service expenses	42,130	-	101,863	2,165	146,158
Losses on onerous contracts and reversal of those losses	-	(1,519)	-	-	(1,519)
Insurance acquisition cash flows amortisation	24,429	-	-	-	24,429
Insurance service expense	66,559	(1,519)	101,863	2,165	169,068
Insurance service result	(119,937)	(1,519)	101,863	2,165	(17,428)
Effect of changes in discount rate on insurance contracts	-	-	9,342	1,681	11,023
Total amounts recognised in comprehensive income	(119,937)	(1,519)	111,205	3,846	(6,405)
Cash flows					
Premiums received	181,462	-	-	-	181,462
Claims and other insurance service expenses paid	(20,510)	-	(87,802)	-	(108,312)
Insurance acquisition cash flows	(39,609)	-	-	-	(39,609)
Total cash flows	121,343	-	(87,802)	-	33,541
Closing insurance contract liabilities	25,518	3,510	261,502	44,487	335,017

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.5.2 Reconciliation of the measurement components of reinsurance contracts

	2025				Total
	AfRC		AfIC		
	Excl. loss recov. comp.	Loss recov. comp.	PV of FCFs	Risk adj. for non-fin. risk	
Opening reinsurance contract assets	8,543	2,809	143,152	12,722	167,226
Net income/(expense) from reinsurance contracts held					
Allocation of reinsurance premiums	(109,687)	-	-	-	(109,687)
Recoveries of incurred claims and other insurance service expenses	-	-	61,851	349	62,200
Losses on onerous contracts and reversal of those losses	-	60	-	-	60
Net income/(expense) from reinsurance contracts held	(109,687)	60	61,851	349	(47,427)
Effect of changes in the risk of reinsurers non-performance	-	-	(26)	-	(26)
Effect of discounting on reinsurance contracts	-	-	3,659	605	4,264
Finance income from reinsurance contracts held	-	-	3,633	605	4,238
Total amounts recognised in comprehensive income	(109,687)	60	65,484	954	(43,189)
Cash flows					
Premiums paid	103,527	-	-	-	103,527
Recoveries from reinsurance received	-	-	(95,857)	-	(95,857)
Total cash flows	103,527	-	(95,857)	-	7,670
Closing reinsurance contract assets	2,383	2,869	112,779	13,676	131,707

The current portion of reinsurance contract assets is \$93,183K (2024: \$120,445K).

	2024				Total
	AfRC		AfIC		
	Excl. loss recov. comp.	Loss recov. comp.	PV of FCFs	Risk adj. for non-fin. risk	
Opening reinsurance contract assets	9,153	4,024	119,093	14,232	146,502
Net income/(expense) from reinsurance contracts held					
Allocation of reinsurance premiums	(87,578)	-	-	-	(87,578)
Recoveries of incurred claims and other insurance service expenses	-	-	76,698	(2,109)	74,589
Losses on onerous contracts and reversal of those losses	-	(1,215)	-	-	(1,215)
Net income/(expense) from reinsurance contracts held	(87,578)	(1,215)	76,698	(2,109)	(14,204)
Effect of changes in the risk of reinsurers non-performance	-	-	58	-	58
Effect of discounting on reinsurance contracts	-	-	3,143	599	3,742
Finance income from reinsurance contracts held	-	-	3,201	599	3,800
Total amounts recognised in comprehensive income	(87,578)	(1,215)	79,899	(1,510)	(10,404)
Cash flows					
Premiums paid	86,968	-	-	-	86,968
Recoveries from reinsurance received	-	-	(55,840)	-	(55,840)
Total cash flows	86,968	-	(55,840)	-	31,128
Closing reinsurance contract assets	8,543	2,809	143,152	12,722	167,226

Note that PV of FCFs above references the present value of future cash flows.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.5.3 Claims development

2.5.3.1 Gross claims development

The following table shows the development of gross undiscounted insurance contract liabilities relative to the ultimate expected cost of claims for the ten most recent policy years.

Accident Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of accident year	55,363	66,901	57,788	79,622	94,430	88,285	131,776	62,627	68,718	82,643	
One year later	45,789	52,706	48,484	66,648	92,978	78,164	130,815	52,199	63,659		
Two years later	42,342	48,404	44,509	66,122	94,687	82,478	131,761	56,549			
Three years later	40,879	46,130	44,948	69,145	97,623	87,167	129,115				
Four years later	38,683	47,725	47,516	70,066	101,924	91,093					
Five years later	40,113	48,351	47,898	69,619	102,503						
Six years later	39,716	49,118	47,668	69,097							
Seven years later	40,763	48,161	47,430								
Eight years later	39,903	47,530									
Nine years later	39,860										
Current estimate of ultimate claims cost	39,860	47,530	47,430	69,097	102,503	91,093	129,116	56,550	63,658	82,642	
Cumulative gross payments	(36,489)	(44,199)	(42,638)	(62,980)	(93,790)	(71,515)	(111,625)	(35,194)	(30,846)	(22,032)	
Undiscounted central estimates	3,371	3,331	4,792	6,117	8,713	19,578	17,491	21,356	32,812	60,610	178,171
2015 and prior years											78,533
Gross discount											(30,810)
Claims handling expenses											11,027
Risk adjustment											41,728
Total Gross insurance contract liabilities											278,649

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 2 Insurance operations (continued)

Note 2.5.3 Claims development

2.5.3.2 Net claims development

The following table shows the development of net undiscounted insurance contract liabilities relative to the ultimate expected cost of claims for the ten most recent policy years.

Accident Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of accident year	18,063	22,812	21,917	21,750	29,218	28,942	24,597	22,054	18,456	36,206	
One year later	17,080	19,929	19,915	18,645	28,233	29,075	26,229	21,504	16,398		
Two years later	16,114	18,380	17,308	18,782	30,706	35,359	30,377	24,332			
Three years later	16,148	16,299	18,082	21,477	34,751	40,520	29,592				
Four years later	14,521	18,901	20,710	23,166	39,203	39,361					
Five years later	15,099	19,750	21,504	23,315	38,046						
Six years later	15,055	20,382	21,521	22,928							
Seven years later	16,061	19,601	21,323								
Eight years later	15,239	19,020									
Nine years later	14,822										
Current estimate of ultimate claims cost	14,822	19,020	21,323	22,928	38,046	39,361	29,592	24,332	16,398	36,206	
Cumulative gross payments	(11,937)	(16,113)	(17,189)	(17,634)	(30,326)	(24,866)	(16,625)	(7,579)	6,753	(5,685)	
Undiscounted central estimates	2,885	2,907	4,134	5,294	7,720	14,495	12,967	16,753	23,151	30,521	120,827
2015 and prior years											50,606
Net discount											(24,513)
Claims handling expenses											11,027
Risk adjustment											28,052
Reinsurance recoveries receivable											(33,805)
Total Net insurance contract liabilities											152,194

The Company provides information on the net claims development for the current reporting period and ten years prior to it. The Company considers that there is no significant uncertainty with regard to claims that were incurred more than ten years before the reporting period.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3 Financial operations

Note 3.1 Summary of material accounting policies for financial instruments

The Company has applied AASB 9 *Financial Instruments* (AASB 9), including consequential amendments to other standards, to account for financial assets and liabilities held, particularly related to its investment portfolio backing insurance liabilities. It should be noted that AASB 9 does not apply to any balances that arise from insurance contracts issued or reinsurance contracts held. Therefore, any premium receivable balances from policyholders or amounts due from reinsurers are not accounted for under AASB 9, but are subject to AASB 17. Any amounts receivable from agents (i.e. intermediaries) are subject to AASB 9 unless the balance with the agent arises from an insurance contract.

