



**General Reinsurance
Australia Ltd.**
(ABN 16 008 427 450)

**Financial Report
for the Financial Year ended
31 December 2024**

CONTENTS

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL REPORT	11
DIRECTORS' DECLARATION	47
AUDITOR'S REPORT	48

DIRECTORS' REPORT

The Directors present their report together with the annual financial report for the financial year ended 31 December 2024 and the auditor's report thereon. In order to comply with the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the company during or since the end of the financial year are:

Kathryn J McCann (commenced as Chairperson 19 August 2016)
 Keith Scott (commenced 1 January 2017, resigned 4 June 2024)
 Stephen Ferguson (commenced 18 November 2021)
 Andrew Gifford (commenced 11 May 2018)
 Neal Mullen (commenced 1 May 2019)
 Ben Walsh (commenced 5 June 2024)

Name and qualifications

Kathryn J McCann

B.App.Sci (Computing Science), MBA, MAICD
 - Chair of the Board
 - Non-Executive Director
 - Member of Board Audit Committee
 - Member of Board Risk Committee
 - Member of Board Remuneration Committee

Keith Scott

FAICD, FCII, MA (Cantab)
 - Non-Executive Director
 - Chair of Board Risk Committee
 - Chair of Board Remuneration Committee
 - Member of Board Audit Committee

Stephen Ferguson

CA, BCom-Accg, GAICD
 - Non-Executive Director
 - Chair of Board Audit Committee
 - Member of Board Risk Committee
 - Member of Board Remuneration Committee

Neal Mullen

BBus, ANZIIF (Snr Assoc), AAICD
 - Managing Director

Ben Walsh

BCom (Hons), MBA (Melb), FANZIIF, MAICD
 - Non-Executive Director
 - Chair of Board Risk Committee
 - Chair of Board Remuneration
 - Member of Board Audit Committee

Experience and special responsibilities

Ms McCann has over 34 years' experience in the finance and business management industry. She is a director of General Reinsurance Life Australia Ltd. She holds a Master of Business Administration degree and held the position of Principal of a major management consulting firm up to 2002. A Director since August 2006 and a member of the Board Audit Committee since November 2006. She was appointed as Chair of the Board effective 19 August 2016.

Mr Scott has over 23 years' board level experience across the Australian and Asian insurance markets following extensive international executive reinsurance experience with Swiss Re. He was appointed to the Board in January 2017 and also holds the positions of Independent Director at Insurance Manufacturers of Australia Pty Limited and Non Executive Director of Blue Life Insurance Company Limited (Hong Kong). He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Insurance Institute, London. He resigned from the Board on 4 June 2024.

Mr Ferguson's executive experience over a period of 31 years has included consulting for a diverse range of industries including banking, capital markets, retail and consumer products, superannuation, insurance, and chartered accounting. He has held many roles in the Audit and Assurance function of Ernst & Young, the last 5 years of that time as Asia Pacific Financial Services Accounts Leader - Deputy Managing Partner. He was appointed to the Board on 18 November 2021 and is the chair of the Board Audit Committee. Mr Ferguson is currently the Chair and holds a Director role at Bank Australia and also holds Director roles at QBE, Parkinson's Australia Inc, and at a Not-For-Profit organisation BackTrack Youth Works helping vulnerable youth find opportunities in learning, training, and employment.

Mr Mullen has over 24 years' experience in the insurance and reinsurance industries in the UK and Australia. His experience spans multiple lines of business and disciplines including primary and reinsurance portfolio management as well as complex individual risk underwriting roles. During his career he has held a number of leadership positions spanning both Primary Insurance and Reinsurance. He joined Gen Re in 2016 as Casualty Facultative Manager; in this role he was responsible for maintaining and strengthening the Australia and New Zealand Casualty Facultative offering for Gen Re and was appointed Managing Director of General Reinsurance Australia on 1 May 2019.

Mr Walsh's executive experience over a period of 31 years has included a diverse range of industries including actuarial & investment consulting, general insurance broking, superannuation and life & health insurance. He has held many international and local executive roles with Marsh & McLennan Companies (Chief Country Officer, Australia, 2018-2020), Mercer (Chief Executive Officer & Managing Director, Australia & New Zealand, 2015-2020) and AIA Australia (Chief Insurance & Investments Officer, 2020-2022). He has 21 years' Board experience having been a Board Chair, Director and Committee member for a number of Trustee, Corporate, Industry, Philanthropy and Community Sport Boards and Committees. He holds a Master of Business Administration degree, is a Fellow of the Australian and New Zealand Institute of Insurance and Finance, and is a Member of the Australian Institute of Company Directors. He was appointed to the Board, and to the Chair of the Risk and Remuneration Committees, on 5 June 2024.

DIRECTORS' REPORT (continued)

Directors (continued)

Name and qualifications

Andrew Gifford
B.A., JD

Experience and special responsibilities

Mr Gifford is a member of the Bar of the State of Illinois and is an authorised house counsel in the State of Connecticut. Prior to joining the Gen Re group in 2012, Mr. Gifford was a partner with the law firms Locke Lord Bissell & Liddell LLP and DLA Piper LLP where he handled a wide range of matters, including litigation, for financial and professional services firms. At Gen Re, Mr Gifford has held various roles in the Global Legal Department and is currently Gen Re's Global General Counsel and Corporate Secretary. He is also a director for various Gen Re group entities, including the group holding company General Re Corporation and the group's largest regulated entity General Reinsurance Corporation, and sits on the group Audit and Risk Committees. Mr. Gifford is a graduate of the University of Michigan Law School where he received a Juris Doctorate degree.

Meetings of directors

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the directors of the company during the financial year ended 31 December 2024 are:

Director	Directors' Meetings		Board Audit Committee		Board Remuneration Committee		Board Risk Committee	
	A	B	A	B	A	B	A	B
Kathryn J McCann	4	4	4	4	5	5	4	4
Keith Scott	2	2	2	2	2	2	2	2
Stephen Ferguson	4	4	4	4	5	5	4	4
Neal Mullen	4	4	4	4	5	5	4	4
Andrew Gifford	4	4	4	4	5	5	4	4
Ben Walsh	3	2	3	2	3	2	3	2

A - The number of meetings attended.

B - The number of meetings held during the time the Director held office during the year.

Company secretaries

Particulars of the qualifications and experience of each Company Secretary during or since the end of the financial year are set out hereunder:

Nicholas Thayer (appointed 9 September 2022)

Peter Keller (appointed 19 October 2022)

Name and qualifications

Nicholas Thayer
B.Com, CA

Experience and special responsibilities

Mr Thayer has been employed by Gen Re for 18 years. He is currently the Corporate General Manager for Australia and New Zealand, and previously held roles as the Global Internal Audit Director and International Audit Manager in Germany. Prior to joining Gen Re he worked in various roles within the financial services industry in London.

Peter Keller

Diploma (Mathematics and Business Administration)

Mr Keller has been employed by Gen Re for 4 years. He is currently the Chief Risk and Compliance Officer for Australia and New Zealand. Prior to joining Gen Re he worked in various risk and compliance roles within the financial services industry in Sydney, London and in Germany.

Principal activities

The principal activity of the company is reinsurance underwriting.

There has been no significant change in the nature of this activity during the year.

Operating Results

The net profit of the company for the year, after provision for income tax, amounted to \$69,252,000 compared with the 2023 profit of \$41,600,000.

DIRECTORS' REPORT (continued)

Dividends

A dividend of \$50,000,000 has been declared at the March 2025 Board meeting for 2024 (2023: \$NIL).

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements or notes thereto.

Events subsequent to balance date

In March 2025 Tropical Cyclone Alfred occurred and was downgraded to an ex Tropical Cyclone shortly after making landfall. The weather system was declared an eligible event by the Cyclone Pool and ceased to be a qualifying event at 8am on 8th March meaning the claims period ceased at 6am 10th March. During the declared period, the Cyclone Pool will absorb all losses for eligible classes of business. The company expects losses to attach post the declaration period, the quantum of which is yet to be determined.

Otherwise, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Indemnification of officers and auditors

The Board of General Re Corporation (incorporated in the USA) has, by resolution, provided indemnification to each of the Directors of the company, as per the By-Laws of General Re Corporation.

The company has not otherwise during or since the end of the financial year, except to the extent permitted by law and noted above, indemnified or agreed to indemnify, an officer or auditor of the company or of any state body corporate against liability incurred as such an officer or auditor.

Likely developments

There are no future developments in the normal operations of the company that require comment in this report other than the comments made under the Review of Operations. The directors do not consider there are any likely developments which will impact the operations of the company.

Environmental regulation

This company is not subject to significant environmental regulation as the company operates solely in the financial services sector.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts have been rounded off to the nearest thousand dollars in the Directors' report and financial report in accordance with that Instrument, unless stated otherwise.

Acknowledgements

The Directors wish to place on record their appreciation of the support given to our company by clients. In addition, the Directors take this opportunity to formally thank management and staff for their efforts throughout the year.

Auditor's independence declaration

The auditor's Independence Declaration is contained on page 6.

Approval

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001 on 25 March 2025.

On behalf of the Directors:



K. J. McCann
Chair



N. Mullen
Managing Director

25 March 2025

The Directors
General Reinsurance Australia Ltd
Level 20, 1 O'Connell Street
SYDNEY NSW 2000

Dear Board Members

Auditor's Independence Declaration to General Reinsurance Australia Ltd.

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of General Reinsurance Australia Ltd.

