



Insurance Council
of Australia

Annual Report 2021



Acknowledgment of country

This report was produced on the lands of the Gadigal people of the Eora Nation



2022 Annual General Meeting

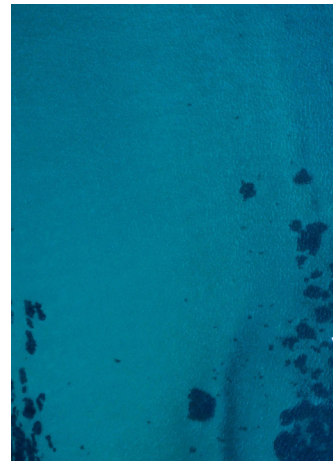
The Annual General Meeting of the company will be held **10 May 2022 at 8am**, at the offices of the Insurance Council and by video conference.

Welcome to our 2021 Annual Report. We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

// Read more about our Strategy and Purpose on Page 04

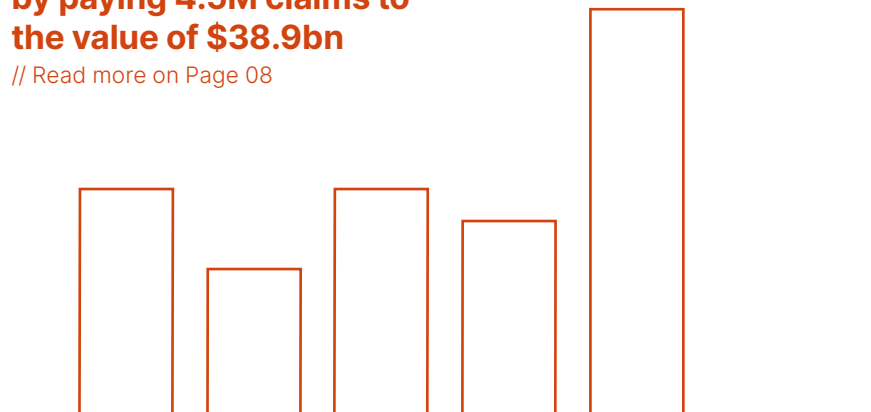


In this report



We help 1 in 5 Australians by paying 4.5M claims to the value of \$38.9bn

// Read more on Page 08



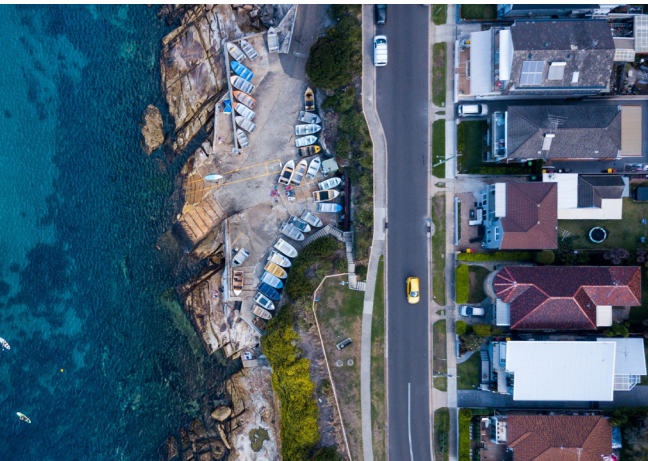
“I’m proud of the way in which the industry, both individually and collectively through the ICA, has responded to these challenges, constructively and collaboratively.

// Read more on Page 02



General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

// Read more about our ongoing advocacy and strategic objectives on Page 05



Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

// Read more about how we did this in 2021 on Page 06.

“As we look ahead, I take this opportunity to thank the Board for their guidance and leadership and our members for their trust and productive insights. I also want to thank the hard work of everyone at the ICA who contribute to our advocacy and policy work, as we pursue our purpose as the voice for a resilient Australia.

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President's foreword

After such significant events in the last few years, insurers and the ICA alike are stronger and more adaptive in the face of change and crisis.



Sue Houghton
ICA President 2021



In 2021, insurers and the ICA were transforming, as our peak representative body in Australia led the sector as a customer-focused, fair, efficient and trusted contributor to the Australian economy. We have had to grapple with many significant issues including the implementation of the Hayne Royal Commission reforms, the local impacts of a hardening global insurance market, and the business interruption test case process, just to name a few.

I'm proud of the way in which the industry, both individually and collectively through the ICA, has responded to these challenges constructively and collaboratively.

After such significant events in the last few years, insurers and the ICA alike are stronger and more adaptive in the face of change and crisis. I believe this period of change, adaptation and leadership

will be fundamental to the ICA's pursuit of its strategic objectives and the realisation of its purpose as the 'voice of a resilient Australia'.

Changes to the ICA Board

While I remain on the Board of the Insurance Council of Australia, after two years I concluded my term as President at the end of 2021. My tenure as ICA President was a rewarding experience and I take this opportunity to thank Andrew Hall and the Board for their support and recognise Nick Hawkins' appointment as the ICA's new President, effective from 1 January 2022. I know that in Nick I have handed the role on to very experienced hands.

I would like to welcome Scott Hawkins, Steve Johnston and Peter Kelaher who were appointed to the Insurance Council Board in 2021 as well as thanking those 2021 outgoing Board members Frank Costigan, Lisa Harrison, Jarrod Hill, Tim Plant and Ralph Ronnenberg.

2021 Operating Result

The company achieved an operating surplus for the year ended 31 December 2021 of \$1,284K, compared to the budget deficit of (\$102k). A significant portion of this favourable variance relates to position vacancies

during the year, many of which we filled by 31 October 2021. Event costs and travel & accommodation costs were \$108k below budget due to Covid-19 restrictions.

This surplus will provide the Insurance Council with an opportunity to both strengthen the balance sheet, by retaining the 2021 surplus as Members Funds and to utilise part of the surplus to fund the 2022 budget and business plan. The Board has approved a budget deficit outcome of (\$500k) as a deficit budget outcome for 2022.