The Company does not carry any balances with agents that are unrelated to insurance contracts, so all such balances have been considered under AASB 17.

AASB 9 does not apply to lease right-of-use assets, lease liabilities, provisions or income tax balances.

Note 3.1.1 Summary of measurement categories for financial assets and liabilities

The Company classifies its financial assets into the following categories:

Type of financial instruments	Classification	Reason
Cash and cash equivalents	Amortised cost	Solely payments of principal and interest (SPPI), hold to collect business model
Government and corporate bonds backing insurance liabilities	Fair value through profit or loss	SPPI, hold to collect and sell business model Designated, accounting mismatch
Other financial assets	Amortised cost	Mandatory
Other financial liabilities	Amortised cost	Mandatory

The Company does not apply hedge accounting.

Note 3.1.2 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), the transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost (AC), where material.

Note 3.1.3 Amortised cost and effective interest rate

AC is the amount at which the financial asset or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original EIR. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3 Financial operations (continued)

Note 3.1.4 Financial assets

3.1.4.1 Classification and subsequent measurement

The Company classifies its financial assets into the following measurement categories:

- AC; or
- FVTPL

The Company has not classified any financial assets at fair value through other comprehensive income (FVOCI).

3.1.4.2 Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from an issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depends on:

- a. the Company's business model for managing the asset; and
- b. the cash flow characteristics (represented by SPPI).

Based on these factors, the Company has elected to classify its debt instruments at FVTPL to reduce an accounting mismatch, as these instruments predominantly back insurance liabilities. A gain or loss on a debt investment is subsequently measured at FVTPL and is recognised and presented within the Statement of Comprehensive Income within net gains on FVTPL investments in the period in which it arises.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership; or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions in which it retains the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks. These transactions are accounted for as pass-through transfers that result in derecognition if the Company:

- a. has no obligation to make payments unless it collects equivalent amounts from the assets;
- b. is prohibited from selling or pledging the assets; and
- c. has an obligation to remit any cash it collects from the assets without material delay.

3.1.4.3 Insurance receivables

The Company recognises insurance receivables, including premiums from policyholders/intermediaries, reinsurance receivables, including intercompany balances, and other recoveries receivable under AASB 17 as they are excluded from the scope of AASB 9.

3.1.4.4 Other financial assets

The remaining financial assets held by the Company include other non-trade debtors measured at amortised cost.

Note 3.1.5 Financial liabilities

3.1.5.1 Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at AC. These liabilities include trade and other payables not subject to AASB 17, such as sundry creditors and intercompany balances owed to the Company's immediate parent.

3.1.5.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3.2 Significant judgements and estimates in applying AASB 9

Note 3.2.1 Judgements

This note provides an overview of areas that require greater judgement or complexity. More detailed information about these judgements is included in the notes.

Judgement	Description
Classification of financial instruments	The Company has made judgements in applying the business model criteria to its portfolio of debt instruments. The Company has also applied judgement as to whether designating debt instruments at FVTPL significantly reduces an accounting mismatch. For more information, refer to Note 3.1.4.2.
Expected credit loss	A number of significant judgements are required in applying the accounting requirements for measuring the ECL, such as: <ol style="list-style-type: none"> determining the criteria for a significant increase in credit risk (SICR); choosing appropriate models and assumptions for the measurement of the ECL; establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and establishing groups of similar financial assets for the purposes of measuring the ECL. For more information, refer to Note 3.6.

Note 3.2.2 Estimates

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements. In applying the AASB 9 measurement requirements, the following inputs and methods were used, which involve significant estimates.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

For more information, refer to Note 3.5.2.

Expected credit loss

The Company recognises a forward-looking loss allowance for ECL on financial assets measured at AC. ECL is an unbiased, probability-weighted estimate of credit losses and considers all reasonable and supportable information, as well as considering whether there has been a significant increase in credit risk (SICR).

For more information, refer to Note 3.6.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3 Financial operations (continued)

Note 3.3 Financial assets and liabilities

The carrying amounts of the financial assets and liabilities held by the Company are:

	2025			2024		
	AC	FVTPL	Total	AC	FVTPL	Total
Cash and cash equivalents	43,789	-	43,789	36,267	-	36,267
Financial assets						
- Government / semi-government bonds	-	181,086	181,086	-	169,185	169,185
- Corporate bonds	-	80,715	80,715	-	80,834	80,834
Loans and other receivables	4,303	-	4,303	4,077	-	4,077
Total investment assets and cash and cash equivalents	48,092	261,801	309,893	40,344	250,019	290,363

Cash and cash equivalents accounting policy

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes and include money market instruments with short maturities (three months or less from the date of acquisition), which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Refer to the accounting policies in Note 3.1.4.2 for an explanation as to why the Company has designated certain financial assets at FVTPL. The carrying amounts of the financial assets are all designated against the Company's portfolio of insurance contract liabilities.

All cash and cash equivalents held are current. The current portion of investment assets amounts to \$47,356K (2024: \$52,904K).

Note 3.4 Investment income and insurance finance expenses

An analysis of net investment income and net insurance finance expenses is presented below:

	2025	2024
Net investment income/(expenses)		
Interest revenue from financial assets not measured at FVTPL	1,492	860
Net gains/(losses) on FVTPL investments	9,623	8,294
Investment expenses	(382)	(380)
Total net investment income/(expenses)	10,733	8,774
Finance income/(expenses) from insurance contracts issued		
Interest accreted	(12,666)	(11,475)
Effect of changes in interest rates and other financial assumptions	1,834	452
Total finance income/(expenses) from insurance contracts issued	(10,832)	(11,023)
Finance income/(expenses) from reinsurance contracts held		
Interest accreted	4,630	3,782
Effect of changes in interest rates and other financial assumptions	(392)	17
Total finance income/(expenses) from reinsurance contracts held	4,238	3,799
Net insurance finance income/(expenses)	(6,594)	(7,224)
Summary of the amounts recognised		
Insurance service result	2,304	3,224
Net investment income	10,733	8,774
Net insurance finance expenses	(6,594)	(7,224)
Net insurance and investment result	6,443	4,774

Certain amounts in the above note have been reclassified to provide greater clarity and alignment with presentation requirements. These reallocations are between interest accreted and the effect of changes in interest rates and other financial assumptions on both insurance contracts issued and reinsurance contracts held. These changes have no impact on the reported profit or financial position for the current or prior periods.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3.4 Investment income and insurance finance expenses (continued)

The total interest revenue and investment income for each class of financial instruments by measurement category is as follows:

	2025			2024		
	AC	FVTPL	Total	AC	FVTPL	Total
Interest revenue from financial assets not measured at FVTPL						
Cash and cash equivalents	1,492	-	1,492	860	-	860
Net gains on FVTPL investments						
Government/semi-government bonds	-	5,954	5,954	-	3,637	3,637
Corporate bonds	-	3,668	3,668	-	4,657	4,657
	-	9,623	9,623	-	8,294	8,294
Other						
Investment expense	(382)	-	(382)	(380)	-	(380)
	(382)	-	(382)	(380)	-	(380)
Total interest revenue and investment income	1,110	9,623	10,733	480	8,294	8,774

Interest income accounting policy

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Interest income is accrued on a time proportionate basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value on initial recognition.