As lead audit partner for the audit of the financial report of General Reinsurance Australia Ltd. for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Gaudreault
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$'000	2023 \$'000
Insurance revenue	13	378,840	253,292
Insurance service expenses	13	(196,573)	(186,136)
Insurance service result from gross reinsurance contracts issued		182,267	67,156
Allocation of retroceded reinsurance premiums	13	(147,481)	(101,841)
Amounts recovered for reinsurers for claims incurred	13	60,941	94,405
Net expense from retroceded reinsurance contracts held		(86,540)	(7,436)
Insurance service result		95,727	59,720
Interest income		31,665	21,369
Net investment (loss)/gain		(376)	1,226
Investment expenses		(474)	(461)
Net investment income	5(b)	30,815	22,134
Net finance expenses from gross reinsurance contracts issued	13	(16,957)	(18,083)
Net finance income from retroceded reinsurance contracts held	13	5,068	6,651
Net insurance finance expense		(11,889)	(11,432)
Other income and expense		(9,274)	(13,950)
Profit before income tax		105,379	56,472
Income tax expense	6(a)	(36,127)	(14,872)
Profit after income tax		69,252	41,600
Items that may be reclassified subsequently to profit/loss		-	-
Items that will not be reclassified subsequently to profit/loss		-	-
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the shareholders of the company		69,252	41,600

This Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

For the financial year ended 31 December 2024	Contributed Equity	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance as at 1 January 2024	132,245	255,321	387,566
Dividends declared / paid during the year	-	-	-
Total comprehensive income for the year	-	69,252	69,252
Balance as at 31 December 2024	132,245	324,573	456,818

For the financial year ended 31 December 2023

	\$'000	\$'000	\$'000
Balance as at 1 January 2023	132,245	239,621	371,866
Dividends declared / paid during the year	-	(25,900)	(25,900)
Total comprehensive income for the year	-	41,600	41,600
Balance as at 31 December 2023	132,245	255,321	387,566

This Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents	7	53,258	45,762
Investments	11	827,119	760,036
Other assets	8	54,744	23,670
Gross reinsurance contract assets	13	7,053	3,295
Retroceded reinsurance contract assets	13	141,421	181,037
Current tax assets		1,497	32,330
Deferred tax assets	6(b)	11,264	6,737
Property and equipment	9	495	705
Right-of-use assets	10	1,977	2,721
Total assets		1,098,828	1,056,293
Liabilities			
Gross reinsurance contract liabilities	13	508,494	547,857
Retroceded reinsurance contract liabilities	13	605	223
Reinsurance funds held	14	66,827	86,921
Other payables	16	61,553	28,812
Lease liabilities	17	2,721	3,318
Provisions	15	1,810	1,596
Total liabilities		642,010	668,727
Net assets		456,818	387,566
Equity			
Contributed equity	18	132,245	132,245
Retained earnings		324,573	255,321
Total equity		456,818	387,566

This Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Premiums received		383,194	237,455
Retroceded reinsurance paid		(139,043)	(92,340)
Claims paid		(251,003)	(161,262)
Reinsurance recoveries received		97,569	64,318
Reinsurance funds (paid)/received		(20,095)	7,252
Other payments to employees, suppliers, and related parties		(43,041)	(62,154)
Interest received		7,396	10,561
Investment expenses paid		(474)	(461)
Income tax received/(paid)		16,649	(13,599)
Net cash provided by/(used in) operating activities	20	51,152	(10,230)
Cash flows from investing activities			
Payments for purchase of investments		(823,007)	(370,011)
Proceeds from sale/maturity of investments		779,954	411,238
Payments for fixed assets		-	(606)
Net cash (used in)/provided by investing activities		(43,053)	40,621
Cash flows from financing activities			
Dividends paid		-	(25,900)
Payments for lease liabilities		(696)	(561)
Net cash used in financing activities		(696)	(26,461)
Net increase in cash and cash equivalents during the financial year		7,403	3,930
Cash and cash equivalents at beginning of financial year		45,762	41,496
Exchange fluctuations on cash and cash equivalents held in foreign currencies		93	336
Cash and cash equivalents at end of financial year	7	53,258	45,762

This Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This general purpose financial report has been prepared in accordance with applicable Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ('AASB'), the *Corporations Act 2001* and complies with other requirements of the law. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

These financial statements are presented in Australian Dollars (\$), which is the company's functional currency. All financial information presented in Australian Dollars has been rounded to the nearest thousand, except where otherwise indicated.

The financial statements were authorised for issue by the Directors on 25 March 2025.

Basis of preparation

The financial report has been prepared in accordance with the historical cost convention, except for financial assets which are stated at fair value, right of use assets and lease liabilities which are adjusted for any remeasurement of lease liabilities, and reinsurance contracts liabilities, retroceded reinsurance contract liabilities, reinsurance contract assets and retroceded reinsurance contracts assets which have been inflation adjusted and discounted as required by Australian Accounting Standards.

Prior period reclassifications

Notes within the financial statements required amendment for prior year comparatives (2023). These amendments have not resulted in changes in net profit, net assets and net cash flow.

Material accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The following material accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Reinsurance contracts issued

Separating components from reinsurance contracts

The company assesses its reinsurance contracts to determine whether they contain distinct components which must be accounted for under another accounting standard rather than AASB 17. After separating any distinct components, an entity must apply AASB 17 to all remaining components of the reinsurance contract. The company has not identified any distinct components that require separation.

Level of aggregation

AASB 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. For level of aggregation purposes, no group may contain contracts issued more than one year apart.

The company has defined portfolios of insurance and reinsurance contracts issued based on its product lines due to the fact that the products are subject to similar risks and are managed together. The company has developed a model to calculate if any contract is onerous at transition and subsequently each quarter. Onerous contract losses are measured based on an estimation of fulfilment cash flows and are immediately recognised in profit or loss.

Recognition

The company recognises groups of reinsurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts.
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date.
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The company groups only contracts issued within a one year period meeting the recognition criteria by the reporting date.

Retroceded reinsurance contracts held are accounted for separately from underlying gross reinsurance contracts issued and are assessed on an individual contract basis.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(a) Reinsurance contracts issued (continued)

Contract boundary

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

A substantive obligation to provide insurance contract services ends when the company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk.

Measurement of reinsurance contracts issued - general measurement model

Reinsurance contracts issued – initial measurement

The general measurement model measures a group of reinsurance contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The company estimates expected future cash flows for a group of reinsurance contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the company includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums.
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts.
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs.
- Claim handling costs.
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries.
- Transaction-based taxes.
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

The discount rates are based on market yields on risk free securities applicable to the currency at the balance date, varies according to payment date and includes an allowance for the illiquidity premium. The liabilities are primarily denominated in AUD and NZD, and for these currencies the discount rates are based on Australian and New Zealand Government securities respectively.

The company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. The company uses the confidence level approach to determine a risk adjustment that is calibrated to the 75% confidence interval and applies a loading of cost of claims. The risk adjustment includes the benefit of diversification.

The Contractual Service Margin (CSM) is a component of the asset or liability for the group of reinsurance contracts that represents the unearned profit the company will recognise as it provides services in the future. The company measures the CSM on initial recognition at an amount that, unless the group of reinsurance contracts is onerous, results in no income or expenses arising from:

- Initial recognition of the fulfilment cash flows.
- Derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows.
- Any cash flows arising from the contracts in the group at that date.

For groups of contracts assessed as onerous, the company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the company for the liability for remaining coverage for an onerous group depicting the losses recognised.

The liability for remaining coverage is the company's obligation to investigate and pay valid claims for insured events that have not yet occurred and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an insurance contract plus the CSM for that contract.

The liability for incurred claims is the company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses. At initial recognition of a group of reinsurance contracts, the liability for incurred claims is usually nil as no insured events have occurred.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(a) Reinsurance contracts issued (continued)

Measurement of reinsurance contracts issued - general measurement model (continued)

Reinsurance contracts issued – subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group.
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss or such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM.
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

The company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Presentation

The company has presented separately in the statement of financial position the carrying amount of groups of insurance contracts issued that are assets, groups of reinsurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related groups of reinsurance contracts issued.

The company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The company separately presents income or expenses from reinsurance contracts held from the expenses or income from reinsurance contracts issued.

Insurance revenue

The company's insurance revenue depicts the provision of coverage and other services arising from a group of reinsurance contracts at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services. Insurance revenue from a group of reinsurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. The total consideration for a group of reinsurance contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- Amounts related to insurance acquisition cash flows.

For management judgement applied to the amortisation of CSM, refer to Note 2.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(a) Reinsurance contracts issued (continued)

Presentation (continued)

Loss components

The company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of reinsurance contracts is initially recognised in the year).

Insurance finance income and expense

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

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

The company systematically allocates expected total insurance finance income or expenses over the duration of the group of reinsurance contracts to profit or loss using discount rates determined on initial recognition of the group of reinsurance contracts.

Net income or expense from reinsurance contracts held

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

(b) Retroceded reinsurance contracts held

The measurement of reinsurance contracts held follows the same principles as those for underlying retrocession contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

(c) Investments

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at fair value through profit or loss ('FVPL'), transaction costs are added to this amount.

Measurement categories

The company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following: amortised cost, fair value through other comprehensive income ('FVOCI') or FVPL. At 31 December 2024, the company did not hold any assets classified FVOCI.

Financial instruments measured at amortised cost

Financial instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Investments (continued)

Financial instruments measured at amortised cost (continued)

The company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of asset sales are also important aspects of the company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the company's original expectations, the company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process the company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets measured at fair value through profit or loss

The company's investments are required to be measured at fair value through profit or loss, with all investments managed and assessed on a fair value basis to optimise returns within risk appetites and investment strategy parameters and limits. They are therefore initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date. The election of measuring investments at fair value at initial recognition is to eliminate any accounting mismatch between the investments the duration of insurance liabilities.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

Subsequent measurement

Financial instruments measured at amortised cost

After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired. After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

Financial assets measured at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

(d) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net book value of fixed assets over their estimated effective working lives to their estimated residual value. The following estimated useful lives are used in the calculation of depreciation:

Furniture and equipment	3 to 5 years
Leasehold improvements	Lesser of 10 years or term of lease

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(e) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the date of the transactions. Amounts receivable and payable in foreign currencies are translated at the rates of exchange ruling at balance date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the financial year in which the exchange rates change, as exchange gains or losses.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by balance 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

Deferred tax is accounted for using the comprehensive 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 liabilities 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 which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

Tax consolidation

The company is a member of a multiple entry consolidated (MEC) group for Australian income tax purposes with the provisional head entity being General Reinsurance Australia Ltd. The consolidated group was formed on 2 August 2016 with an effective date of 1 January 2015. All entities that form part of the MEC group have signed tax funding and tax sharing agreements with the provisional head entity.

The company accounts for its own current and deferred tax amounts. These tax amounts are measured under the 'Separate taxpayer within group' approach. This approach adjusts for transactions and events occurring within the tax consolidation group that do not give rise to a tax consequence for the group or that have different tax consequences at the group level.

When recognising deferred taxes in the separate financial statements of each entity in the tax consolidated group, temporary differences are measured by reference to the carrying amounts of assets and liabilities in the entity's statement of financial position. Deferred taxes are transferred to the head entity only as and when they are utilised by the Provisional Head Company.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) commonly controlled tax consolidated entity.

The company operates a Taxation Governance Framework which governs the taxation risk appetite, the associated risks, controls and procedures, and the reporting and oversight of taxation matters for the company. This framework operates across all entities that form part of the MEC group.

Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Act 2024 received Royal Assent on 28 June 2024. This makes amendments to Division 321 of the Income Tax Assessment Act 1997 (ITAA 1997) dealing with the taxation of general insurance companies. The amendments to Division 321 apply to income years starting on or after 1 January 2023 and result in Division 321 broadly aligning with the accounting treatment in AASB 17.

(g) Accounts payable

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(h) Provision for employment entitlements

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. They are discounted to their present value using a market-determined, risk-adjusted discount rate.

Salaries and annual leave

Liabilities for salaries and annual leave are recognised, and are measured, as the net present value of expected future cash flows in respect of employees' services up to balance date.