2022 Annual General Meeting

The Annual General Meeting of the company will be held 10 May 2022 at 8am, to be held at the offices of the Insurance Council and by video conference. ●

CEO's introduction

We listened and we learned through consistent engagement with our members and government, business and consumer stakeholders, providing a solid foundation for our ongoing advocacy and continued progress in 2022.



Andrew Hall
CEO and Executive Director,
Insurance Council of Australia



It's clear this decade will be an extended period of disruption and challenges, and while 2020 prepared us for the unexpected, it's fair to say 2021 threw a few surprises our way with a domestic resurgence of Covid-19 and associated lockdowns exceeding anything we experienced the year prior.

In a year punctuated by five declared insurance catastrophes and even an earthquake in Victoria, ongoing lockdowns posed difficulties for the deployment of insurance catastrophe responders in the aftermath of natural disasters.

The Business Interruption test cases presented challenges for insurers and policyholders alike who were seeking clarity and resolution to this complex issue through the current test case structures.

All the while, the industry has had to adapt and respond to substantial regulatory reforms as a result of the Hayne Royal Commission recommendations.

All the challenges we faced however, were exceeded with considerable impact and progress from our industry and the Insurance Council.

In 2021, General Insurers provided Australian businesses and households with 4.5M claims to a value of \$38.9bn. An average of \$155.5m in claims every working day.

The ICA launched a new General Insurance Code of Practice in July, a program of work that was three years in the making, and underscores the industry's commitment to openness, fairness and consumer protection.

We enhanced our data collection, retention and reporting capabilities, providing opportunity for ongoing information sharing and improvement.

Despite ongoing border restrictions, we were still able get our teams to work both in person and virtually to support communities in Western Australia, South-East Queensland, Victoria and Regional New South Wales when they needed it most.

We pursued our strategic objectives, maturing and articulating the role of insurance in the economy and in climate, bringing our purpose to life with a new brand and digital experience.

We listened and we learned through consistent engagement with our members and government, business and consumer stakeholders, providing a solid foundation for our ongoing advocacy and continued progress in 2022.

As we look ahead, I take this opportunity to thank the Board for their guidance and leadership and our members for their trust and productive insights. I also want to thank the hard work of everyone at the ICA who contribute to our advocacy and policy work, as we pursue our purpose as the voice for a resilient Australia. ●

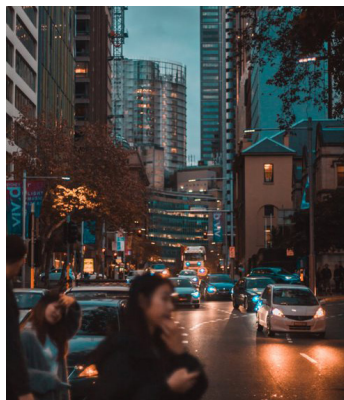
Strategy & purpose

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.



Insuring for a stronger economy



General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

We are advocating for:

- Clear and transparent regulatory framework for financial services
- Abolition of state taxes and charges on insurance
- Robust cyber risk framework to help cap underinsurance
- Establishment of nationally consistent borders policy allowing insurers to better support customers during pandemics
- Review tort law arrangements and their impact on the affordability and availability of insurance for SMEs
- Maintenance of the current framework for Lenders Mortgage Insurance to assist with home ownership goals
- Amendments to the law to allow test cases of importance to the financial services sector and its customers to be brought on hypothetical cases

“Insurance plays an important role in the Australian economy, absorbing financial shocks when damage or disaster strikes insured individuals and businesses. The ICA’s ongoing advocacy for the affordability and availability of insurance is critical to ensuring these financial safeguards remain in place.”

Nick Hawkins, CEO & Managing Director,
Insurance Australia Group and ICA Board President 2022

Ongoing advocacy and our strategic objectives

Insuring against climate change

Insurers are on the frontline when it comes to climate change and worsening extreme weather, that’s why as an industry we’re so focused on improving community resilience and supporting our industry to transition to net zero.



We are advocating for:

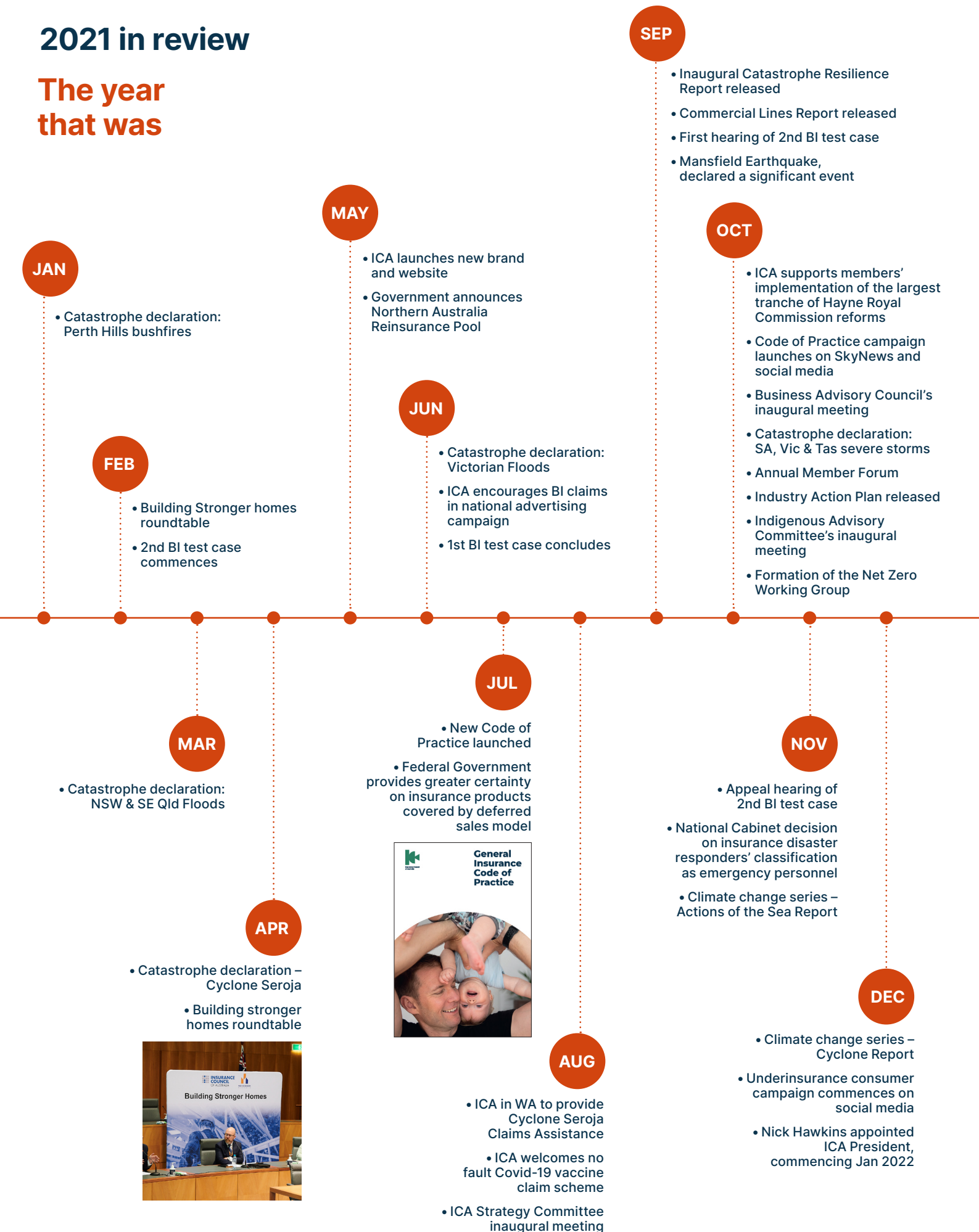
- The general insurance industry to transition to net zero
- Greater resilience investment from all governments to better protect communities
- Improved resilience and building quality in the built environment, strengthening the National Construction Code and building standards and improving land use planning
- Standardised disaster clean-up arrangements that support communities to recover, build back better and thrive in the wake of extreme weather events
- Strengthening the ICA’s data capability and government data priorities to build a national picture of climate risk

“Climate change is worsening extreme weather events with implications for the affordability and availability of insurance in Australia. The ICA’s Climate Change Action, Data and Knowledge and Net Zero Working Groups are working to enable our industry and economy to transition to net zero and improve both what we build and where we build it.”

Kate Lyons, Climate Change Action Committee Chair,
Head of Group Sustainability QBE

2021 in review

The year that was



2022 priorities

The year that will be



Advocacy & policy

Implementing purposeful advocacy campaigns that drive fair and appropriate policy outcomes for our members and consumers taking into consideration regulation advocacy and effective disclosure.



Underinsurance and state taxes

Developing the industry's position on underinsurance including the role of state taxes and considering the respective views of insurers, regulators and government across both commercial and domestic lines.



Response to market cycles

Advocating for the improved *availability and affordability* of general insurance with consideration of the multi-faceted issues and the role of all stakeholders in the solution.



Better consumer outcomes

Continued focus on improving consumer outcomes through better policy outcomes and ongoing engagement with the community sector via the ICA's Advisory Committees, AFCA, Code Governance Committee, and regulators.



Resilience & mitigation in the built environment

Ongoing advocacy for resilience to be embedded in the National Construction Code and Australian Standards, along with ongoing and increasing government investment in mitigation and adaptation.



Climate change

Release and implementation of the ICA's climate change roadmap – Towards a Net Zero & Resilient Future – along with drawing on member data and new research to support the industry's approach to natural peril risk.



Catastrophe management

Coordinating the industry's response to severe weather events and the associated advocacy. In 2021/22 season the ICA will be implementing its new Insurance Event Management Framework. The data piece is captured in the next section "Data & analytics".



Data & analytics

Implementation of the ICA's Data Strategy to drive better advocacy, policy and reputation outcomes for the industry. This includes focusing on uplifting the ICA's CAT Management response through improved claims data, geospatial imagery and an upgrade of the Dataglobe.