All amounts are recognised through profit or loss.

Note 3.5 Fair value measurement

Note 3.5.1 Fair value hierarchy

The Company categorises a financial asset or a financial liability measured at fair value at the same level of fair value hierarchy as the lowest-level input that is significant to the entire measurement.

The Company ranks fair value measurements based on the type of inputs, as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equities, bonds and derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no Level 3 investments during the two reporting periods presented.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 for recurring fair value measurements during both years.

3.5.1.1 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

Note 3.5.2 Recognised fair value measurement

This note sets out the split of financial instruments by fair value hierarchy level:

	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Government / semi-government bonds	181,086	-	181,086	169,185	-	169,185
Corporate bonds	80,715	-	80,715	80,834	-	80,834
Total investment assets at fair value	261,801	-	261,801	250,019	-	250,019

There were no level 3 investments as at balance date (2024: Nil).

Note 3.5.3 Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, other financial assets and other financial liabilities approximate their fair value.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 3 Financial operations (continued)

Note 3.6 Credit risk for financial instruments

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The credit risk arising from reinsurance contracts is described in Note 3.6.3 and Note 5.

Note 3.6.1 Management of credit risk for financial instruments

The Company has exposure to credit risk, which is the risk of non-payment of its obligations by counterparties and financial markets borrowers. Areas where the Company is exposed to credit risk are:

- Counterparty default on loans, receivables and debt securities;
- Deposits held with banks;
- Reinsurers' share of insurance liabilities (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid; and
- Amounts due from insurance intermediaries and policyholders.

The Company is exposed to minimal credit risk in relation to all other financial assets.

The Company manages credit risk in accordance with its Board-approved risk appetite statement, which sets credit risk exposure limits through Board and management policies. The Company's operating and investing activities are to operate within these credit limits, which are monitored by management and the Company's investment manager. The Company will only enter into financial asset exposures that are of investment grade, which is defined by the Company's policies as being of at least a BBB credit rating (where an external rating exists).

The company does not use credit derivatives to manage credit risk.

Note 3.6.2 Model for expected credit losses

An impairment provision must be provided for all financial assets measured at AC, where material. Impairments are calculated on an expected, rather than incurred, basis. This AASB 9 approach therefore focuses on the risk that a counterparty will default, rather than whether a loss has been incurred. This forward-looking basis is influenced by a variety of factors, including the credit rating of the issuer and macro-economic conditions that are relevant to the asset or portfolio of assets.

Expected credit losses represent possible outcomes that are provided for as a measurement of an asset's credit risk. The size of the ECL recognised will depend on the relative change in the financial asset's credit risk since it was first recognised. If there has been no significant increase in credit risk, the impairment provision is a 12-month ECL. If there is a significant increase in credit risk, the impairment provision is the lifetime ECL.

The Company has not recognised an ECL on financial assets that are debt instruments, such as loans, bank balances and deposits, and other receivables that are measured at AC, as these are immaterial to the Company, either due to the size of the financial asset or due to high credit quality.

Note 3.6.3 Credit risk exposure

The table below shows the maximum credit risk exposure for the components of the financial assets. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or taking account of the value of any collateral or security obtained.

	AAA	AA+/AA-	A+/A-	BBB+/BBB-	Not rated	Total
2025						
Cash and cash equivalents	-	43,789	-	-	-	43,789
Corporate bonds	18,607	47,699	11,480	2,929	-	80,715
Government/semi-government bonds	145,616	35,470	-	-	-	181,086
Insurance premium receivables ¹	-	-	-	-	59,012	59,012
Reinsurance recoveries receivable ²	-	19,360	14,446	-	-	33,806
Non-trade receivables	-	-	-	-	4,364	4,364
Total	164,223	146,318	25,926	2,929	63,376	402,772
2024						
Cash and cash equivalents	-	36,267	-	-	-	36,267
Corporate bonds	29,741	38,148	12,945	-	-	80,834
Government/semi-government bonds	128,128	41,057	-	-	-	169,185
Insurance premium receivables ¹	-	-	-	-	57,773	57,773
Reinsurance recoveries receivable ²	-	6,231	18,925	-	-	25,156
Non-trade receivables	-	-	-	-	4,088	4,088
Total	157,869	121,703	31,870	-	61,861	373,303

¹Within insurance contract liabilities

²Within reinsurance contract assets

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 4 Expenses by nature

	2025				
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other indirect overhead expenses	Strategic & non-attributable expenses	Total
Employee expenses	14,430	2,049	9,785	2,655	28,919
Commissions	23,933	-	-	-	23,933
Claims adjustment expenses	-	(757)	-	-	(757)
Audit, legal and other professional fees	70	-	2,672	760	3,502
Other expenses	1,007	-	10,804	944	12,755
Total	39,440	1,292	23,261	4,359	68,352

	2024				
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other indirect overhead expenses	Strategic & non-attributable expenses	Total
Employee expenses	14,390	1,749	9,184	2,778	28,101
Commissions	24,570	-	-	-	24,570
Claims adjustment expenses	-	2,222	-	-	2,222
Audit, legal and other professional fees	66	-	2,222	566	2,854
Other expenses	1,139	28	9,431	1,108	11,706
Total	40,165	3,999	20,837	4,452	69,453

Foreign currency translation accounting policy

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 5 Risk management

Note 5.1 Risk management framework

The Company manages its risks through a comprehensive Risk Management Framework (RMF), ensuring alignment with its Risk Appetite Statement, regulatory requirements, and Australian Accounting Standards and operationalised through the Risk Management Strategy (RMS). Material risks are identified, monitored, and mitigated through policies, procedures, and oversight by the Board and relevant committees.

Note 5.2 Governance and oversight

The Board of Directors is responsible for setting the tone from the top, fostering a strong risk culture, and ensuring the effectiveness of the RMF. The Risk and Compliance Committee oversees the identification, management and mitigation of risks, supported by the Chief Risk Officer (CRO) and senior management. Independent internal audits provide assurance over the effectiveness of governance, risk management and internal control frameworks. Ansvar employs a co-sourced model for internal audit, overseen by the Head of Internal Audit. The RMF includes a robust compliance management framework supported by a three-lines-of-defence approach to risk oversight.

Note 5.3 Material risks

The Company's material risks are categorised as follows: Strategic risk (see Note 5.3.1), Business risk (see Note 5.3.2), Insurance risk (see Note 5.3.3), Financial risk (see Note 5.3.4), Operational risk (see Note 5.3.5) and People & Culture risk (see Note 5.3.6).

Note 5.3.1 Strategic risk

Strategic risks encompass external environmental changes, climate risk, execution challenges, and customer expectations. Key exposures include the failure to deliver on strategic initiatives, which can weaken the competitive position and capital strength; the erosion of competitive position due to misaligned customer services; and the failure to meet service standards, resulting in reputational damage, regulatory scrutiny, and reduced profitability.

Key mitigation strategies include the annual approval of the Corporate Plan and Budget, with performance continuously monitored through key metrics. The Company also emphasises customer-focused service design and strategic business planning, making adjustments to respond to market changes.

Note 5.3.2 Business risk

Business risks relate to company growth strategies and the resulting Gross Written Premium, as well as to legal and regulatory changes that may give rise to risks in how the company conducts its business and in its reputation through the customer lens. Key exposures include a transitioning market and new entrants in the company's niches, posing threats to growth. Key mitigation strategies include an improved sales enablement model, increased market exposure, an enhanced marketing plan, automated regulatory change tracking and a focused program of work to strengthen customer experience.