Long service leave

A liability for long service leave is recognised, and is measured, as the present value of expected future payments to be made in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salaries levels, experience of employee departures and periods of service.

(i) Superannuation

The company makes contributions on behalf of employees to their accumulation superannuation funds. The contributions are recognised as an expense over the period of services provided by the employees.

(j) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of applicable goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the acquisition cost of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authorities is classified as operating cash flows.

(k) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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 losses, 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 shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	Lesser of 10 years or term of lease
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If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(k) Leases (continued)

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance 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 (unless they are incurred to produce inventories) 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 because the interest rate implicit in the lease is not 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 (e.g., 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.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease 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 and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(l) Accounting standards and amendments issued but not yet effective

At the date of authorisation of the financial report, the following AASB Standards and amendments were issued but not yet effective and have not been applied in preparing the company's financial statements. Assessment of the impact of the initial application of the following Standards and Interpretations is still to be completed:

<u>Standard</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 2023-5 "Amendments to Australian Accounting Standards - Lack of Exchangeability"	1 January 2025	31 December 2025
AASB 18 "Presentation and Disclosure in Financial Statements"	1 January 2027	31 December 2027
AASB 2024-2 "Amendments to Australian Accounting Standards - Classification and measurement of financial instruments"	1 January 2026	31 December 2026
AASB 2024-3 "Annual improvements Volume 11"	1 January 2026	31 December 2026
AASB S1 "General requirements for disclosure of sustainability-related financial information"	1 January 2025*	31 December 2025
AASB S2 "Climate-related disclosures"	1 January 2025*	31 December 2025

The company expects to adopt these standards where applicable for the annual reporting periods beginning on or after the operative dates set out above.

* Adoption of AASB S2 "Climate-related disclosures" is mandatory effective 1 January 2025. Adoption of AASB S1 "General requirements for disclosure of sustainability-related financial information" is voluntary.

AASB 2023-5 "Amendments to Australian Accounting Standards - Lack of Exchangeability"

AASB 2023-5 amends AASB 121 The Effects of Changes in Foreign Exchange Rates and AASB 1 First-time Adoption of Australian Accounting Standards to improve the usefulness of information provided to users of financial statements. The amendments require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.

The amendments are not expected to have a material impact on the company's financial statements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(l) Accounting standards and amendments issued but not yet effective (continued)

AASB 18 "Presentation and Disclosure in Financial Statements"

AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the "management-defined performance measure" to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

The impact on the company's financial statements is being assessed.

AASB 2024-2 "Amendments to Australian Accounting Standards - Classification and measurement of financial instruments"

Amends AASB 9 Financial Instruments to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements.

The impact on the company's financial statements is being assessed.

AASB 2024-3 "Annual improvements Volume 11"

These amendments to AASB Accounting Standards include clarifications, simplifications, corrections and changes aimed at improving the consistency of several AASB Accounting Standards:

- AASB 1 First-time Adoption of Australian Accounting Standards: hedge accounting by a first-time adopter
- AASB 7 Financial Instruments: Disclosures: gain or loss on derecognition, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures
- AASB 9 Financial Instruments: derecognition of lease liabilities and transaction price
- AASB 10 Consolidated Financial Statements: determination of a 'de facto agent'
- AASB 107 Statement of Cash Flows: cost method.

The amendments are not expected to have a material impact on the company's financial statements.

AASB S1 "General requirements for disclosure of sustainability-related financial information"

Sets out overall principles for sustainability reporting:

- Includes a requirement to identify and disclose material information about all sustainability-related risks and opportunities, not only climate-related risks and opportunities, that could reasonably be expected to affect an entity's prospects (subject to a transitional relief)
- Provides guidance on how to develop disclosures for a topic to which no IFRS Sustainability Disclosure Standard applies.

The impact on the company's financial statements is being assessed.

AASB S2 "Climate-related disclosures"

Sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

- Climate-related risks to which the entity is exposed, which are climate-related physical risks and climate-related transition risks
- Climate-related opportunities available to the entity.

The impact on the company's financial statements is being assessed.

Other than those detailed, other standards issued but not effective relate either to types of transactions which the company has not entered or public sector entities. These standards will not have a material impact on the company's financial statements or financial disclosures.

(m) Climate-related matters

Entities which lodge financial reports under Chapter 2M of the Corporations Act are required to prepare sustainability reports, subject to size thresholds (based on their levels of assets, revenues and employees) and a phased in approach. There are three groups first reporting from financial years beginning on or after 1 January 2025 (Group 1), 1 July 2026 (Group 2) and 1 July 2027 (Group 3). The company meets the Group 2 requirements and is in scope from 1 January 2026.

The company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the company due to both physical and transition risks. Even though the company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the company is closely monitoring relevant changes and developments, such as new climate-related legislation.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(n) Consolidated entity disclosure statement

Subsection 295(3A)(a) of the Corporations Act 2001 does not apply to the company as the company is not required to prepare consolidated financial statements by Australian Accounting Standards.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates are applied are described below.

All the company's assets are available to support the company's reinsurance liabilities, with the exception of reinsurance funds held under retrocession arrangements (refer to Note 11).

Reinsurance contract assets and liabilities issued and retroceded reinsurance contract assets and liabilities held

By applying AASB 17 to measurement of reinsurance contracts issued and retroceded reinsurance contracts held, the company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk

In estimating fulfilment cash flows included in the contract boundary, the company considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the company uses all the reasonable and supportable information available to them without undue cost or effort, which includes information about past events, current conditions and future forecasts.

The discount rates are based on market yields on risk free securities applicable to the currency at the balance date, varies according to payment date and includes an allowance for the illiquidity premium. The liabilities are primarily denominated in AUD and NZD, and for these currencies the discount rates are based on Australian and New Zealand Government securities respectively.

The company uses either the constant or crediting rate in the systematic allocation of insurance finance income or expenses. The constant rate used in a period is calculated applying the formula which uses three variables: the estimate of future cash flows at the end of the reporting period (not discounted), the present value of future cash flows brought forward discounted by the constant rate used in the previous period, and the expected duration of the group contracts. In determining the constant rate, the Group estimates the expected insurance finance income or expenses over the remaining duration of the group that is partly implicit in the estimated cash flows.

The risk adjustment for non-financial risk is the compensation the company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as expense risks. It measures the degree of variability of expected future cash flows and the company-specific price for bearing that risk and reflects the degree of the company's risk aversion. The company's treatment of risk adjustment is explained in Note 3.

Assets from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure the balance is reflective of the amounts that will ultimately be recovered.

Recoverability of deferred tax assets

Determining whether deferred tax assets are recognised requires an estimation of future taxable profits against which the assets can be released. This estimation process is based on relevant available information pertaining to the business and the exercise of management judgement.

Recognition therefore involves judgements and estimations regarding the future financial performance of the company and reflects a prudent regard, where considered appropriate, for the inherent uncertainties associated with making such estimations and judgements in relation to deferred tax assets.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS

This section outlines the methods and assumptions used to derive the company's insurance liabilities. Where appropriate, the company's estimate of AASB 17 liabilities is consistent with the Appointed Actuary's assumptions used for the Australian Prudential Regulation Authority ('APRA') insurance liabilities, specifically key assumptions to derive the Liability for Incurred Claims ('LIC') and the risk adjustment assumptions.

The company values the policy liabilities for each group of insurance contracts using the General Measurement Model ('GMM') as required under AASB 17 and in line with the Gen Re Group approach. To model using GMM, projected future cashflows are used as input, along with other key assumptions, to produce the insurance liabilities, which consist of two components - The Liability for Remaining Coverage ('LRC') and the LIC:

The LRC consists of the Fulfilment Cash Flows, Risk Adjustment and Contractual Services Margin:

- **Fulfilment Cash Flows ('FCF')**: Calculated by taking the discounted value of expected future cashflows, both inward and outward to the company. These cashflows are those directly related to the fulfilment of the company's insurance contracts and include estimates for future written business.
- **Risk Adjustment ('RA')**: AASB 17 requires that the present value of future cash flows be adjusted to reflect the compensation that the entity requires for bearing the uncertainty on the amount and timing of the cash flows that arises from non-financial risk. The Risk Adjustment is calculated as a multiplicative loading that applies to the present value of future claims component of the FCF and is modelled as a separate cash flow.
- **Contractual Services Margin ('CSM')**: At the initial recognition of a contract, the Contractual Services Margin is defined as the net difference between the fulfilment and risk adjustment cash inflows and outflows. For gross reinsurance contracts, a liability-balance CSM represents unearned profits that are deferred into future periods. AASB 17 coverage units are used to allocate profits between the past, current and future periods. Coverage units are a measure of the services provided reflecting the claims and expected coverage duration of a group of insurance contracts. If a contract is not expected to be profitable, it is deemed to be onerous, in which its CSM is and the net outflow is recognised immediately. The CSM's discount and foreign exchange rates are locked-in at the rates prevailing on inception.

The LIC consists of the case estimate reserve, Incurred But Not Reported claims ('IBNR'), and the Risk Adjustment. The case estimate and IBNR reserves are net of earned commission adjustments and reinstatement premiums.

- **Case estimate reserve**: These are typically estimates provided by the company's cedants for the likely outstanding amounts relating to claims reported. In some cases, the company's internal claims assessors may overwrite cedant's estimates where they deem this does not accurately reflect the likely value of the claim.
- **Incurred But Not Reported claims ('IBNR')**: These are the Appointed Actuary's estimate of the outstanding amounts to be paid in relation to claims yet to be reported, plus any under/over-estimation of the case estimate reserve.
- **Risk Adjustment ('RA')**: The Risk Adjustment is calculated as a multiplicative loading that applies to the present value of future claims within the LIC. As with the LRC, it reflects the compensation that the entity requires for bearing the uncertainty of LIC cash flows that arises from non-financial risk.

AASB 17 requires insurance contracts to be aggregated following certain principles. There are three levels of aggregation:

- Portfolio level, consisting of insurance contracts covering similar risks which are managed together;
- Cohort level, slicing the Portfolio level into underwriting years;
- Group level, which subdivides the Cohort level into different degrees of profitability (onerous, no significant possibility of becoming onerous and remainder)

The general principle the company adopts is to define the portfolios based on the form of reinsurance (proportional, non-proportional and facultative) and line of business (e.g., motor, property, etc.) with occasional exceptions for unusual or especially large treaties.

Loss ratios

In the LIC, these are the assumed ultimate loss ratios including IBNR and are selected by the Appointed Actuary with respect to past incurred claims and, if the past experience is volatile, professional judgement. This is done on a reserve segment level.

In the LRC, these are the loss ratios to be applied to the future earned premiums to form the claims component of the FCF. These loss ratios reflect the pricing loss ratios, which are the company's best estimate view of the future performance of unearned and future written business. Pricing loss ratios are an appropriate source for the LRC because they incorporate the expected experience of future written business and applying the treaty specific pricing loss ratios which more appropriately reflects future profitability.