Industry data

Our industry

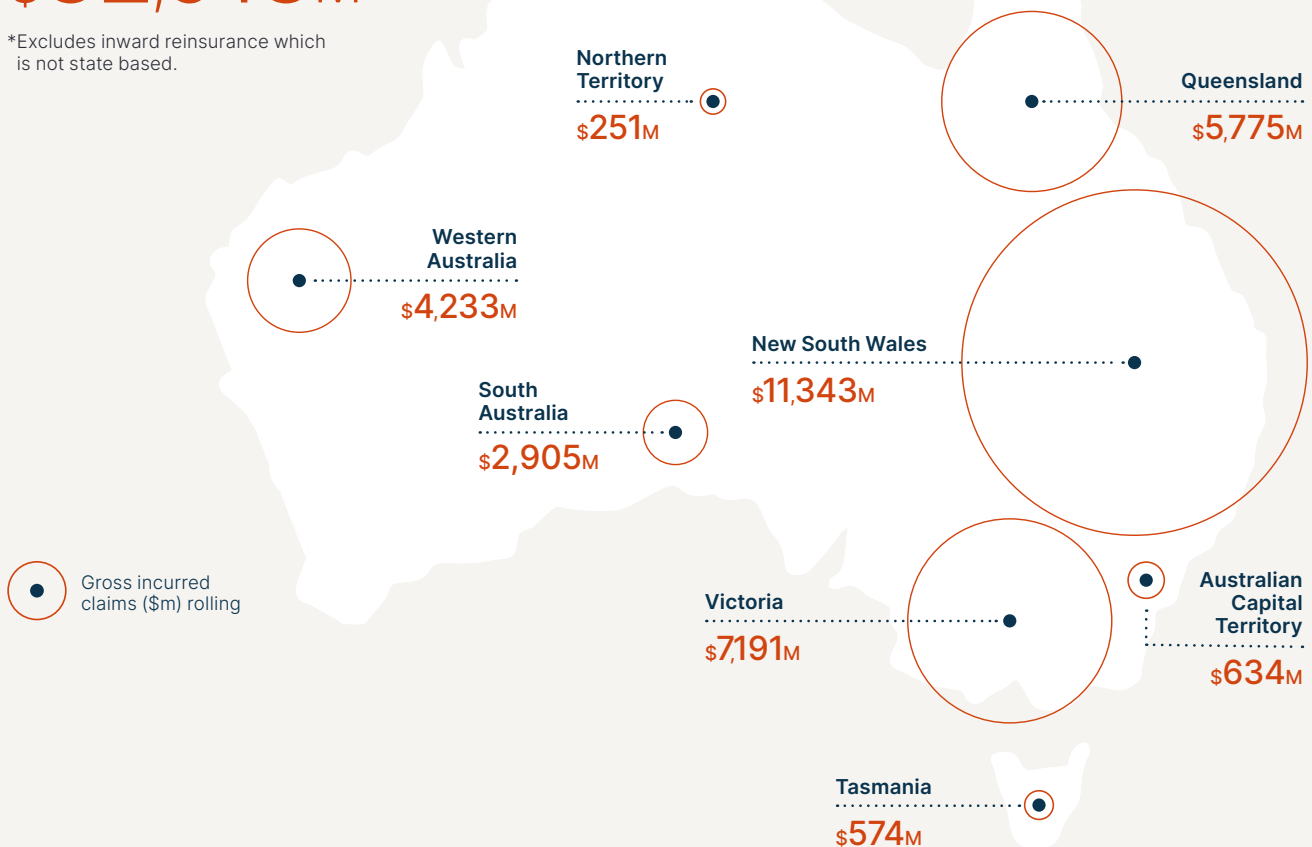


Gross incurred claims

Australia total

\$32,913M

*Excludes inward reinsurance which is not state based.