Note 5.3.3 Insurance risk

Insurance risks arise from underwriting, claims management, reinsurance arrangements, and reserving. Key exposures include inadequate reinsurance programs impacting capital and profitability, insufficient pricing and underwriting practices reducing long-term profitability, reserving shortfalls in insurance portfolios, and shifts in competitor distribution models affecting market share. Key mitigation strategies include:

- *Underwriting and Actuarial Processes:* Exposure is managed through maximum claim limits, sub-limits, and strict risk selection criteria. Contract wording is designed to enable policy adjustments at renewal, impose deductibles, reject fraudulent claims, and pursue third-party recoveries. Delegated authorities and quality assurance frameworks to support underwriting practices.
- *Portfolio Oversight:* The Company monitors and reports on pricing adequacy, and target pricing, supported by regular technical and administrative reviews and embedded training programs to drive continuous improvement in portfolio management.
- *Reinsurance Management Strategy:* Comprehensive reinsurance arrangements are implemented to stabilise earnings, protect capital resources, and manage underwriting risk efficiently within the Company's risk appetite.
- *Claims Management:* Claims are managed by a centralised team of in-house specialists operating under strict authority limits. Material claims are reviewed at least monthly and adjusted based on updated information and prevailing conditions. The Company also actively pursues early settlements to minimise exposure to unpredictable developments and reduce overall liability and has processes in place to identify and mitigate suspicious claims.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 5 Risk management (continued)

Note 5.3.4 Financial risk

Financial risks include investment, liquidity, budget, and credit risks. To mitigate these risks, the Company has established a structured governance framework supported by key policies, including the Balance Sheet and Market Risk Policy, Credit Risk Policy, Investment Policy, and Capital Management Strategy. These policies guide the Company in measuring, monitoring, and controlling financial risks. Additional frameworks, such as the Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement, ensure robust capital adequacy management by evaluating the Company's capital needs relative to its risk profile.

5.3.4.1 Investment risk

Investment risk arises from factors such as movements in interest rates, inflation, and credit spreads that impact the investment portfolio's value. Key exposures include movements in interest rates, inflation, and widening credit spreads, which can impact the value of fixed-interest securities and market liquidity contraction that limits the ability to liquidate assets without significant price impacts. Additionally, inadequate valuation processes can lead to asset value measurement inaccuracies.

Key mitigation strategies include:

- **Risk Appetite and Investment Policy:** The Company establishes acceptable levels of investment risk through its Risk Appetite Statement and Investment Policy. These frameworks define risk limits and ensure regular monitoring to maintain alignment with the Company's financial goals.
- **Stress Testing and Scenario Analysis:** Regular stress testing evaluates the impact of market risks on the Balance Sheet, such as interest rate movements. This analysis supports compliance with regulatory capital requirements and informs adjustments on the investment strategy.
- **Asset-Liability Matching (ALM):** The Company ensures alignment between asset cash flows and liability obligations to minimise interest rate and liquidity risks. ALM practices reduce the financial impact of interest rate variability and market changes.

The following tables present the estimated amounts and timing of the remaining contractual discounted cash flows associated with investment assets and insurance liabilities. When debt securities mature, the proceeds not needed to meet cash flows from liabilities will be reinvested.

31 December 2025	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10	>10 Years	Total
Investment assets								
Government/semi-government bonds	21,641	26,766	10,055	18,840	35,920	57,359	10,505	181,086
Corporate bonds	25,715	9,886	17,292	8,770	19,052	-	-	80,715
Total investment assets	47,356	36,652	27,347	27,610	54,972	57,359	10,505	261,801
Insurance contract balances								
Reinsurance contract assets	90,865	25,240	6,187	2,353	2,550	3,785	727	131,707
Insurance contract liabilities	(117,768)	(55,583)	(39,434)	(29,122)	(19,591)	(34,040)	(7,587)	(303,125)
Total insurance contract balances	(26,903)	(30,343)	(33,247)	(26,769)	(17,041)	(30,255)	(6,860)	(171,418)
Net discounted cash flows	20,453	6,309	(5,900)	841	37,931	27,104	3,645	90,383

31 December 2024	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10	>10 Years	Total
Investment assets								
Government/semi-government bonds	23,643	21,534	33,401	8,044	7,612	52,379	22,572	169,185
Corporate bonds	29,261	25,617	9,898	15,344	714	-	-	80,834
Total investment assets	52,904	47,151	43,299	23,388	8,326	52,379	22,572	250,019
Insurance contract balances								
Reinsurance contract assets	120,445	17,474	7,162	4,716	3,478	12,479	1,472	167,226
Insurance contract liabilities	(128,293)	(57,703)	(40,032)	(30,833)	(22,171)	(45,576)	(10,409)	(335,017)
Total insurance contract balances	(7,848)	(40,229)	(32,870)	(26,117)	(18,693)	(33,097)	(8,937)	(167,791)
Net discounted cash flows	45,056	6,922	10,429	(2,729)	(10,367)	19,282	13,635	82,228

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 5 Risk management (continued)

Note 5.3.4 Financial risk (continued)

5.3.4.1 Investment risk (continued)

Interest rate risk sensitivity

The following table presents an analysis of how a potential shift in market interest rates might impact the balances of contracts within the scope of AASB 17 and the resulting net impact on profit or loss and equity to changes in interest rates.

	Net insurance contracts balance	Inv. assets subject to interest rate risk ¹	0.5% increase in interest rates				0.5% decrease in interest rates			
			Impact on:				Impact on:			
			Net ins. contracts balance	Inv. assets	Profit or loss	Equity	Net ins. contracts balance	Inv. assets	Profit or loss	Equity
31-Dec-25	171,418	261,801	2,806	(4,312)	(1,506)	(1,506)	(2,898)	4,312	1,415	1,415
31-Dec-24	167,791	250,019	3,271	(3,651)	(380)	(380)	(3,384)	3,651	267	267

¹Cash and cash equivalents were excluded from this table due to their short maturity and the insignificant impact from variability in interest rates.

The sensitivity analysis assumes that interest rate changes occur at the balance sheet date, with investments marked to market on the same date. A 0.5% increase or decrease in interest rates was used, consistent with the Appointed Actuary's claims sensitivity analysis for the discount rate. Movements in profit or loss are attributable to the Company's exposure to interest rates on variable interest rate investments and fair value movements in fixed interest rate investments. The analysis assumes all other assumptions remain constant. In practice, changes in assumptions may be correlated.

5.3.4.2 Liquidity risk

Liquidity risk refers to the inability to meet financial obligations as they fall due and can arise from mismatches between the timing of cash inflows and outflows or unexpected cash demands. Key exposures include the inability to liquidate investments or access sufficient cash to meet financial obligations during market volatility; unexpected claims activity or delays in receivables, such as premiums or reinsurance recoveries, that cause short-term cash-flow challenges; and overreliance on illiquid investments that are difficult to convert into cash without significant value loss.