Expense rate

Generally, a 1% loading for claims handling expenses is applied to both the LIC and LRC. For the LRC, a 2% policy administration expense loading is also applied to the forecast premium cash flows. Specific assumptions are adopted for insurance contracts that are particularly large or contain special features.

These assumptions are based on the current level of the company's expenses and are consistent with the Appointed Actuary's assumption for APRA reporting.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

Discount rate

The discount rates are based on market yields on risk free securities applicable to the currency at the balance date, varies according to payment date and includes an allowance for the illiquidity premium. The liabilities are primarily denominated in AUD and NZD, and for these currencies the discount rates are based on Australian and New Zealand Government securities respectively. This considers the characteristics of the cash flows and the liquidity characteristics of the reinsurance contracts.

Gross Mean term

The gross mean term represents the duration of the gross undiscounted cash flows and provides an indication of the time for the LIC and LRC to be fully paid, i.e. whether the liabilities are long or short tailed, shown in the following table.

	2024	2023
LIC	2.69	3.04
LRC*	1.76	2.02

* Mean term calculated on non-premium cash flows only, i.e. claims, non-distinct investment components, risk adjustment and expenses.

Inflation

In the LIC, the IBNR reserves implicitly allows for claims inflation, and case reserves are set based upon expected ultimate settlement values which incorporates claims inflation as required. Additionally, the run-off loss ratio selection considers the extent in which the expected future inflation may differ from past inflation.

In the LRC, future expected inflation is a key consideration within the pricing process and hence forms part of the pricing loss ratios. Guidance on how underwriters should allow for future inflation is updated annually ahead of the key renewal periods. These typically prescribe relevant indexes in which to base inflation estimates.

Risk Adjustment

The company adopts risk adjustment factors consistent with the gross APRA Outstanding Claims and Premium Liabilities Risk Margins at the 75th probability of sufficiency adopted by the Appointed Actuary for the LIC and LRC respectively. Both insurance and retrocession contracts are assumed to have the same risk adjustment proportion.

Sensitivity analysis

The sensitivity of the company's profit and equity to key valuation assumptions by reporting period is tabulated below:

2024		CSM	Profit before tax	Equity
		\$'000	\$'000	\$'000
Recognised amount per Financial Statements (Net of retrocession)		49,973	105,379	456,818
Variable	Movement in variable			
Discount Rate	+ 1.0%	-	7,434	5,352
	- 1.0%	-	(7,954)	(5,727)
Claims Handling Expenses	+ 50.0%	(187)	(1,688)	(1,216)
	- 50.0%	188	1,687	1,215
Claims	+ 10.0%	(4,024)	(42,021)	(30,255)
	- 10.0%	5,652	32,365	23,303
2023				
Recognised amount per Financial Statements (Net of retrocession)		-	56,472	387,566
Variable	Movement in variable			
Discount Rate	+ 1.0%	-	9,107	6,709
	- 1.0%	-	(8,590)	(6,328)
Claims Handling Expenses	+ 50.0%	(186)	(2,009)	(1,480)
	- 50.0%	193	2,002	1,475
Claims	+ 10.0%	(4,995)	(43,296)	(31,894)
	- 10.0%	14,894	27,249	20,073

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

4 RISK MANAGEMENT POLICIES AND PROCEDURES

Insurance contracts – Risk management policies and procedures

The financial condition and operation of the company are affected by a number of key risks including insurance risk, credit risk, market risk, liquidity risk, compliance risk and operational risk. Notes on the company's policies and procedures in respect of managing these risks are set out in this note.

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The company has an objective to control insurance risk thus minimizing substantial unexpected losses that would expose the company to a loss of capital.

In accordance with Prudential Standards CPS 220 *Risk Management* and GPS 230 *Reinsurance Management* issued by the Australian Prudential Regulation Authority (APRA), the Board and senior management of the company have developed, implemented and maintain a sound and prudent Risk Management Strategy (RMS), Risk Appetite Statement (RAS) and a Reinsurance Management Strategy (REMS).

The Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement is reviewed on an annual basis, unless circumstances necessitate a more frequent review.

The ICAAP Summary Statement, RMS and REMS identify the company's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the company. Annually, the Board:

- Reviews and approves the company's RAS;
- Reviews and approves the company's RMS, ICAAP and REMS, and assesses their effectiveness; and
- Certifies to APRA that adequate strategies are in place to monitor those risks, and that the company has systems in place to ensure compliance with legislative and prudential requirements.

Key aspects of the processes established in the RMS to mitigate risks include:

- The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- Actuarial models, using information from the management information systems, are used to calculate premiums and monitor claims patterns. Past experience and statistical methods are used as part of the process.
- Documented procedures are followed for underwriting and accepting reinsurance risks.
- Reinsurance is used to limit the company's exposure to large single claims and catastrophes.
- The company's investment portfolio is prudently managed with respect to key criteria such as the average duration and credit quality.
- The mix of assets in which the company invests is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match the maturity dates of assets with the expected pattern of claim payments.
- The diversification of business over classes within the reinsurance portfolio, separate geographical segments and large numbers of uncorrelated individual risks also reduce variability in loss experience.

Financial risks

Financial risks are controlled by the majority of investments being in government bonds in the same currency as the underlying policy liabilities, the balance of investments being held in cash assets. This significantly reduces any interest rate, currency, credit and liquidity risk that the company may incur.

(a) Interest rate risk

Fixed interest rate instruments expose the company to fair value interest rate risk. The company's risk management approach is to minimise interest rate risk by actively managing investment portfolios. The company invests in high quality, liquid interest-bearing bonds and cash and actively manages the duration of the fixed interest portfolio. The claims provision is discounted to present value by reference to risk-free interest rates therefore exposed to potential underwriting result volatility as a result of interest rate movements.

(b) Credit risk

Financial assets or liabilities arising from insurance and reinsurance contracts are stated in the Statement of Financial Position at the amount that best represents the maximum credit risk exposure at balance date. There are no significant concentrations of credit risk.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

4 RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks (continued)

Financial risks (continued)

(c) Terms and conditions of reinsurance business

The terms and conditions attaching to reinsurance contracts affect the level of insurance risk accepted by the company. All reinsurance contracts are subject to pre-determined capacity limits and underwriting guidelines and authorities. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements. Reinsurance contracts written in Australia and New Zealand are subject to substantially the same terms and conditions.

(d) Concentration of insurance risk

The company's exposure to concentrations of insurance risk is mitigated by a portfolio diversified into two major classes of business (Treaty and Facultative) written out of Australia and New Zealand. The portfolio is controlled and monitored through the company's Risk Management Strategy and Framework. This includes identifying and mitigating the concentrations of insurance risk by reviewing the type of insured event and also the geographical area of the risk.

Non-financial risks

Non-financial risks are controlled through the use of:

- i) medical and non-medical underwriting procedures and authorities
- ii) claims management procedures and authorities
- iii) product development/review procedures and authorities
- iv) treaty underwriting procedures and authorities
- v) underwriting and claim peer reviews of clients
- vi) charging adequate premium rates for the business
- vii) quarterly monitoring of profitability overall and by client
- viii) reinsurance agreement terms and conditions
- ix) non-guaranteed reinsurance rates
- x) retrocession arrangements to limit the effect of adverse claims experience

5 PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities has been arrived at after including

	2024 \$'000	2023 \$'000
(a) Profit before income tax includes the following specific items		
Depreciation and amortisation on property and equipment (Note 9)	(200)	(105)
Lease expense	(497)	(559)
Employee benefits	(13,784)	(11,592)
(b) Net investment income		
Interest on amortised cost investments	31,665	21,369
Investment income paid on reinsurance deposits	(3,672)	(3,569)
Realised losses	(3,389)	(1,783)
Unrealised gains on investments held at Fair Value Through Profit and Loss	7,076	7,179
Foreign exchange loss	(391)	(601)
Expenses	(474)	(461)
	30,815	22,134
(c) Remuneration of auditors		
	\$	\$
Audit and review of the financial statements and regulatory compliance by Deloitte Touche Tohmatsu	389,879	461,700
Other regulatory and assurance services	-	70,000
Remuneration of auditors	389,879	531,700

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

6 INCOME TAX

In June 2023, the AASB issued AASB 2023-2 "Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules" which clarify that AASB 112 "Income Taxes" applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements Qualified Domestic Minimum Top-up Taxes. The company has adopted these amendments. However, they are not yet applicable for the current reporting year. No deferred tax has been recognised in relation to Pillar Two.

	2024 \$'000	2023 \$'000
(a) Income tax expense		
Tax expense comprises:		
Current tax expense that relates to current year	(32,761)	(11,685)
Current tax relating to prior years' over provision	(7,908)	-
Deferred tax relating to temporary differences in current year	5,027	(5,613)
Deferred tax relating to prior years' over provision	(485)	2,426
	<u>(36,127)</u>	<u>(14,872)</u>
Income tax expense relating to gain from ordinary activities	<u>(36,127)</u>	<u>(14,872)</u>

The prima facie income tax expense on the pre-tax accounting profit reconciles to the income tax expense shown in the Statement of Profit or Loss and Other Comprehensive Income, as follows:

Profit before income tax	105,379	56,472
Income tax expense calculated at 30% (2023: 30%) of operating profit	(31,614)	(16,942)
Adjustment for Permanent differences:		
- Non-deductible entertainment expense	(2)	(8)
- New Zealand tax rate differential	301	96
Prior year (under)/over provision	(8,393)	2,426
New Zealand source of income	4,001	(441)
Foreign exchange differences on New Zealand branch profits	(421)	(3)
	<u>(36,127)</u>	<u>(14,872)</u>
Total income tax expense	<u>(36,127)</u>	<u>(14,872)</u>

(b) Deferred tax

At 31 December the net deferred tax asset comprises:

Timing differences	<u>11,264</u>	<u>6,737</u>
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The tax balances and reconciliation above are based on the current corporate tax rates of 30% (2023: 30%) applicable in Australia and 28% (2023: 28%) in New Zealand on taxable profits under Australian and New Zealand Income Tax Law respectively.

The Directors have recognised a deferred tax asset on the basis of forecasts showing that there will be taxable profits in the future for these to be utilised against.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

6 INCOME TAX (continued)

(b) Deferred tax (continued)	Opening balance	(Credited to)/ Charged to income	Closing balance
	\$'000	\$'000	\$'000
2024 Temporary differences			
Deferred losses available for future years	-	3,928	3,928
Accruals and other liabilities	1,753	1,095	2,848
Unrealised foreign exchange differences	209	(143)	66
Investments	1,903	(2,095)	(192)
Insurance provisions	2,872	1,742	4,614
	<u>6,737</u>	<u>4,527</u>	<u>11,264</u>
2023 Temporary differences			
Deferred losses available for future years	-	-	-
Accruals and other liabilities	1,800	(47)	1,753
Unrealised foreign exchange differences	46	163	209
Investments	3,778	(1,875)	1,903
Insurance provisions	4,306	(1,434)	2,872
	<u>9,930</u>	<u>(3,193)</u>	<u>6,737</u>

General Reinsurance Life Australia Limited transferred losses of \$13,319,471 to General Reinsurance Australia Limited (refer to note 1(f)), and the company will reimburse the tax value thereof (2023: \$40,676,092).