2021 catastrophe claims

5 declared insurance catastrophes

Claims incurred **\$2,244bn**

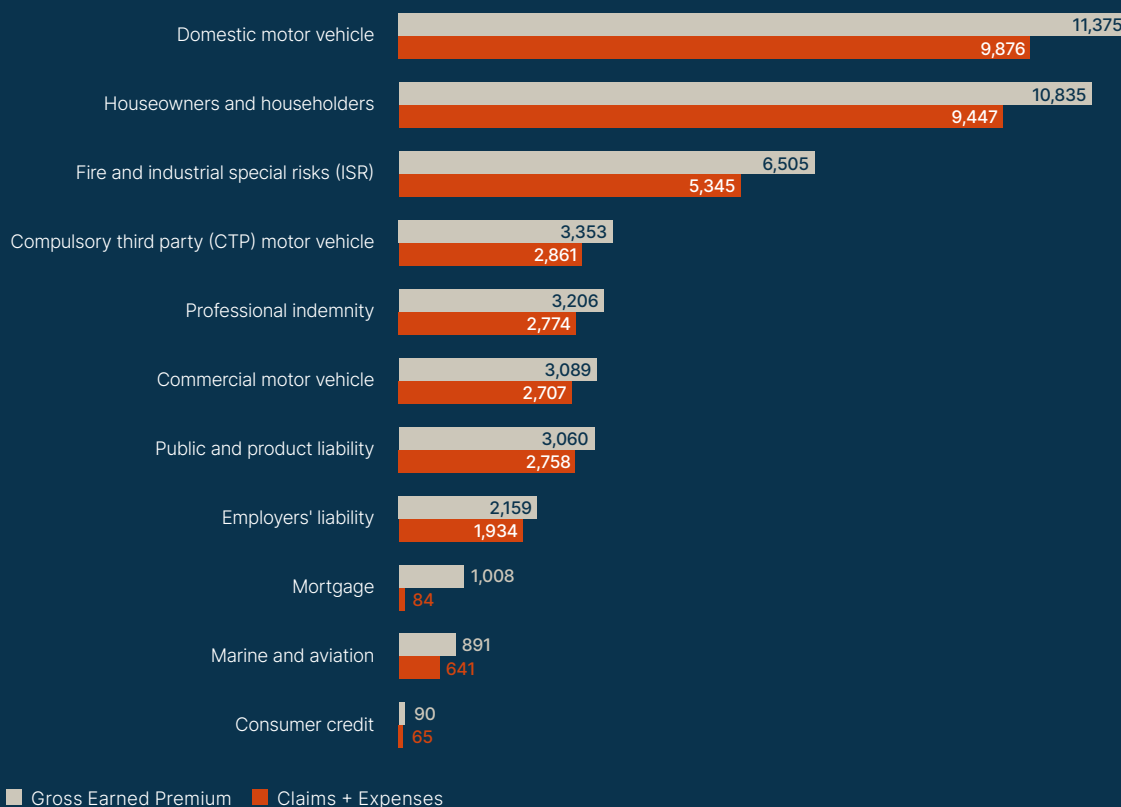
Average claim **\$10,379**

1 significant event

Claims count **216,230**

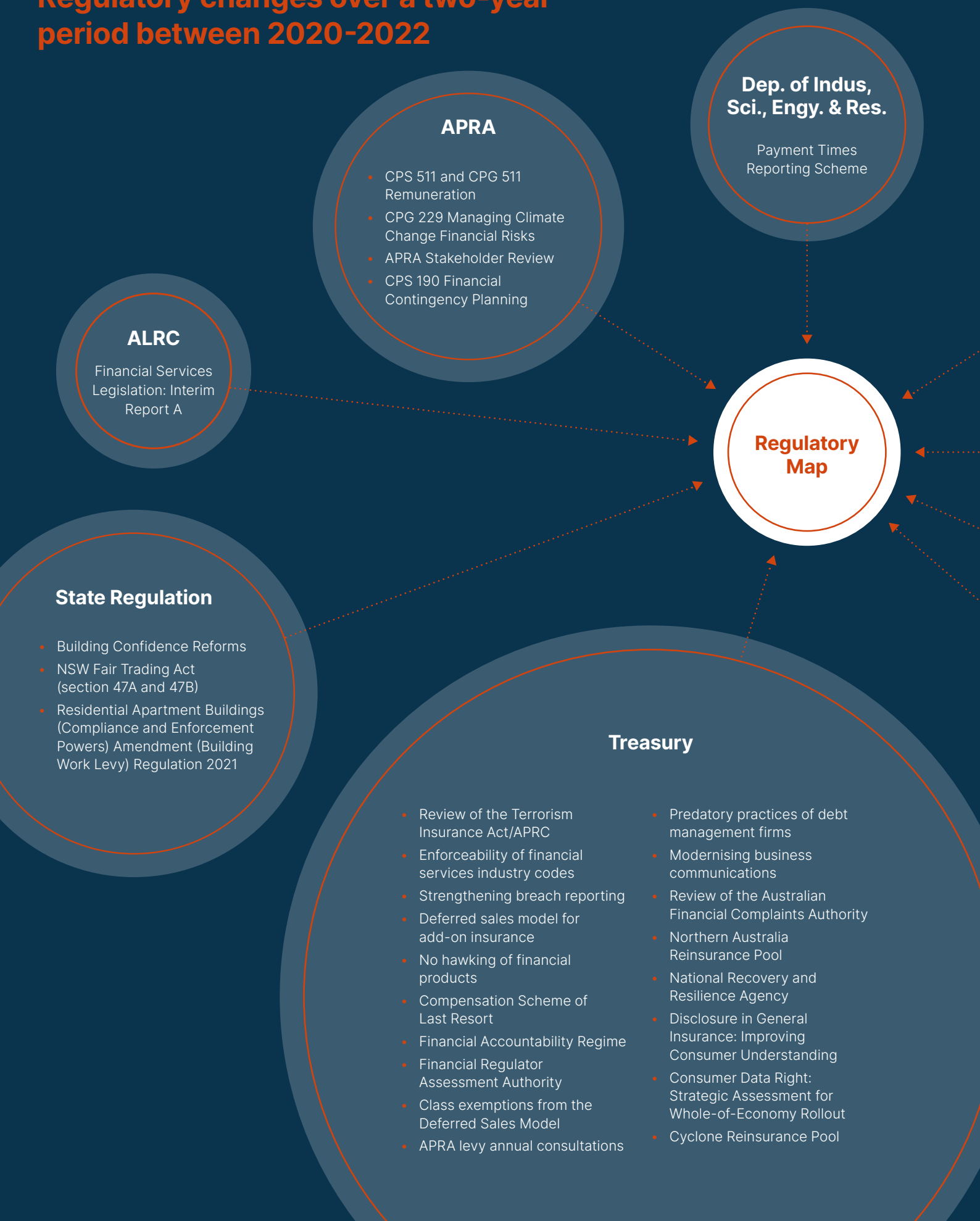
This claims data was updated as of 29 March 2022 and covers CAT declarations and significant events that occurred from January 2021 to December 2021. This includes CAT 211, 212, 213, 214 216 and SE215. Excludes CAT 204 and current 221 event.

Gross Earned Premium and Claims + Underwriting Expenses by Product Class (\$m)



Scale of regulatory changes

Regulatory changes over a two-year period between 2020-2022



ARPC

Admin
new cyclone
reinsurance
pool

ASIC

- Regulatory Guide RG 183: Enforceable Code Provisions
- Regulatory Guide RG 38: Anti-hawking
- Regulatory Guide RG 78: Breach reporting
- Information sheet: deferred sales model for add-on insurance
- CP 333 Reference checking and information sharing
- Design and distribution obligations
- ASIC Internal Dispute Resolution (IDR) requirements
- ASIC Cost Recovery Implementation Statement 2020-21
- CPS 335 Update to RG 256: Consumer Remediation
- Letter from ASIC regarding recent flood and hailstorm events
- Deferred sales model for add-on insurance exemption applications: regulations and ASIC
- Claims handling: information sheet
- Claims handling: relief applications from Cash Settlement Fact Sheet requirement
- Claims handling: licensing applications for insurers and other claimant intermediaries
- Claims handling: claimant intermediary regulations
- Sunsetting of instrument – PDS provision during telesales
- 349 Remaking ASIC class order on PDS requirements
- Breach reporting regulations
- RG 275 The deferred sales model for add-on insurance
- RG 274 Product design and distribution obligations
- CP 350 Consumer remediation: Further consultation
- Financial Regulator Assessment Authority: effectiveness and capability of the Australian Securities and Investments Commission

Attorney-General's Department

- Use of the Term Good Faith in Civil Penalty and Criminal Offence Provisions
- Review of the Privacy Act 1988/ Enhancing Online Privacy and Other Measures) Bill 2021

Parliament

- Cyclone and Related Flood Damage Reinsurance Pool) Regulations 2022
- Review of the Four Major Banks and other Financial Institutions
- Inquiry into the Prudential Regulation of Investment in Australia's Export Industries
- Security Legislation Amendment Bill 2022

Executive leadership team



Andrew Hall
Executive Director and CEO

Andrew joined the Insurance Council of Australia in September 2020 from the Commonwealth Bank, where he served as Executive General Manager, Corporate Affairs, for seven years. At CBA he was responsible for the management of CBA's corporate reputation, public affairs and sustainability.