Key mitigation strategies include:

- *Cash Flow Forecasting and Monitoring:* The Company regularly forecasts and monitors cash flow requirements to proactively identify surpluses or shortages. Cash flow patterns are periodically reviewed and adjusted to reflect changes in operational or financial activities.
- *Liquidity Buffers:* A portfolio of highly liquid assets, such as government securities and short-term bonds, is maintained to meet unexpected cash demands. Minimum liquidity thresholds, established within the Investment Policy, ensure sufficient reserves are always available.
- *Investment Policy:* The investment portfolio is diversified across liquid and semi-liquid assets, providing flexibility to meet financial obligations. Exposure to long-term or illiquid investments is limited to mitigate risks during periods of market volatility. The Company invests only in high-credit-quality securities to reduce exposure to credit risk.
- *Reinsurance Recoveries and Premium Receivables:* Aged receivables are closely monitored, with follow-up processes to ensure timely recovery. Strong relationships with reinsurers are maintained to facilitate prompt settlements of reinsurance.
- *Stress Testing and Scenario Analysis:* Liquidity stress testing is conducted across scenarios, including market downturns and sudden increases in claims activity. The Company also assesses the impact of potential delays in cash inflows, such as premium payments or investment redemptions, to ensure it is prepared for adverse events.

5.3.4.3 Budget risk

The Company is expected to budget risk, where failure to achieve financial targets can impact profitability, cash flow, and key metrics, misaligning operational performance with long-term strategic objectives outlined in the Corporate Plan and Budget. Key exposures include inaccurate revenue and expense forecasting, leading to deviations from financial targets; external factors such as economic downturns or regulatory changes impacting financial outcomes; and operational or project cost overruns that reduce profitability.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 5 Risk management (continued)

Note 5.3.4 Financial risk (continued)

5.3.4.3 Budget risk (continued)

Key mitigation strategies include:

- *Detailed Budgeting and Forecasting:* Detailed budgets are prepared to align with the Company's strategic objectives and operational priorities, with regular forecasts updated to reflect changes in the economic environment, regulatory landscape, and business performance, ensuring adaptability.
- *Regular Monitoring and Reporting:* Performance is monitored through periodic financial reviews and variance analysis. Significant variances are promptly reported to the Board and senior management, along with recommended actions to address shortfalls.
- *Operational Oversight and Cost Management:* Robust cost control mechanisms and accountability frameworks ensure efficient resource allocation, prevent budget overruns, and promote financial responsibility across business units.

Note 5.3.5 Operational risk

The Company is exposed to operational risk, which is the potential for losses arising from inadequate or failed internal processes, people, systems, or external events. This risk encompasses many areas, including information security, business continuity, compliance, outsourcing, and data governance. Effective operational risk management is essential to safeguard the Company's business continuity, reputation, and regulatory compliance. Key exposures include significant disruptions from cyber incidents or data breaches; delays or defects in system implementation that affect operational effectiveness; data integrity issues that lead to erroneous business decisions; non-compliance with regulatory or contractual obligations; and failures in third-party service delivery, including key outsourced functions.

Key mitigation strategies include:

- *Information Security and Cyber Risk Management:* The Company has implemented cybersecurity controls, including intrusion detection, encryption, and regular vulnerability assessments. An incident response plan is also in place and tested regularly to address potential cyber threats promptly, ensuring minimal disruption to operations.
- *Business Continuity and Disaster Recovery:* The Company maintains a comprehensive Business Continuity Management (BCM) framework that covers disaster recovery, pandemic response, and business continuity and contingency planning. Regular business continuity plan tests are conducted, with a focus on critical operations. The outcomes are reported to the Board to ensure preparedness for unexpected disruptions.
- *Data Governance:* A Data Governance Committee oversees data quality, security, and regulatory compliance, with data ownership responsibilities assigned across teams to ensure accountability and accuracy in data management.
- *Compliance and Regulatory Management:* The Company operates a compliance framework aligned with regulatory requirements and supported by a "three lines of defence" approach. Staff receive regular compliance training to raise awareness and reduce the risk of regulatory breaches.
- *Outsourcing and Third-Party Risk Management:* The Company conducts due diligence for third-party providers in accordance with its Service Provider Policy. Performance and adherence to service level agreements (SLAs) are regularly monitored, with contingency plans in place for critical outsourced functions.
- *Operational Controls and Internal Audits:* Internal audits assess the effectiveness of internal controls and processes. At the same time, policies and procedures are implemented to mitigate risks arising from day-to-day operations and to ensure compliance and operational efficiency.

Note 5.3.6 People and Culture risk

People & Culture risks include staff conduct, recruitment and retention challenges, leadership effectiveness, and employee wellbeing. Key exposures include staff conduct, where inappropriate behaviour could result in legal, regulatory, or reputational damage; difficulties in recruitment and retention, potentially causing capability gaps and operational disruptions; ineffective leadership or poor capability and capacity planning, impacting stability and strategic goals; and insufficient support for employee wellbeing, leading to disengagement, absenteeism, or turnover.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 5 Risk management (continued)

Note 5.3.6 People and Culture risk (continued)

Key mitigation strategies include:

- *Policies, Processes, and Procedures:* Comprehensive policies, processes, and procedures are implemented to identify and manage operational risks related to employees, contractors, and third parties. The People and Culture Team oversees the sourcing, recruiting, and retaining of skilled staff, as well as the development and retention of talent through structured frameworks.
- *Capability Planning and Leadership Development:* Leadership programs and formalised career pathways support succession planning and are underpinned by a robust talent framework aligned with the organisation's long-term goals. Fit-for-purpose position descriptions help recruit individuals who best meet business needs.
- *Occupational Health and Safety:* The Company provides modern office spaces with ergonomic features and flexible working arrangements to promote work-life balance. Psychosocial risks are mitigated through a range of initiatives, including a preventative wellness program, access to psychological first aid and external Employee Assistance Programs.
- *Training and Engagement:* Staff training and engagement programs are well established and regularly reviewed to meet evolving business needs and foster a culture of continuous improvement.

Note 6 Other receivables

	2025	2024
Prepaid expenses	4,182	5,167
Non-trade receivables	4,364	4,088
Total other receivables	8,546	9,255
Current	4,182	5,167
Non-current	4,364	4,088
Total other receivables	8,546	9,255

Note 7 Income tax

	2025	2024
Income tax expense/(benefit) comprises:		
Deferred tax expense/(benefit) - current year	821	358
Deferred tax benefit - prior years	-	219
Total income tax expense/(benefit)	821	577
Profit/(loss) before income tax	2,485	1,000
Income tax expense/(benefit) calculated at 30%	745	300
Remeasurement of loan to Canterbury Earthquake Church and Heritage Trust	-	(16)
Non-deductible expenses	46	47
Other	30	246
Total income tax expense/(benefit)	821	577

The tax rate used in the reconciliation above is the corporate tax rate of 30%, payable by Ansvar on taxable income under Australian tax law.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 7 Income tax (continued)

Temporary differences

Taxable and deductible temporary differences arise from the following:

	2025			2024		
	Opening balance	(Charged)/ credited to income	Closing balance	Opening balance	(Charged)/ credited to income	Closing balance
Gross deferred tax liabilities						
Revenue receivable	(562)	(9)	(571)	(548)	(14)	(562)
Prepayments	(31)	1	(30)	(25)	(6)	(31)
AASB 17 adjustment	-	-	-	(663)	663	-
Total	(593)	(8)	(601)	(1,236)	643	(593)
Gross deferred tax assets						
Provisions	1,459	282	1,741	1,108	351	1,459
Doubtful debts allowance	600	(372)	228	-	600	600
Indirect claims settlement costs	4,144	(226)	3,918	3,396	748	4,144
Purchased interest	141	(26)	115	117	24	141
Unrealised gains/losses on fixed interest securities	1,442	(726)	716	1,702	(260)	1,442
R&D tax credits	676	(4)	672	2,091	(1,415)	676
Software write-off	25	(25)	-	49	(24)	25
Assessable losses	-	389	389	1,391	(1,391)	-
Other	683	(105)	578	534	149	683
Total	9,170	(813)	8,357	10,388	(1,218)	9,170
Net deferred tax assets						
Deferred tax liability			(601)			(593)
Deferred tax asset			8,357			9,170
Net deferred tax asset			7,756			8,577

In 2024, management commenced the deregistration of the Company's dormant wholly-owned subsidiaries, Ansvar Risk Management Services Pty Ltd and Ansvar Insurance Services Pty Limited. The subsidiaries left the Australian Multiple Entry Consolidated Group (MEC) Group for income tax purposes. The MEC Group remains active, with Ansvar Insurance Limited as the sole participant and head company. As such, the Company, as the head company of the MEC Group, will not assume any current or deferred tax balances.