Losses of General Reinsurance Life Australia Limited - New Zealand Branch of NZ\$6,206,827 (2023: \$Nil) have been utilised by General Reinsurance Australia Limited - New Zealand Branch, for New Zealand tax purposes, and the branch will be reimbursed the tax value thereof.

(c) Franking account

	2024 \$'000	2023 \$'000
Franking credits available for the subsequent financial year	<u>151,596</u>	<u>156,218</u>

During the period, a dividend of \$50,000,000 was declared relating to the 2024 financial period (2023: Nil). The ability to utilise the franking account credits is dependent on there being sufficient available profits to declare a dividend. The franking account represents amounts on an income tax paid basis.

At formation of the MEC group, disclosed in Note 1, the franking account balance of the joining entity, General Reinsurance Life Australia Ltd (\$28,248,000), was transferred to the company.

7 CASH AND CASH EQUIVALENTS

Cash on hand and at bank	53,045	44,968
Cash on deposit	213	794
	<u>53,258</u>	<u>45,762</u>
Of which is held as reinsurance collateral from General Reinsurance Corporation	<u>28</u>	<u>21</u>

8 OTHER ASSETS

Sundry assets	54,744	23,548
Due from related entities:		
- General Reinsurance AG	-	122
	<u>54,744</u>	<u>23,670</u>

9 PROPERTY AND EQUIPMENT

Carrying value of:		
Leasehold improvements	404	556
Furniture and equipment	91	149
	<u>495</u>	<u>705</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

9 PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements \$'000	Furniture and equipment \$'000	Total \$'000
Cost:			
Balance as at 1 January 2023	17	1,333	1,350
Exchange differences on opening balance	-	(6)	(6)
Additions	606	-	606
Disposals	-	(208)	(208)
Balance as at 31 December 2023	623	1,119	1,742
Exchange differences on opening balance	-	(1)	(1)
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2024	623	1,118	1,741
Accumulated depreciation:			
Balance as at 1 January 2023	(17)	(1,110)	(1,127)
Exchange differences on opening balance	-	(13)	(13)
Disposals	-	208	208
Depreciation expense	(50)	(55)	(105)
Balance as at 31 December 2023	(67)	(970)	(1,037)
Exchange differences on opening balance	-	(9)	(9)
Disposals	-	-	-
Depreciation expense	(152)	(48)	(200)
Balance as at 31 December 2024	(219)	(1,027)	(1,246)

10 RIGHT-OF-USE ASSETS

	2024 \$'000	2023 \$'000
Carrying value of:		
Properties	1,977	2,721
Net carrying amount		
Balance as at 1 January	2,721	3,465
Exchange differences on opening balance	(2)	(1)
Depreciation expense	(742)	(743)
Lease term modification	-	-
Amounts reflected in the statement of profit or loss and other comprehensive income	(744)	(744)
Balance as at 31 December	1,977	2,721

11 INVESTMENTS

Insurance activities, at fair value:		
Fixed interest securities	827,119	760,036
Of which is held as reinsurance collateral from General Reinsurance Corporation	95,578	94,140

12 CURRENT TAX ASSET

The current tax asset relates to PAYG income tax instalments made on behalf of the MEC Group. The income tax instalments are determined based on the prior year income tax return lodged. Instalments were paid with the expectation of profits resulting in a taxable income.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS

	2024 \$'000	2023 \$'000
Carrying value of:		
Gross		
Reinsurance contract liabilities	508,494	547,857
Reinsurance contract assets	<u>(7,053)</u>	<u>(3,295)</u>
Total gross reinsurance contracts	<u>501,441</u>	<u>544,562</u>

Retroceded

Reinsurance contract assets	141,421	181,037
Reinsurance contract liabilities	<u>(605)</u>	<u>(223)</u>
Total retroceded reinsurance contracts	<u>140,816</u>	<u>180,814</u>

Reconciliation of reinsurance contracts by remaining coverage and incurred claims

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	\$'000	\$'000	\$'000	\$'000
Gross				
2024				
Reinsurance contract liabilities	8,728	3,068	536,061	547,857
Reinsurance contract assets	<u>(11,090)</u>	<u>-</u>	<u>7,795</u>	<u>(3,295)</u>
Balance as at 1 January	<u>(2,362)</u>	<u>3,068</u>	<u>543,856</u>	<u>544,562</u>
Insurance revenue	<u>(378,836)</u>	<u>-</u>	<u>(4)</u>	<u>(378,840)</u>
Insurance service expense				
Incurring claims and other expenses	10,001	-	132,244	142,245
Losses and reversals of losses on onerous contracts	-	2,878	-	2,878
Changes to liabilities for incurred claims	<u>-</u>	<u>-</u>	<u>51,450</u>	<u>51,450</u>
Insurance service expense	<u>10,001</u>	<u>2,878</u>	<u>183,694</u>	<u>196,573</u>
Insurance service result	<u>(368,835)</u>	<u>2,878</u>	<u>183,690</u>	<u>(182,267)</u>
Net finance expenses from gross reinsurance contracts issued				
Investment components	<u>(17,252)</u>	<u>-</u>	<u>16,808</u>	<u>(444)</u>
Insurance finance income or expenses from insurance contracts recognised in profit or loss	<u>(854)</u>	<u>37</u>	<u>18,693</u>	<u>17,876</u>
Effect of movements in exchange rates	<u>76</u>	<u>(9)</u>	<u>(542)</u>	<u>(475)</u>
Net finance expenses from gross reinsurance contracts issued	<u>(18,030)</u>	<u>28</u>	<u>34,959</u>	<u>16,957</u>
Total changes in the statement of profit or loss	<u>(386,865)</u>	<u>2,906</u>	<u>218,649</u>	<u>(165,310)</u>
Cash flows				
Premiums received	383,194	-	-	383,194
Claims and other expenses paid	<u>(10,002)</u>	<u>-</u>	<u>(251,003)</u>	<u>(261,005)</u>
Total cash flows	<u>373,192</u>	<u>-</u>	<u>(251,003)</u>	<u>122,189</u>
Other movements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December	<u>(16,035)</u>	<u>5,974</u>	<u>511,502</u>	<u>501,441</u>
Reinsurance contract liabilities	<u>(6,433)</u>	4,674	510,253	508,494
Reinsurance contract assets	<u>(9,602)</u>	1,300	1,249	<u>(7,053)</u>
Balance as at 31 December	<u>(16,035)</u>	<u>5,974</u>	<u>511,502</u>	<u>501,441</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

Gross (continued)	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
2023	\$'000	\$'000	\$'000	\$'000
Reinsurance contract liabilities	22,548	5,177	490,702	518,427
Reinsurance contract assets	(1,066)	-	82	(984)
Balance as at 1 January	21,482	5,177	490,784	517,443
Insurance revenue	(253,292)	-	-	(253,292)
Insurance service expense				
Incurring claims and other expenses	4,832	(7,368)	261,073	258,537
Losses and reversals of losses on onerous contracts	-	4,961	-	4,961
Changes to liabilities for incurred claims	-	-	(77,362)	(77,362)
Insurance service expense	4,832	(2,407)	183,711	186,136
Insurance service result	(248,460)	(2,407)	183,711	(67,156)
Net finance expenses from gross reinsurance contracts issued				
Investment components	(10,041)	-	9,700	(341)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	2,349	295	17,717	20,361
Effect of movements in exchange rates	(315)	3	(1,625)	(1,937)
Net finance expenses from gross reinsurance contracts issued	(8,007)	298	25,792	18,083
Total changes in the statement of profit or loss	(256,467)	(2,109)	209,503	(49,073)
Cash flows				
Premiums received	237,455	-	-	237,455
Claims and other expenses paid	(4,832)	-	(156,431)	(161,263)
Total cash flows	232,623	-	(156,431)	76,192
Other movements	-	-	-	-
Balance as at 31 December	(2,362)	3,068	543,856	544,562
Reinsurance contract liabilities	8,728	3,068	536,061	547,857
Reinsurance contract assets	(11,090)	-	7,795	(3,295)
Balance as at 31 December	(2,362)	3,068	543,856	544,562

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

Retroceded	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
2024	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets	1,750	3,785	175,502	181,037
Reinsurance contract liabilities	(2,263)	35	2,005	(223)
Balance as at 1 January	(513)	3,820	177,507	180,814
Allocation of reinsurance premiums: amounts relating to the changes in the assets for remaining coverage	(146,029)	(1,452)	-	(147,481)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the period	-	-	52,573	52,573
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	-	8,368	8,368
Amounts recoverable from reinsurers	-	-	60,941	60,941
Net income or expense from retroceded reinsurance contracts	(146,029)	(1,452)	60,941	(86,540)
Net finance income from retroceded reinsurance contracts held				
Reinsurance investment components	-	-	-	-
Effect of changes in non-performance risk of reinsurers	(4)	-	(1,100)	(1,104)
Cost of retroactive cover on retroceded reinsurance contracts	-	-	-	-
Reinsurance finance income	(1,578)	-	7,594	6,016
Effect of movements in exchange rates	(45)	(15)	216	156
Net finance income from retroceded reinsurance contracts held	(1,627)	(15)	6,710	5,068
Total changes in the statement of profit or loss	(147,656)	(1,467)	67,651	(81,472)
Cash flows				
Premiums paid	139,043	-	-	139,043
Amounts received	-	-	(97,569)	(97,569)
Total cash flows	139,043	-	(97,569)	41,474
Other movements	-	-	-	-
Balance as at 31 December	(9,126)	2,353	147,589	140,816
Reinsurance contract assets	(8,104)	2,316	147,209	141,421
Reinsurance contract liabilities	(1,022)	37	380	(605)
Balance as at 31 December	(9,126)	2,353	147,589	140,816