He was previously Director of Corporate and Public Affairs for Woolworths Limited for six years, overseeing a similar portfolio and participating as a member of the Management Board.

Andrew's professional career started as a journalist in regional New South Wales in 1994, before moving to Canberra in 1996 where he worked in federal politics for 10 years. From 2001 to 2007 he was the Federal Director of the Nationals.

His expertise in the corporate affairs profession has been recognised with admission to the Arthur W. Page Society, recognition in the International Top 50 Corporate Affairs Professionals (Salt & Shein 2014) and in the inaugural award of Top 50 Outstanding LGBTI Leaders in Australia (Deloitte 2016) for his work in leadership roles, diversity and on the Board of Equality Australia for the marriage equality campaign.

He has extensive experience in governance, both in the corporate and not-for-profit sectors. He serves on the boards of Rural Aid and Pankind – the Australian Pancreatic Cancer Foundation.



Fiona Cameron
General Manager Policy,
Consumer Outcomes

Fiona was appointed General Manager Policy – Consumer Outcomes in July 2017. She was previously Senior Manager Government and Industry Relations and has worked at the Insurance Council since January 2010.

She is responsible for developing and implementing the Insurance Council's policies in relation to consumer outcomes, the Consumer Advisory Committee, the General Insurance Code of Practice, state and federal statutory schemes.

Fiona has worked for the NSW Department of Premier and Cabinet, the then-Liquor Hospitality and Miscellaneous Workers' Union and the NSW Attorney General's Department. She has held senior positions in research, policy, consumer relations, stakeholder relations, regulation and law across a broad range of industries.

Fiona holds an Arts/Law degree from University of New South Wales.



Adrian Dolin
CFO, Company Secretary,
General Manager,
Corporate Services

Adrian joined the ICA in July 2015. He is responsible for financial reporting, governance and compliance obligations as required under the Corporation Law and other Statutes. His responsibilities include Board management and reporting, member services, finance, IT and industry data analytics.

Prior to joining the ICA he was country manager of a competitive risk consultancy. He is formerly Managing Director of Corporate Service Asia at Thomson Reuters and was Chief Operating Officer of Computershare Analytics, prior to which he was head of Strategic Planning at a UK private equity firm.

He qualified as a Chartered Accountant with PwC and is a Fellow of the Governance Institute of Australia. Adrian holds a Bachelor of Business degree from Curtin University and has undertaken post-grad management studies at UTS and INSEAD.



Mathew Jones
General Manager,
Public Affairs

Mathew joined the Insurance Council in November 2020 in the new role of General Manager Public Affairs, where he is responsible for the organisation's communications and engagement with the community, media, stakeholders and government.

Mathew has more than 25 years' experience in consulting, the media, government, and politics, including as a senior public and corporate affairs practitioner, journalist, ministerial advisor and chief of staff, and as the NSW Government's lead communications executive.

He has run many successful communication and engagement campaigns, including for State Budgets, major policy initiatives and nationally significant corporate restructures.



Anne Knight
General Counsel

Anne joined the Insurance Council in December 2020 in the new role of General Counsel.

Anne is a commercial lawyer with extensive experience in commercial and corporate matters with a focus on financial services and disputes, having worked in top tier law firms in Sydney, Singapore and London. Whilst Anne has primarily worked in private practice she has also worked in the Enforcement Directorate at ASIC, in house at PwC and more recently in Legal and Group Governance at the Commonwealth Bank of Australia where she was Head of Disputes.

Anne is trained as a mediator with extensive mediation experience, both in respect of large disputes and disputes involving individuals. She has also held various academic positions at universities in Sydney and Hong Kong teaching a range of commercial and corporate subjects.

Anne has a Bachelor of Arts and Bachelor of Laws from the University of NSW.



Kylie Macfarlane
Chief Operating Officer

Kylie joined the Insurance Council in September 2020 to support the ICA deliver a strategic plan to guide the organisation and its priorities. Kylie has responsibility for the ICA's Strategy, Risk and Operations Teams including Human resource, Data & Analytics and the ICA's focus on mitigation, resilience and recovery of the built environment – this includes co-ordinating the Insurance industries response to severe weather events.

Kylie has held executive and non-executive positions in financial services over the past 25 years and is dedicated to optimising public and private sector responses to rapidly changing environmental contexts with a focus on strategy, governance, innovation and value creation.

Over the past six years she has been at the forefront of Environmental and Social Governance (ESG), setting standards in organisational reporting conventions on climate, and developing multi-stakeholder approaches to social impact investment that are focused on producing shared outcomes and embed social license.



Aparna Reddy
General Manager,
Regulatory Policy

Aparna Reddy joined the ICA's regulatory policy team in November 2019 and was appointed General Manager Policy – Regulatory Affairs in December 2020. She has a wealth of experience in policy and regulatory roles within the federal government. Aparna has worked with ministers, senior executives and industry stakeholders, and has led reforms from policy conception to delivery.

She has extensive knowledge of competition and consumer policy. She has managed and led consultation on critical and politically sensitive issues within key industries including undertaking the federal government's audit of buildings for the use of combustible cladding, car retailing and food processing.

Aparna has a Bachelor of Laws (Hons) from the Australian National University.

Board of directors



Andrew Hall
Executive Director and CEO,
Insurance Council of Australia

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He has extensive experience in governance, both in the corporate and not-for-profit sectors. He serves on the boards of Rural Aid and Pankind – the Australian Pancreatic Cancer Foundation.



Sue Houghton
ICA Board President, Chief
Executive Officer, Australia
Pacific, QBE Insurance Group

Sue Houghton is the Chief Executive Officer of QBE Australia Pacific.

Sue is an accomplished and highly regarded senior executive with extensive experience in the financial services sector. Sue is known for her sound judgement, resilience and adaptability as well as for cultivating talent, fostering diverse and inclusive teams and driving performance.