During the year ended 31 December 2024, the Australian Government substantively enacted Pillar Two global minimum tax rules as part of the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) initiative (Pillar Two Rules). The Company will be within the scope of these rules from 1 January 2025, as its immediate parent has exceeded the relevant thresholds for the preceding two years.

Under the Pillar Two Rules, a top-up tax may be payable where the effective tax rate of the Benefact Group's operations in any individual jurisdiction, calculated using principles set out in the Pillar Two Rules, falls below 15%. For 2025 and 2026, simplified transitional safe-harbour provisions based on Country-by-Country reporting data will apply.

The Company's immediate parent has performed an initial assessment of its exposure to Pillar Two taxes. Based on this review, no material top-up tax is expected for 2025, and a similar outcome is anticipated for 2026. Additional analysis will be conducted to assess the potential impact of the full rules when they take effect from 2027 onward.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 7 Income tax (continued)

Current and deferred income tax accounting policy

Current tax is calculated with reference to the amount of income tax payable or recoverable in respect of the taxable income or loss for the year. It is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax balances are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, other than in a business combination, and do not affect taxable income or accounting profit before income tax.

Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Company can control the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable income against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets and liabilities giving rise to them are realised or settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or benefit in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

In June 2023, amendments to AASB 12 Income Taxes were published to address the implementation of the OECD BEPS Pillar Two Model Rules. The Company became subject to these rules from 1 January 2025. In accordance with the AASB 12 amendments, the Company continues to apply the mandatory exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

At the balance sheet date, Ansvar assesses whether it is probable that it will have taxable profits against which any temporary differences or unused tax losses can be utilised before the unused tax losses or unused tax credits expire. In making this assessment, Ansvar considers the expected level of taxable profits in its future business plans against which the taxable losses can be utilised.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 8 Property, plant & equipment

	Furniture and fittings	Office & IT equipment	Leasehold improvements	Total
Cost				
Balance at 31 December 2023	432	1,494	1,270	3,196
Additions	-	123	-	123
Disposals	-	(8)	-	(8)
Balance at 31 December 2024	432	1,609	1,270	3,311
Additions	-	147	48	195
Disposals	-	(12)	-	(12)
Balance at 31 December 2025	432	1,744	1,318	3,494
Accumulated depreciation				
Balance at 31 December 2023	(39)	(1,123)	(26)	(1,188)
Depreciation expense	(80)	(202)	(311)	(593)
Disposals	-	3	-	3
Balance at 31 December 2024	(119)	(1,322)	(337)	(1,778)
Depreciation expense	(80)	(178)	(311)	(569)
Disposals	-	10	-	10
Balance at 31 December 2025	(199)	(1,490)	(648)	(2,337)
Net book value				
At 31 December 2024	313	287	933	1,533
At 31 December 2025	233	254	670	1,157

Property, plant and equipment accounting policy

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is charged on property, plant and equipment and is calculated on a straight-line basis so as to write-off the net cost or other revalued amount of each asset over its expected useful life, accounting for any estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year.

The following estimated useful lives are used in the calculation of depreciation:

- Furniture and fixtures: 5 years
- Leasehold improvements: Term of lease
- Office IT equipment: 3-5 years

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 9 Intangible assets

Cost	Contract Asset	Total
Balance at 31 December 2023	-	-
Additions	300	300
Disposals	-	-
Balance at 31 December 2024	300	300
Additions	-	-
Disposals	-	-
Balance at 31 December 2025	300	300
<u>Accumulated amortisation</u>		
Balance at 31 December 2023	-	-
Amortisation expense	(92)	(92)
Disposals	-	-
Balance at 31 December 2024	(92)	(92)
Amortisation expense	(100)	(100)
Disposals	-	-
Balance at 31 December 2025	(192)	(192)
<u>Net book value</u>		
At 31 December 2024	208	208
At 31 December 2025	108	108

Intangible assets accounting policy

Intangible assets consist of acquired customer contracts and distribution relationships and are carried at cost at acquisition less accumulated amortisation and impairment. Amortisation is on a straight-line basis over the estimated useful life of intangible assets acquired. Amortisation and impairment charges incurred for the period are included in the Statement of Comprehensive Income within other operating expenses.

For the contract asset acquired, a three-year useful life has been applied, which is the length of the referral term.

Impairment of assets accounting policy

At each balance sheet date, the Company reviews the carrying amounts of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately.

Configuration or customisation costs in a cloud computing environment accounting policy

Costs that do not result in the recognition of an intangible asset are expensed as incurred, unless they are paid to the supplier of the Software-as-a-Service arrangement to significantly customise the cloud based software for the Company, in which case the costs are recorded as a prepayment for services rendered and amortised over the expected renewable term of the arrangement.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 10 Leases

At contract inception, the Company assesses whether a contract is or contains a lease (i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

The Company applies a single recognition and measurement approach for all leases, except short-term leases and leases of low value assets. The Company applies the short-term lease exemption to its short-term leases of equipment - i.e. those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

(a) Right-of-use assets

	Property	Total
Cost		
Balance at 31 December 2023	3,979	3,979
Additions	-	-
Disposals	-	-
Balance at 31 December 2024	3,979	3,979
Additions	1,011	1,011
Disposals	(519)	(519)
Balance at 31 December 2025	4,471	4,471
Accumulated depreciation		
Balance at 31 December 2023	(1,105)	(1,105)
Depreciation expense	(816)	(816)
Disposals	-	-
Balance at 31 December 2024	(1,921)	(1,921)
Depreciation expense	(829)	(829)
Disposals	509	509
Balance at 31 December 2025	(2,241)	(2,241)
Net book value		
At 31 December 2024	2,058	2,058
At 31 December 2025	2,230	2,230

Lease right-of-use assets accounting policy

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

(b) Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
2025			
Current	1,444	(102)	1,342
1-5 years	1,907	(82)	1,825
Balance at 31 December 2025	3,351	(184)	3,167
2024			
Current	1,234	(103)	1,131
1-5 years	2,330	(87)	2,243
Balance at 31 December 2024	3,564	(190)	3,374

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 10 Leases (continued)

Lease liabilities accounting policy

At the commencement date of the lease, the Company recognises lease liabilities at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date, unless the interest rate implicit in the lease is readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

Note 11 Other payables and liabilities

	2025	2024
Deposits from reinsurers	27,945	18,407
Indirect tax payable	5,840	5,937
Sundry creditors and accruals	3,151	2,962
Unsecured amount owing to holding company	598	431
Total other payables and liabilities	37,534	27,737
Current	9,589	9,330
Non-current	27,945	18,407
Total other payables and liabilities	37,534	27,737

Trade and other payables accounting policy

Trade payables represent payables associated with the premium, reinsurance and other recoveries, claims and commission, and are accounted for under AASB 17. All other payables are classified as non-trade payables.