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

Retroceded (continued)	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
2023	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets	8,428	4,048	141,761	154,237
Reinsurance contract liabilities	(1,275)	-	615	(660)
Balance as at 1 January	7,153	4,048	142,376	153,577
Allocation of reinsurance premiums: amounts relating to the changes in the assets for remaining coverage	(101,625)	(216)	-	(101,841)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the period	-	-	94,405	94,405
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	-	-	-
Amounts recoverable from reinsurers	-	-	94,405	94,405
Net income or expense from retroceded reinsurance contracts	(101,625)	(216)	94,405	(7,436)
Net finance income from retroceded reinsurance contracts held				
Reinsurance Investment components	-	-	-	-
Effect of changes in non-performance risk of reinsurers	(22)	-	361	339
Cost of retroactive cover on retroceded reinsurance contracts	-	-	-	-
Reinsurance finance income	1,278	-	5,218	6,496
Effect of movements in exchange rates	363	(12)	(535)	(184)
Net finance income from retroceded reinsurance contracts held	1,619	(12)	5,044	6,651
Total changes in the statement of profit or loss	(100,006)	(228)	99,449	(785)
Cash flows				
Premiums paid	92,340	-	-	92,340
Amounts received	-	-	(64,318)	(64,318)
Total cash flows	92,340	-	(64,318)	28,022
Other movements	-	-	-	-
Balance as at 31 December	(513)	3,820	177,507	180,814
Reinsurance contract assets	1,750	3,785	175,502	181,037
Reinsurance contract liabilities	(2,263)	35	2,005	(223)
Balance as at 31 December	(513)	3,820	177,507	180,814

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component

Gross	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Reinsurance contract liabilities	426,232	95,116	26,509	547,857
Reinsurance contract assets	(4,995)	1,060	640	(3,295)
Balance as at 1 January	421,237	96,176	27,149	544,562
Changes that relate to current services				
CSM recognised for services provided	-	-	(43,444)	(43,444)
Risk adjustment recognised for the risk expired	-	(32,127)	-	(32,127)
Experience adjustments	(162,946)	12	-	(162,934)
Changes that relate to current services	(162,946)	(32,115)	(43,444)	(238,505)
Changes that relate to future services				
Contracts initially recognised in the period	(79,518)	34,751	45,761	994
Changes in estimates that adjust the CSM	9,943	(305)	(9,124)	514
Changes in estimates that do not adjust the CSM	2,420	458	-	2,878
Changes that relate to future services	(67,155)	34,904	36,637	4,386
Changes that relate to past services				
Adjustments to liabilities for incurred claims	75,082	(23,673)	-	51,409
Changes that relate to past services	75,082	(23,673)	-	51,409
Insurance service result	(155,019)	(20,884)	(6,807)	(182,710)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	11,691	3,470	2,715	17,876
Effect of movements in exchange rates	(329)	(122)	(25)	(476)
Total changes in the statement of profit or loss	(143,657)	(17,536)	(4,117)	(165,310)
Cash flows				
Premiums received	383,194	-	-	383,194
Claims and other expenses paid	(261,004)	-	-	(261,004)
Total cash flows	122,190	-	-	122,190
Other movements	-	-	-	-
Balance as at 31 December	399,769	78,640	23,032	501,441
Reinsurance contract liabilities	407,604	77,903	22,987	508,494
Reinsurance contract assets	(7,835)	737	45	(7,053)
Balance as at 31 December	399,769	78,640	23,032	501,441

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Gross (continued)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
2023				
Reinsurance contract liabilities	419,088	82,134	17,205	518,427
Reinsurance contract assets	(1,130)	27	119	(984)
Balance as at 1 January	417,958	82,161	17,324	517,443
Changes that relate to current services				
CSM recognised for services provided	-	-	(34,609)	(34,609)
Risk adjustment recognised for the risk expired	-	(21,592)	-	(21,592)
Experience adjustments	94,020	-	-	94,020
Changes that relate to current services	94,020	(21,592)	(34,609)	37,819
Changes that relate to future services				
Contracts initially recognised in the period	(84,775)	39,441	50,806	5,472
Changes in estimates that adjust the CSM	7,319	2,400	(9,651)	68
Changes in estimates that do not adjust the CSM	(4,648)	(220)	1,218	(3,650)
Changes that relate to future services	(82,104)	41,621	42,373	1,890
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(97,710)	(9,496)	-	(107,206)
Changes that relate to past services	(97,710)	(9,496)	-	(107,206)
Insurance service result	(85,794)	10,533	7,764	(67,497)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	14,510	3,816	2,035	20,361
Effect of movements in exchange rates	(1,629)	(334)	26	(1,937)
Total changes in the statement of profit or loss	(72,913)	14,015	9,825	(49,073)
Cash flows				
Premiums received	237,455	-	-	237,455
Claims and other expenses paid	(161,262)	-	-	(161,262)
Total cash flows	76,193	-	-	76,193
Other movements	-	-	-	-
Balance as at 31 December	421,237	96,176	27,149	544,562
Reinsurance contract liabilities	426,232	95,116	26,509	547,857
Reinsurance contract assets	(4,995)	1,060	640	(3,295)
Balance as at 31 December	421,237	96,176	27,149	544,562

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Retroceded	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Reinsurance contract assets	147,703	32,678	656	181,037
Reinsurance contract liabilities	(62)	326	(487)	(223)
Balance as at 1 January	<u>147,641</u>	<u>33,004</u>	<u>169</u>	<u>180,814</u>
Changes that relate to current services				
CSM recognised for services provided	-	-	3,175	3,175
Risk adjustment recognised for the risk expired	-	(14,704)	-	(14,704)
Experience adjustments	(86,071)	-	-	(86,071)
Changes that relate to current services	<u>(86,071)</u>	<u>(14,704)</u>	<u>3,175</u>	<u>(97,600)</u>
Changes that relate to future services				
Contracts initially recognised in the period	(23,708)	15,673	8,411	376
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-
Changes in estimates that adjust the CSM	13,425	1,151	(14,419)	157
Changes in estimates that do not adjust the CSM	19	-	2,140	2,159
Changes that relate to future services	<u>(10,264)</u>	<u>16,824</u>	<u>(3,868)</u>	<u>2,692</u>
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	20,823	(12,455)	-	8,368
Changes that relate to past services	<u>20,823</u>	<u>(12,455)</u>	<u>-</u>	<u>8,368</u>
Reinsurance finance income	3,940	1,498	578	6,016
Effect of changes in non-performance risk of reinsurers	(1,104)	-	-	(1,104)
Effect of movements in exchange rates	301	(129)	(15)	157
Total changes in the statement of profit or loss	<u>(72,375)</u>	<u>(8,966)</u>	<u>(130)</u>	<u>(81,471)</u>
Cash flows				
Premiums paid	139,043	-	-	139,043
Amounts received	(97,569)	-	-	(97,569)
Total cash flows	<u>41,474</u>	<u>-</u>	<u>-</u>	<u>41,474</u>
Other movements	-	-	-	-
Balance as at 31 December	<u>116,739</u>	<u>24,038</u>	<u>39</u>	<u>140,816</u>
Reinsurance contract assets	117,047	23,699	675	141,421
Reinsurance contract liabilities	(308)	339	(636)	(605)
Balance as at 31 December	<u>116,739</u>	<u>24,038</u>	<u>39</u>	<u>140,816</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Retroceded (continued)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
2023				
Reinsurance contract assets	127,464	25,688	1,085	154,237
Reinsurance contract liabilities	(972)	138	175	(659)
Balance as at 1 January	<u>126,492</u>	<u>25,826</u>	<u>1,260</u>	<u>153,578</u>
Changes that relate to current services				
CSM recognised for services provided	-	-	912	912
Risk adjustment recognised for the risk expired	-	(10,272)	-	(10,272)
Experience adjustments	31,612	-	-	31,612
Changes that relate to current services	<u>31,612</u>	<u>(10,272)</u>	<u>912</u>	<u>22,252</u>
Changes that relate to future services				
Contracts initially recognised in the period	(25,696)	18,515	11,526	4,345
Changes in estimates that adjust the CSM	11,841	814	(14,204)	(1,549)
Changes in estimates that do not adjust the CSM	3	-	-	3
Changes that relate to future services	<u>(13,852)</u>	<u>19,329</u>	<u>(2,678)</u>	<u>2,799</u>
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(29,119)	(3,369)	-	(32,488)
Changes that relate to past services	<u>(29,119)</u>	<u>(3,369)</u>	<u>-</u>	<u>(32,488)</u>
Reinsurance finance income	4,285	1,587	623	6,495
Effect of changes in non-performance risk of reinsurers	339	-	-	339
Effect of movements in exchange rates	(138)	(97)	52	(183)
Total changes in the statement of profit or loss	<u>(6,873)</u>	<u>7,178</u>	<u>(1,091)</u>	<u>(786)</u>
Cash flows				
Premiums paid	92,341	-	-	92,341
Amounts received	(64,318)	-	-	(64,318)
Total cash flows	<u>28,023</u>	<u>-</u>	<u>-</u>	<u>28,023</u>
Other movements	-	-	-	-
Balance as at 31 December	<u>147,641</u>	<u>33,004</u>	<u>169</u>	<u>180,814</u>
Reinsurance contract assets	147,703	32,678	656	181,037
Reinsurance contract liabilities	(62)	326	(487)	(223)
Balance as at 31 December	<u>147,641</u>	<u>33,004</u>	<u>169</u>	<u>180,814</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Reinsurance contracts initially recognised in the period

The following tables summarise the effect on the measurement components arising from the initial recognition of reinsurance contracts in the period:

Gross 2024	Non-onerous \$'000	Onerous \$'000	Total \$'000
Estimate of present value of future cash outflows	250,585	25,359	275,944
Estimates of present value of future cash inflows	(325,755)	(29,707)	(355,462)
Risk adjustment	29,409	5,342	34,751
CSM	45,761	-	45,761
Losses recognised on initial recognition	-	994	994

2023

Estimate of present value of future cash outflows	279,964	28,467	308,431
Estimates of present value of future cash inflows	(364,023)	(29,183)	(393,206)
Risk adjustment	33,253	6,189	39,442
CSM	50,806	-	50,806
Losses recognised on initial recognition	-	5,473	5,473

Retroceded 2024

Estimate of present value of future cash outflows	119,943	-	119,943
Estimates of present value of future cash inflows	(143,651)	-	(143,651)
Risk adjustment	15,673	-	15,673
CSM	8,411	-	8,411
Losses recognised on initial recognition	376	-	376

2023

Estimate of present value of future cash outflows	133,971	-	133,971
Estimates of present value of future cash inflows	(159,661)	-	(159,661)
Risk adjustment	18,515	-	18,515
CSM	11,526	-	11,526
Losses recognised on initial recognition	4,351	-	(4,351)

Contractual Service Margin

The following tables set out when the company expects to recognise the remaining CSM in profit or loss after the reporting date:

	2024 \$'000	2023 \$'000
Gross reinsurance contracts issued		
Not later than one year	22,278	15,564
Later than one year but not later than two years	690	6,249
Later than two years but not later than three years	17	3,243
Later than three years but not later than four years	16	1,530
Later than four years but not later than five years	12	191
Later than five years but not later than ten years	8	372
Later than ten years	-	-
	23,021	27,149

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

13 REINSURANCE CONTRACTS (continued)

Contractual Service Margin (continued)

	2024 \$'000	2023 \$'000
Retroceded reinsurance contracts held		
Not later than one year	(55)	(2,302)
Later than one year but not later than two years	23	419
Later than two years but not later than three years	(7)	1,168
Later than three years but not later than four years	-	609
Later than four years but not later than five years	-	(21)
Later than five years but not later than ten years	-	(42)
Later than ten years	-	-
	<u>(39)</u>	<u>(169)</u>

Net undiscounted central estimate of ultimate claims by underwriting year

	Prior \$M	2017 \$M	2018 \$M	2019 \$M	2020 \$M	2021 \$M	2022 \$M	2023 \$M	2024 \$M	Total \$M
Estimate of net ultimate claims cost*:										
At end of accident year	57	26	46	49	41	29	25	97	96	
One year later	126	52	67	123	68	77	50	195		
Two years later	130	59	54	114	81	87	47			
Three years later	125	52	44	100	78	78				
Four years later	115	50	41	96	75					
Five years later	118	46	40	91						
Six years later	121	42	42							
Seven years later	117	41								
Thereafter	112									
Current estimate of net cumulative claims	112	41	42	91	75	78	47	195	96	777
Cumulative net payments	101	33	33	70	46	53	19	114	8	476
Net undiscounted LIC (ex. Risk Adjustment)	11	8	9	21	28	25	28	81	88	300

* The estimate of net ultimate claims cost is net of the LIC commission adjustments and reinstatement premiums.