Sue has held a number of directorships over her career and is a member of the Institute of Chartered Accountants in England and Wales. She has a Bachelor of Arts from Reading University and in 2012 completed the Advanced Management Program at INSEAD in France.

Sue is also a member of the Champions of Change Coalition and an Executive Director of relevant QBE Insurance Group Boards.

After two years, Sue concluded her term as President of the Insurance Council of Australia Board at the end of 2021. Sue remains on the Board.



Nicholas Hawkins
CEO & Managing Director,
Insurance Australia Group Ltd

The Board of the Insurance Council of Australia appointed Mr Hawkins to the position of President with effect 1 January 2022.

Nick Hawkins became IAG's Managing Director and CEO in November 2020. He previously held the role of Deputy CEO, accountable for the management and performance of IAG's day-to-day operations.

Nick previously spent 12 years as IAG's Chief Financial Officer, responsible for the financial affairs of the company. Prior to this Nick was the Chief Executive Officer of IAG New Zealand and also held a number of roles within finance and asset management since joining the Group in 2001.

Before joining IAG, Nick was a partner with KPMG. He is a Fellow of Chartered Accounts of Australia & New Zealand and a graduate of the Harvard Advanced Management Program.

The Board of the Insurance Council of Australia appointed Mr Hawkins to the position of President at its December 2021 meeting.



Richard Enthoven
ICA Board Deputy President,
Managing Director,
Hollard Holdings Australia

Richard Enthoven is the Founder of The Hollard Insurance Company and the co-founder of Greenstone Ltd. From 1999 to 2021 he served as the Chief Executive Officer of The Hollard Insurance Company and currently serves as the Managing Director of Hollard Holdings Australia. Richard is a director, and former president, and the current deputy president of the Insurance Council of Australia. He also serves on the Advisory Board of Head Over Heels, a not-for-profit organisation that supports a portfolio of high-potential women-owned businesses. Richard is also a director of the Ascham School Council of Governors. Richard holds a Master of Science from the London School of Economics and a Bachelor of Arts from the University of Southern California.



Richard Feledy
Managing Director,
Allianz Australia

With insurance experience spanning over 30 years, Richard Feledy was appointed Managing Director of Allianz Australia Limited in January 2018.

Richard originally joined Allianz in 2000 as part of the HIH acquisition, and has held various senior roles in the Technical Division, Product Management & Research and Property & Casualty products during his tenure.

In 2010, Richard was appointed Chief Technical Officer, responsible for Product Management, Pricing and Reinsurance, Underwriting Services and Data Analytics. As part of his transition to Managing Director, Richard served as Deputy Managing Director from May to December 2017.



Natasha Fenech
Group CEO and Managing
Director, Avant Mutual

Natasha Fenech took over the role of Group CEO & Managing Director of Avant Mutual in September 2020. Prior to that she was the CEO of Medical Indemnity and Deputy Group CEO since February 2019.

Before joining Avant, Natasha was the CEO of SuperConcepts which she grew over a 5-year period from a start-up position to the market leader. Prior to that, Natasha held several senior roles within Suncorp in both the personal and commercial insurance businesses, including as the Executive General Manager of Customer, Product and Pricing within Personal Insurance where she led the portfolio management of the Home and Motor books across 13 brands including AAMI, APIA, GIO and Suncorp Insurance.

Natasha has held various positions within the financial services industry over the last 25 years including at companies such as Citigroup, A.T. Kearney, Royal SunAlliance, Zurich, Legal & General and SGIC.

Natasha holds a Masters of Business Administration from the Australian Graduate School of Management, a Bachelor of Economics and a Bachelor of Mathematical Science from the University of Adelaide. She is also an Associate member of the Institute of Actuaries of Australia and a Graduate of the Australian Institute of Company Directors.



Tracy Green,
Group Executive Insurance,
RACQ Insurance

Tracy Green is the Group Executive Insurance at RACQ. Tracy has more than 25 years' experience in general insurance, having held executive position across multiple functions in the value chain including, portfolio management, product and pricing innovation, claims management and distribution. Prior to joining RACQ, Tracy held executive positions at IAG, Suncorp and TIO.

Tracy is a Graduate of the Australian Institute of Company Directors, Fellow of the Australian and New Zealand Institute of Insurance and Finance (CIP) and holds a Bachelor of Commerce.



Scott Hawkins
Managing Director,
Munich Holdings of
Australasia Pty Ltd

Scott Hawkins was appointed Managing Director of Munich Holdings of Australasia Pty Limited on 1 April 2021.

Scott has more than 25 years' experience in the Insurance and Reinsurance industry. In his current role, he is responsible for the Non-Life reinsurance operations, setting the strategic direction, maintaining the culture and values, and helping Munich Re's customers stay ahead of emerging risks in a complex world.

Scott has previously held several roles within Munich Re including responsibility for Underwriting, Client Management, Claims and Data Analytics functions. Prior to joining Munich Re, Scott has worked in both direct insurance and reinsurance companies in underwriting, capital modelling and risk management roles.

Scott holds a Bachelor of Business degree, a Master of Business (Finance) degree, and is a Fellow of ANZIIF.

Board of directors



Steve Johnston
Group Chief Executive Officer
and Managing Director,
Suncorp Group

Steve Johnston was appointed Suncorp Group Chief Executive Officer and Managing Director in September 2019. Steve joined Suncorp in 2006 and has held various executive positions. Prior to his appointment, Steve was the Group Chief Financial Officer with responsibility for financial reporting and management, legal and company secretariat, taxation, investor relations, corporate affairs and sustainability.

Steve's previous roles include Deputy CFO and Executive General Manager Investor Relations and Corporate Affairs, and he has played a key role in the strategic and financial management of the Group including Suncorp's rebuild following the global financial crisis.

Prior to joining Suncorp, Steve held senior positions at Telstra and the Queensland Government.