Payables are stated at cost, which is the fair value of future payments for the purchase of goods and services. Payables are recognised when the Company has a constructive obligation to make these payments.

Trade and other payables are non-interest bearing and normally settle within 12 months. The non-current portion has not been discounted as the effect of the time value of money is not material.

Goods and services tax accounting policy

Income, expenses, assets and liabilities are recognised net of GST except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO)
- For receivables and payables which are recognised inclusive of GST.

The gross amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the ATO, is classified as cash flows from operating activities.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 12 Provisions

	Provisions for employee benefits	Other provisions	Total
Balance at 31 December 2023	3,506	162	3,668
Additional provision recognised	2,796	-	2,796
Provision utilised during the year	(2,346)	-	(2,346)
Balance at 31 December 2024	3,956	162	4,118
Additional provision recognised	4,054	-	4,054
Provision utilised during the year	(3,084)	-	(3,084)
Balance at 31 December 2025	4,926	162	5,088
2025			
Current	4,462	162	4,624
Non-current	464	-	464
Total provisions at 31 December 2025	4,926	162	5,088
2024			
Current	3,526	162	3,688
Non-current	430	-	430
Total provisions at 31 December 2024	3,956	162	4,118

Employee benefits accounting policy

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the balance sheet date when it is probable that settlement will be required and the amounts can be reliably measured.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured as the amount unpaid at the balance sheet date current pay rates in respect of services up to that date.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured at the present value of the expected future cash flows to be made by the Company in respect of services provided by employees up to the balance sheet date. Consideration is given to the expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Note 13 Share capital

	2025	2024
Issued share capital 46,300,000 ordinary shares each fully paid (2024: 46,300,000)	46,300	46,300

Ordinary shares carry the right to dividends and one vote per share. No ordinary shares were issued to the shareholder during the current financial year (2024: nil).

Note 14 Other income

	2025	2024
Management services fees credited/(charged) to income	222	45
Remeasurement of loan to Canterbury Earthquake Church and Heritage Trustee Limited	2	54
Commission income	1,009	944
Sundry income	52	20
Total other income	1,285	1,063

Fee income accounting policy

Fee income is recognised when performance obligations are satisfied, regardless of when the payment is made. Performance obligations are considered satisfied when the services are substantially complete and provided to the customer. Where the balances include a significant financing component, the cash flows are discounted on inception and the income recognised over time as the accretion of interest under the effective interest method.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 15 Contingent assets and contingent liabilities

Ansvar has a bank guarantee facility totalling \$1,162,318 (2024: \$1,127,921) which comprises an undertaking by the bank pursuant to agreements for leased office premises in the event of extinguishing liabilities if necessary. The unused amount of the facility at 31 December 2025 is \$1,162,318 (2024: \$1,127,921).

Note 16 Related parties

Ansvar's related parties fall into the following categories:

Holding companies

The ultimate holding company in the wholly-owned group is Benefact Trust Limited, incorporated in the United Kingdom. The immediate holding company of the Company is Ecclesiastical Insurance Office Plc (EIO), incorporated in the United Kingdom.

Directors

Refer to the Directors' Report for details of Ansvar's Directors during the current financial year. S. Jacinta Whyte and Mark Bennett were Executive Directors of EIO, Ansvar's immediate holding company, and the Deputy Group Chief Executive and Chief Financial Officer of Benefact Group respectively, during the current financial year. Warren Hutcheon was Chief Executive Officer and a Director of ACS (NZ) Limited (ACS), Ansvar's former subsidiary, domiciled in New Zealand, during the current financial year.

Other transactions with Directors or their related entities

Ansvar provides services to ACS under a management services agreement (MSA). During 2025, both parties agreed to an addendum to the MSA, whereby Ansvar would reduce its final fee payable to NZD 2,200K (2024: NZD 3,000K) and bear the foreign currency risk on the transaction in exchange for an annual fee being paid to Ansvar of NZD 220K. The annual fee will be indexed annually at New Zealand's consumers price index and any additional costs to regulatory or legislative change will be subject to additional fees. The final fee is payable once ACS has settled all claims and the entity is wound up, provided there are surplus net assets as outlined in the agreement. The Company assessed that there would be sufficient surplus net assets in ACS to recognise the full amount as receivable in 2025 (2024: 100% recognised). The final fee has an expected payment date of 30 June 2029.

Ansvar provides a loan to ACS' parent, the Canterbury Earthquake Church and Heritage Trust (the Trust) of NZD 3,000K (2024: NZD 3,000K). The loan is interest-free and becomes due and payable once the Trust has sufficient liquid net assets out of which it can repay the loan, which will be available once ACS is wound up and the remaining net assets are transferred to the Trust. As at 31 December 2025, the Trust does not have sufficient liquid net assets to repay the loan, hence, the loan is not callable. The Company considers the full amount to be recoverable as at 31 December 2025.

Details of the impact on the profit/loss before tax can be found in Note 14. In the normal course of business, Ansvar incurs certain expenses which are recharged to ACS. There were no other transactions between the entities during the year.

Wholly-owned group

The wholly-owned group consists of Benefact Trust Limited and its wholly-owned entities, including Ansvar.

On 1 January 2020, Ansvar entered into an adverse development cover (ADC) contract with EIO, which was renewed on 1 January 2025. The contract protects against the adverse development in both outstanding case estimates and claims incurred-but-not-reported (IBNR), as at the balance date of the prior financial year, on physical and sexual abuse (PSA) claims up to a limit of \$20,000K (2024: \$20,000K), of which nil coverage (2024: \$20,000K) was utilised in 2025. The Company and EIO have both assessed this contract to be PAA eligible.

On 1 January 2025, as part of the ADC contract outlined above, Ansvar entered into a loss portfolio transfer arrangement for its open PSA case estimates and claims incurred-but-not-enough-reported (IBNER) as at 31 December 2024. The net discounted central estimate and risk adjustment transferred at inception was \$29,274K and Ansvar paid a premium of \$27,766K. The contract provides the Company capital protection for its PSA central estimate as well as providing more certainty over the net cost of these claims. The Company and EIO have both assessed this contract to be PAA eligible.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 16 Related parties (continued)

On 1 January 2022, Ansvar entered into a whole-of-account stop loss reinsurance contract with Ecclesiastical Insurance Office Plc, which was renewed on 1 January 2025. The stop loss reinsurance cover protects against the Company's current year profit before income tax from falling below \$1,000K, up to a reinsurance limit of \$20,000K. In return, the Company paid an annual premium of \$2,400K (2024: \$2,000K) and a profit share of 50% is payable to the reinsurer where the Company's current year profit before income tax is in excess of its budgeted profit before income tax. As the Company made a profit before income tax of \$2,484K during the year, nil coverage (2024: \$18,052K) was utilised in 2025.