Maturity profile of the reinsurance contracts

The following tables set out the expected maturity of the undiscounted future net cash outflows/(inflows) within the company's reinsurance contract assets and liabilities, being the sum of LIC and LRC.

	2024 \$'000	2023 \$'000
Gross reinsurance contracts issued		
Not later than one year	116,023	84,852
Later than one year but not later than five years	319,371	382,364
Later than five years	110,781	124,632
	<u>546,175</u>	<u>591,848</u>
Retroceded reinsurance contracts held		
Not later than one year	(24,390)	(33,622)
Later than one year but not later than five years	(108,323)	(138,024)
Later than five years	(26,391)	(19,690)
	<u>(159,104)</u>	<u>(191,336)</u>

Prior year comparatives (2023) required amendment (Refer to Note 1).

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

14 REINSURANCE FUNDS HELD	2024 \$'000	2023 \$'000
Reinsurance funds held	<u>66,827</u>	<u>86,921</u>

The company has a collateralised deed agreement with its parent relating to Retrocession recoverable on historical events. The interest income earned on this balance is an expense payable back to General Reinsurance Corporation.

15 PROVISIONS	Opening Balance \$'000	Payments \$'000	Provision \$'000	Closing Balance \$'000
Employee entitlements	<u>1,596</u>	<u>(535)</u>	<u>749</u>	<u>1,810</u>

Employee entitlements contains the provision for annual leave and long service leave and represents the present value of the best estimate of future expenses based on current employee records.

16 OTHER PAYABLES	2024 \$'000	2023 \$'000
Sundry payables and accruals	20,887	14,356
Due to related entities:		
- General Reinsurance Corporation	32,377	4,732
- General Reinsurance Life Australia Ltd	<u>8,289</u>	<u>9,724</u>
	<u>61,553</u>	<u>28,812</u>

All balances are expected to be paid within 12 months.

17 LEASE LIABILITIES		
Balance as at 1 January	3,318	3,763
Exchange differences on opening balance	-	-
Interest expense	117	116
Payments	(561)	(561)
Lease term modification	-	-
Amounts reflected in the statement of profit or loss and other comprehensive income	<u>(444)</u>	<u>(445)</u>
Balance as at 31 December	<u>2,874</u>	<u>3,318</u>
Expected to be paid within 12 months	696	697
Expected to be paid in more than 12 months	<u>2,025</u>	<u>2,621</u>
	<u>2,721</u>	<u>3,318</u>
Maturity profile		
Not later than one year	696	697
Later than one year but not later than five years	2,025	2,621
Later than five years	-	-
	<u>2,721</u>	<u>3,318</u>

18 CONTRIBUTED EQUITY		
Ordinary shares fully paid	<u>132,245</u>	<u>132,245</u>
	2024	2023
	Number of shares	Number of shares
Issued ordinary number of shares	<u>66,122,322</u>	<u>66,122,322</u>

Ordinary shares carry voting rights of 1 vote per share and carry the rights to dividends.

19 RELATED PARTIES

Parent and ultimate controlling entities

The immediate parent and ultimate controlling entity respectively are General Reinsurance Corporation and Berkshire Hathaway Inc., both incorporated in the United States of America.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

19 RELATED PARTIES (continued)

Directors

The names of each person holding the position of Director of General Reinsurance Australia Ltd. during the financial year were:

Kathryn J McCann
Keith Scott
Stephen Ferguson

Andrew Gifford
Neal Mullen
Ben Walsh

	2024 \$'000	2023 \$'000
Related party balances (owing)/receivable at reporting date		
General Reinsurance AG	-	122
General Reinsurance Life Australia Ltd.	(8,289)	(9,724)
Immediate Parent:		
General Reinsurance Corporation	(66,383)	(59,709)
Management charges paid to related entities		
General Reinsurance AG	(2,662)	(1,856)
GRF Services	(2,178)	(28)
General Reinsurance Life Australia Ltd.	(21)	-
New England Asset Management, Inc.	(388)	(1,209)
Ultimate Parent:		
General Reinsurance Corporation	(6,242)	(4,914)
Management charges received from related entities		
General Reinsurance AG	190	310
General Reinsurance Life Australia Ltd.	3,330	4,623

Retrocessions

The company is a party to retrocession agreements with related parties. These agreements are entered into under normal commercial terms and conditions. Details of transactions are listed below.

Related party: General Reinsurance Corporation

Retrocession premiums for the financial year	(204,722)	(140,665)
Claim recoveries for the financial year	97,583	63,657
Reinsurance recoverable on paid losses at 31 December	-	-
Reinsurance recoverable on unpaid losses at 31 December	155,884	192,222
Reinsurance funds held at 31 December *	(66,827)	(86,921)

* The company has entered into a collateralised deed agreement with General Reinsurance Corporation. Under this deed, Retrocession recoverable relating to events which have passed the second balance period since the date of loss are fully collateralised.

Intercompany balances, other than the collateralised funds held, are at no interest and are due on demand.

Prior year comparatives (2023) required amendment (Refer to Note 1).

20 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of net operating cash flows to net profit

Net profit	69,252	41,600
Depreciation	210	124
Unrealised foreign exchange gain on cash balances	(93)	(336)
Profit on sale of investments	3,389	1,783
Unrealised exchange variance on investments	2,413	728
Unrealised movement in fair value of investments and amortisation	(28,745)	(16,893)
Finance costs	137	117
Change in operating assets and liabilities		
Decrease in net reinsurance contracts	(3,122)	(118)
Increase in other assets	(30,780)	(10,417)
(Decrease)/increase in reinsurance funds held	(20,095)	7,252
Increase/(decrease) in payables and provision	32,280	(2,578)
Movement in tax accounts	26,306	(31,492)
Net cash provided by/(used in) operating activities	51,152	(10,230)

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

Financial assets or liabilities arising from insurance and reinsurance contracts are stated in the Statement of Financial Position at the amount that best represents the maximum credit risk exposure at balance date. There are no significant concentrations of credit risk, except for related party transactions.

(b) Interest Rate Risk

The company's exposure to interest rate risk is managed through adjustments to the investment portfolio. The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below in section (j).

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the company approximates to their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices.

(d) Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability are disclosed in note 1 of the financial statements.

(e) Capital risk management

The company manages its capital to ensure that on a legal entity level it meets regulatory solvency requirements and it will continue operating as a going concern.

The capital structure of the company consists of cash and cash equivalents (as disclosed in Note 7) and equity, comprising issued capital and retained earnings (as disclosed in the Statement of Changes in Equity).

The company's capital is managed through its ICAAP. The ICAAP is reviewed internally on an annual basis. Independent reviews are performed every three years.

(f) Categories of financial instruments

		2024 \$'000	2023 \$'000
Financial assets	Note		
Financial assets at fair value through profit or loss (i)			
Fixed interest securities	11	827,119	760,036
Amortised cost			
Cash and cash equivalents	7	53,258	45,762
Other receivables	8	54,744	23,670
Financial liabilities			
Amortised cost			
Trade creditors and other payables	16	20,887	14,356
Due to related parties	16	40,666	14,456

(i) Financial assets carried at fair value through profit or loss. None of the receivables are designated as 'fair value through profit or loss'.

(g) Financial risk management objectives

It is ultimately the responsibility of the Board to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the board has explicitly allocated to the Managing Director, the function of overseeing the establishment and maintenance of risk-based systems and controls across the company. The Chief Risk Officer (CRO) reviews, monitors and reports on the RMS to the Managing Director and the Board Risk Committee.

As part of the overall governance framework the Board and senior management of the company have developed, implemented and maintain a sound and prudent RMS and a REMS. The RMS and REMS identify the company's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the company. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the company has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to compliance with the RMS and REMS.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy cedants and bond issuers as a means of mitigating the risk of financial loss from defaults. The company's overall strategy in respect of credit risk management remains unchanged from 2023.

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations under the reinsurance contracts it has entered into. Ultimate responsibility for liquidity risk management rests with the Board of directors, which has implemented appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining appropriate levels of financial assets that are readily realisable and by continuously monitoring forecast and actual cash flows in order to match the maturity profiles of assets and liabilities. As required by APRA Prudential Standard CPS 220, the company has developed and implemented a Risk Management Strategy. The company's overall strategy in liquidity risk management remains unchanged from 2023.

The following tables summarise the maturity profile of the company's financial liabilities. The tables have been drawn up on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The tables below include both interest and principal cash flows.

	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	\$'000	\$'000	\$'000	\$'000
2024					
Financial liabilities					
<i>Interest bearing:</i>					
Reinsurance funds held	3.95	66,827	-	-	66,827
<i>Non-interest bearing:</i>					
Payables		61,553	-	-	61,553
Employee entitlements		895	-	915	1,810
		<u>129,275</u>	<u>-</u>	<u>915</u>	<u>130,190</u>
2023					
Financial liabilities					
<i>Interest bearing:</i>					
Reinsurance funds held	4.34	86,921	-	-	86,921
<i>Non-interest bearing:</i>					
Payables		28,812	-	-	28,812
Employee entitlements		796	-	799	1,595
		<u>116,529</u>	<u>-</u>	<u>799</u>	<u>117,328</u>

(j) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The company has put in place policies and procedures to mitigate its exposure to market risk. There has been no change to the company's exposure to the different elements of market risk or the manner in which it manages and measures these risks.

Interest rate risk management

The company's activities expose it to the financial risk of changes in interest rates. Fixed interest rate instruments expose the company to interest rate risk. The company's Investment Manager closely monitors the company's exposures to interest rate risk.