Ansvar entered into the following transactions with its holding company:

	2025	2024
Income		
Amounts recovered from reinsurance	-	38,587
Expenses		
Interest on collateral held	885	385
Reinsurance premium incurred	40,695	11,701
Information Technology expense recharges	249	262
Other expense recharges	1,247	828

The above transactions were entered into on commercial terms and conditions and at market rates.

Aggregate amounts receivable from/(payable to) entities in the wholly-owned group at the balance sheet date were as follows:

Current

Unsecured amount owing by/(to) holding company	(2,915)	36,729
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Note 17 Discontinued operations

The Company previously wholly-owned two subsidiaries, Ansvar Risk Management Services Pty Ltd (ARMS) and Ansvar Insurance Services Pty Limited (AIS). ARMS was deregistered prior to 31 December 2024. AIS remained dormant during 2025 and did not enter into any transactions during the current financial year (2024: none). AIS was fully wound-up and deregistered prior to 31 December 2025.

Note 18 Capital adequacy

The table below sets out Ansvar's unaudited Regulatory Capital, Prescribed Capital Amount and Prescribed Capital Amount Coverage Ratio calculated in accordance with the Australian Prudential Regulation Authority's (APRA) Prudential Standards. This note is based on unaudited results defined by APRA's reporting standards from the Company's December 2025 quarterly return.

	2025	2024
Net Assets	108,181	106,517
Less: Regulatory Adjustments	1,857	(507)
Total Regulatory Capital	110,038	106,010
Prescribed Capital Amount		
Insurance Risk Charge	32,393	36,195
Insurance Concentration Risk Charge	6,255	6,580
Asset Risk Charge	14,604	17,356
Operational Risk Charge	5,700	6,400
Less: Aggregation Benefit	(9,290)	(10,857)
Total Prescribed Capital Amount	49,662	55,674
Prescribed Capital Amount Coverage Ratio	2.22	1.90

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 19 Reconciliation of profit/(loss) after income tax to net cash flows from operating activities

	2025	2024
Profit/(loss) after income tax	1,664	423
Adjustments for:		
Depreciation of property, plant & equipment	569	593
Depreciation of lease right-of-use assets	829	816
Amortisation of intangible assets	100	92
Disposal of property, plant & equipment	2	5
Interest received	(9,327)	(8,847)
Realised losses/(gains) on disposal of investments	631	560
Unrealised losses/(gains) on investments	(2,422)	(864)
Investment management fee paid	382	380
Decrease/(increase) in current tax asset	1,620	(778)
Decrease/(increase) in deferred tax asset	821	575
Changes in operating assets and liabilities:		
Decrease/(increase) in other receivables	709	840
Decrease/(increase) in reinsurance contract assets	35,519	(20,724)
(Decrease)/increase in other payables	9,797	(7,791)
Increase in provisions	970	450
(Decrease)/increase in insurance contract liabilities	(31,892)	27,135
Net cash inflow/(outflow) from operating activities	9,972	(7,135)

Note 20 Subsequent events

There has not been any matter or circumstance that has occurred between the balance sheet date of this report that has significantly affected, or may significantly affect, the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years.

Note 21 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The aggregate compensation of the Company's key management personnel is set out below.

	2025	2024
	\$	\$
Short-term employee benefits	4,310,829	5,024,494
Long-term employee benefits	126,891	115,463
Superannuation benefits	344,777	344,502
Termination benefits	649,177	104,314
Total	5,431,674	5,588,773

Note 22 Remuneration of auditor

	2025	2024
	\$	\$
Audit of the financial statements	333,465	370,680
Other services ⁽ⁱ⁾	173,028	108,477
Total	506,493	479,157

(i) Includes other assurance engagements required by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the New South Wales Government.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 23 New Accounting Standards and Interpretations

Note 23.1 Issued and effective

The following new and amended Australian Accounting Standards and Interpretations are applicable for the current reporting year.

Title	Description
AASB 2020-1	Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
AASB 2021-7c	Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
AASB 2022-5	Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
AASB 2022-6	Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2023-1	Amendments to Australian Accounting Standards - Supplier Finance Arrangements
AASB 2023-5	Amendments to Australian Accounting Standards - Lack of Exchangeability

The adoption of these new or amended accounting standards are either not applicable to Ansvar or do not have a material impact to the Company's financial statements.

Note 23.2 Issued but not yet effective

As at the date of this financial report, there are a number of new accounting standards, amendments to or interpretations of accounting standards issued by the Australian Accounting Standards Board for which the mandatory application dates for the Company fall after the end of this current reporting year. None of these have been early adopted by the Company. The following table provides a summary of standards, amendments and interpretations that are issued but not yet effective for the Company:

Title	Description	Operative date
AASB 2022-9	Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector	1 January 2027
AASB 2024-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026
AASB 2024-3	Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026
AASB 2025-1	Amendments to Australian Accounting Standards - Contracts Referencing Nature dependent Electricity	1 January 2026
AASB 2025-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 January 2026
AASB 2025-3	Amendments to Australian Accounting Standards - Contracts Referencing Nature dependent Electricity: Tier 2 Disclosures	1 January 2026
AASB 2025-4	Amendments to Australian Accounting Standards - Hyperinflationary Presentation Currency & related amendments	1 January 2027
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027
AASB 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Unless specifically outlined below, the above standards and amendments are either not applicable to the Company or not expected to have a material impact on the Company in the current or future reporting periods.

AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18) will replace AASB 101 *Presentation of Financial Statements* (AASB 101), introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be material. Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

Ansvar Insurance Limited

Notes to the Financial Statements For the financial year ended 31 December 2025

Note 23.3 Australian Sustainability Reporting Standards (ASRS)

The Australian Accounting Standards Board (AASB) issued the first Australian Sustainability Reporting Standards on 20 September 2024, comprising:

- AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* - a voluntary Standard; and
- AASB S2 *Climate-related Disclosures* - a mandatory Standard for in-scope entities from 1 January 2025.

These Standards form part of the Australian Government's climate reporting framework enacted through the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024*, which requires relevant entities to prepare an annual sustainability report in accordance with ASRS.

The Standards are aligned closely with the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) issued by the International Sustainability Standards Board (ISSB), with AASB S2 incorporating the climate-related disclosure requirements as a standalone climate-only Standard.

Whilst AASB S2 is mandatory for certain entities from 1 January 2025, based on the current legislative phasing model, the Company is not required to adopt the ASRS for the financial year commencing 1 January 2025. The Company expects to fall within Group 2 or Group 3, meaning mandatory reporting would commence no earlier than the financial year beginning 1 January 2027.

The introduction of the ASRS does not have any impact on the Company's current period financial statements. Future application of AASB S2 is expected to require:

- Enhanced disclosures regarding climate-related governance, strategy, risk management and metrics;
- Climate-related scenario analysis;
- Disclosure of Scope 1 and Scope 2 greenhouse gas emissions from the date of adoption, with Scope 3 emissions applicable from the second year of reporting; and
- Uplift of systems, processes and controls to support sustainability-related reporting and associated assurance requirements.

Management has commenced its planning and assessment of the Standards, including initial gap analysis to assess data, process and system readiness ahead of the Company's expected mandatory application date. The Company will continue to monitor developments in the sustainability reporting framework, including potential changes to the phasing thresholds, assurance requirements and associated regulatory guidance issued by ASIC.

Ansvar Insurance Limited

Consolidated Entity Disclosure Statement As at 31 December 2025

Consolidated Entity Disclosure Statement

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. As at 31 December 2025, Ansvar Insurance Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the *Corporations Act 2001* does not apply to the Company.