The company's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Interest rate risk management (continued)

	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
2024	%	\$'000	\$'000	\$'000	\$'000
Non-interest bearing:					
Receivables	-	-	-	-	-
Other receivables	-	54,744	-	-	54,744
Variable interest rate instruments:					
Cash	4.42	213	-	-	213
Fixed interest rate instruments:					
Australian Sovereigns	3.99	413,775	293,693	-	707,468
New Zealand Sovereigns	3.85	65,577	54,074	-	119,651
Regional- State	-	-	-	-	-
Government Guaranteed	-	-	-	-	-
Corporates	-	-	-	-	-
		<u>534,309</u>	<u>347,767</u>	<u>-</u>	<u>882,076</u>
2023					
Non-interest bearing:					
Receivables	-	-	-	-	-
Other receivables	-	23,670	-	-	23,670
Variable interest rate instruments:					
Cash	4.21	794	-	-	794
Fixed interest rate instruments:					
Australian Sovereigns	4.00	621,479	42,784	-	664,263
New Zealand Sovereigns	5.27	67,280	28,493	-	95,773
Regional- State	-	-	-	-	-
Government Guaranteed	-	-	-	-	-
Corporates	-	-	-	-	-
		<u>713,222</u>	<u>71,277</u>	<u>-</u>	<u>784,499</u>

The company's sensitivity to movements in interest rates in relation to the value of interest-bearing financial assets is shown below.

	+100bps \$'000		-100bps \$'000	
	2024	2023	2024	2023
Effect of 100 basis point increase or decrease on profit (+/-)	(8,384)	(5,235)	8,522	5,310

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is mainly exposed to fluctuations in the New Zealand dollar (NZD) exchange rate through its branch in New Zealand. The company's financial assets are primarily denominated in the same currencies as its reinsurance contract liabilities, which mitigates the foreign currency exchange risk for the overseas operations in New Zealand. The company's overall strategy in respect of foreign currency risk management remains unchanged from 2023.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities in Australian dollars at the reporting date is as follows:

	Net Liabilities	
	2024 \$'000	2023 \$'000
New Zealand dollar	2,888	24,070

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Foreign currency sensitivity

The following table details the company's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management and represents their assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity when the Australian dollar strengthens against the respective currency.

	10% increase impact on Profit or Loss		10% decrease impact on Profit or Loss	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Liabilities				
New Zealand dollar	289	2,407	(289)	(2,407)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; that the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and the market participants are independent, knowledgeable, able and willing to transact an exchange. Non-performance risk (credit risk) is considered in valuing liabilities. The carrying value of the company's cash and cash equivalents, receivables, other assets, all insurance related balances and accounts payable, accruals and other liabilities are deemed to be reasonable estimates of their fair value.

Investments

The estimated fair values for fixed maturity securities were generally based on quoted market prices or estimated from independent pricing services. Where quoted market prices are not available, fair values are estimated using present value or valuation techniques. Considerable judgment may be required in interpreting market data used to develop the estimates for fair value. As a result the estimated fair values presented may not be representative of the actual amount that could be realised in a current market transaction. The use of different market assumptions and models may have a material effect on the estimated fair values. The fair value of investments on the Statement of Financial Position was determined by reviewing available financial information of the investee and by performing other financial analyses in consultation with external advisors.

A framework exists for measuring fair values using a hierarchy for observable independent market inputs and unobservable market assumptions. The hierarchy consists of three levels, ranging from the category deemed to be most reliable to a category where fair value is measured using significant unobservable inputs because of the lack of observable market prices for the instrument, or Levels 1 through 3, respectively. A description of the inputs used in the valuation of assets and liabilities under the three levels follows:

- Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.
- Level 2 – Inputs include directly or indirectly observable inputs other than Level 1 inputs such as quoted prices for similar assets prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that are considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves that are observable at commonly quoted intervals; volatilities, prepayment speeds, loss severities, credit risks and default rates and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair values for the company's investments in fixed maturity securities are primarily based on market prices and market data available for instruments with similar characteristics since active markets are not common for many instruments. Pricing evaluations are based on yield curves for instruments with similar characteristics such as credit rating, estimated duration and yields for other instruments of the issuer or entities in the same industry sector.
- Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. Measurements of non-exchange traded derivative contracts and certain other investments carried at fair value are based primarily on valuation models, discounted cash flow models or other valuation techniques that are believed to be used by market participants. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Financial assets and liabilities

Financial assets and liabilities measured at fair value in the financial statements as at 31 December 2024 and 2023 are summarised in the following table by the type of inputs applicable to the level of the fair value measurement (in thousands).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2024				
Fixed maturity bonds				
Australian and New Zealand Governments	827,119	-	-	827,119
	<u>827,119</u>	<u>-</u>	<u>-</u>	<u>827,119</u>

There were no transfers between Level 1 and Level 2 during the period.

2023

Fixed maturity bonds

Australian and New Zealand Governments	760,036	-	-	760,036
	<u>760,036</u>	<u>-</u>	<u>-</u>	<u>760,036</u>

22 APRA CAPITAL ADEQUACY

The following information refers to APRA's capital adequacy requirements.

	2024 \$'000	2023 \$'000
Capital base/Common Equity Tier 1 Capital		
Net assets	456,818	387,566
Premium liability surplus/(deficit)	(44,660)	(40,108)
Accounts receivables/(payables)	47,096	53,394
Deferred tax assets	(10,220)	(6,737)
Reinsurance assets receivable not meeting governing law requirements	(70)	(127)
	<u>448,964</u>	<u>393,988</u>
Prescribed Capital Amount (PCA)		
Insurance Risk Charge	78,733	81,146
Insurance Concentration Risk Charge	47,224	52,000
Asset Risk Charge	20,542	21,326
Operational Risk Charge	11,305	10,087
Less: Aggregation Benefit	(14,886)	(15,481)
	<u>142,918</u>	<u>149,078</u>
Capital in excess of PCA	306,046	244,910
PCA coverage ratio	3.1414	2.6428

General Reinsurance Australia Ltd. has an "AA+" credit rating from Standard and Poor's as at 31 December 2024.

The company has complied with all externally imposed capital requirements throughout the year.

Prior year comparatives (2023) required amendment (Refer to Note 1).

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

23 KEY MANAGEMENT PERSONNEL REMUNERATION

	2024 \$'000	2023 \$'000
The compensation of the specified Directors and specified executives, being the key management personnel of the company, is set out below:		
Short-term employee benefits	1,509	1,390
Other long-term benefits	81	-
	<u>1,590</u>	<u>1,390</u>

Prior year comparatives (2023) required amendment (Refer to Note 1).

CPS 511 Remuneration Disclosure Statement

Introduction

This remuneration disclosure is made in accordance with the requirements of APRA's Prudential Standard CPS 511, which mandates disclosure of compensation practices and governance for General Reinsurance Australia Ltd. as a non-significant financial institution.

Remuneration Governance Framework

The Board of General Reinsurance Australia Ltd. has established a Remuneration Committee whose charter sets out the responsibilities for overseeing the adherence to relevant compensation policies. The Committee ensures that the compensation outcomes align with the entity's strategic objectives, risk appetite, and regulatory requirements (including CPS 511 and the Financial Accountability Regime Act). The Committee meets at least four times per year.

Key Components of Remuneration

1. Fixed remuneration: This includes base salary and benefits, which are reviewed annually to ensure competitiveness and alignment with market standards.
2. Variable remuneration: All variable compensation awards are evaluated considering financial results of the company and the performance of eligible persons. Awards are paid in cash and, depending on a person's position, a proportion of the award may be subject to deferral for a period of at least four years.

Performance and Risk Adjustment

For all persons registered with APRA as Responsible Persons, and / or Accountable Persons under the Financial Accountability Regime Act, compensation outcomes are reviewed and adjusted based on personal performance, including against non-financial objectives. The Remuneration Committee reviews all performance outcomes for these individuals to ensure that they are consistent with strategic objectives, risk appetite, and regulatory requirements. This may include addressing any instances of misconduct or material risk failures under applicable company policies.

24 RECONCILIATION OF US-GAAP BALANCES TO AUSTRALIAN IFRS (A-IFRS)

In accordance with US Accounting Standard SSAP 97 (Investments in Subsidiary, Controlled, and Affiliated Entities), a reconciliation is required between US-GAAP accounting results and those required in the local jurisdiction. The information below reconciles the company's results after tax and net assets based on A-IFRS to the US-GAAP accounting results.

	2024 \$'000	2023 \$'000
US-GAAP profit after tax	50,823	29,366
<i>Adjustment items:</i>		
Market Value adjustment in respect of investments held to maturity	7,076	7,179
Movement in currency translation adjustment	(333)	(1,033)
Claims reserve discounting and risk margin	(2,859)	6,807
Non-attributable management expenses	16,449	4,824
Lease right-of-use asset and liability	40	(97)
Tax adjustments on items above	(1,944)	(5,446)
	<u>69,252</u>	<u>41,600</u>
A-IFRS profit after tax		
US-GAAP Net Assets	450,706	395,047
<i>Adjustment items:</i>		
Claims reserve discounting and risk margin	(4,186)	(17,379)
Lease right-of-use asset and liability	(65)	(133)
Tax adjustments on items above	10,363	10,031
	<u>456,818</u>	<u>387,566</u>
Net assets per A-IFRS		

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

25 ADDITIONAL COMPANY INFORMATION

Principal Place of Business and Registered Office

Level 20
1 O'Connell Street
SYDNEY 2000

Number of Employees

At 31 December 2024 the company had 42 employees (2023: 41).

Type of Company

The company operates as a for profit unlisted public company.

26 EVENTS SUBSEQUENT TO BALANCE DATE

In March 2025 Tropical Cyclone Alfred occurred and was downgraded to an ex Tropical Cyclone shortly after making landfall. The weather system was declared an eligible event by the Cyclone Pool and ceased to be a qualifying event at 8am on 8th March meaning the claims period ceased at 6am 10th March. During the declared period, the Cyclone Pool will absorb all losses for eligible classes of business. The company expects losses to attach post the declaration period, the quantum of which is yet to be determined.

Otherwise, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (b) in the Directors' opinion, the attached financial statements and notes thereto are prepared in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and the performance of the entity.
- (c) in the Directors' opinion, the financial statements and notes thereto are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- (d) in the Directors' opinion, the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001 on 25 March 2025.

On behalf of the directors:


K. J. McCann
Chair


N. Mulren
Managing Director

Sydney, 25 March 2025

Independent Auditor's Report to the Members of General Reinsurance Australia Ltd

Opinion

We have audited the financial report of General Reinsurance Australia Ltd. (the "Company") which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Director's Report for the year ended 31 December 2024, 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 we do not express any form of assurance conclusion thereon.

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, 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 the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants
Sydney, 25 March 2025



The people behind the promise.

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