Peter Kelaher
Country President,
Chubb Insurance Australia Ltd

Peter Kelaher is Country President, Australia & New Zealand for Chubb. In this role, Peter has executive operating responsibility for Chubb's general insurance business, including commercial property & casualty, traditional and specialty personal lines and accident and health insurance. He oversees all facets of the business including strategy, product and business development, underwriting and service operations, and profit & loss performance.

Peter was previously Head of Property & Casualty, Australia & New Zealand at Chubb, and prior to the integration of ACE & Chubb, held the position of Assistant Vice President & Product Manager D&O, EPL & Crime.

Peter holds a Bachelor of Business/Laws and a Graduate Diploma of Applied Corporate Governance.



Chris Mackinnon
General Representative in
Australia, Lloyd's Australia
Limited

Chris Mackinnon joined Lloyd's in February 2015 as General Representative in Australia, with regional responsibility for Australia, New Zealand and the Pacific Islands. He is responsible for market development, liaising with market practitioners, and working with regulatory authorities to maintain Lloyd's presence.

Chris has 34 years' experience in the international insurance industry, having previously worked in senior broking and management roles in both the Australian and London markets.

Qualified as a Senior Associate of the Australian & New Zealand Institute of Insurance and Finance, Chris is also a Board Member of the Underwriting Agencies Council in Australia and the New Zealand Underwriting Agencies Council.



Advisory committee members

Business Advisory Council

Established in 2021, bringing together business and insurance sectors with the aim of working through practical solutions to insurance availability and affordability issues.

Chair
Dallas Booth

List of Council Members

Andrew Hall, CEO, ICA
Bruce Bilson, Australian Small Business and Family Enterprise Ombudsman
Alexandra Hordern, Director, Australian Small Business and Family Enterprise Ombudsman
Alexi Boyd, CEO, Council of Small Business Organisations Australia.,
Philip Kewin, CEO, NIBA
Peter Grist, Associate Director Industry Policy, ACCI
Chris Lamont, NSW Small Business Commissioner
William Legge, General Manager, Underwriting Agencies Council
Kristy Eulenstein, Head of Policy and Government Relations, Consult Australia

Indigenous Advisory Committee

Established in 2021 to advise the ICA on Indigenous-related issues to drive better customer outcomes, support reconciliation actions, increase industry understanding of vulnerable customers and increase knowledge of specific cultural and heritage concerns.

Chair
Sean Gordon, Managing Director of Gidgee Group a 100% Indigenous owned business, Sean serves on numerous boards and advisory committees and aims to drive structural and systems change at a national, state and local level to deliver transformative change in the communities that he works in.

Committee Members

Adam Bray, General Manager of Indigenous Strategy and Affairs for the Woolworths Group, and Director of Brakin Advisory. Adam is a proud Iman man who combines his cultural background and lived experiences with his education and diverse career path to advocate for the rights and interests of Indigenous people and communities across Australia.
Renee Williams, General Manager for Policy and Research at the Queensland Aboriginal and Islander Health Council and Vice President and Director of AFL Cape York. Renee is an Aboriginal and Torres Strait Islander woman who has extensive experience as a Senior Executive across a diverse range of organisation and services.

Consumer Advisory Committee

Established in 2017 to advise the ICA on improving outcomes for consumers of general insurance products, the composition of the Consumer Advisory Committee was recently updated following a strategic review in 2021.

Independent Chair
Diane Carmody

Deputy Chair
Denis Nelthorpe

Committee Members

Peter Gartlan, Coordinator, Bushfire Recovery, Financial Counselling Australia
Paul Holmes, Senior Solicitor, Legal Aid Queensland
Drew MacRae, Policy and Advocacy Officer, Financial Rights Legal Centre
Matthew Martin, Acting Legal Director, WEstjustice
Cat Newton, Senior Policy Officer, Consumer Action Law Centre
Alison Pidgeon, Solicitor, Legal Aid WA
Ma'ata Solofoni, Senior Solicitor, Legal Aid NSW

The ICA thanks **Robert Belleville** for his valuable contribution as Chair during 2017-2020.

Member companies

Our members represent approximately 89% of total premium income written by private sector general insurers, spanning both insurers and reinsurers. Our members provide insurance products ranging from those usually purchased by individuals, such as: home and contents insurance, travel insurance, and motor vehicle insurance. To those purchased by small businesses and larger organisations, such as: product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance.

| | | |
|--|---|--|
| AAI Limited | Genworth Financial Mortgage Insurance Pty Limited | RAC Insurance Pty Limited |
| AIG Australia Limited | Guild Insurance Limited | RACQ Insurance Limited |
| Aioi Nissay Dowa Insurance Company Australia Pty Ltd (Adica) | Guy Carpenter & Company Pty Limited | RACT Insurance Pty Limited |
| Allianz Australia Insurance Limited | Hallmark General Insurance Company Limited | Sompo Japan Insurance Inc |
| Allianz Australia General Insurance Limited | HDI Global Specialty SE | Swiss Re Asia Pte Ltd |
| Ansvar Insurance Limited | Hollard Insurance Company Pty Limited, (The) | Tokio Marine & Nichido Fire Insurance Co Limited |
| ANZ Lenders Mortgage Insurance | Insurance Australia Group Limited | Virginia Surety Company Inc |
| Aon Reinsurance Australia Limited | Insurance Manufacturers of Australia Pty Limited | Willis Reinsurance Australia Limited |
| Arch Insurance Australia | Lawcover Insurance Pty Limited | XL Insurance Company SE |
| Arch Lenders Mortgage Indemnity Limited | LFI Group | Youi Pty Limited |
| Assetinsure Pty Limited | Lloyd's Australia Limited | Zurich Financial Services Australia Limited |
| Auto & General Insurance Company Limited | MDA National Insurance Pty Limited | |
| Avant Insurance Limited | Medical Insurance Australia Pty Limited | |
| Catholic Church Insurance Limited | MIPS Insurance Pty Limited | |
| Chubb Insurance Australia Limited | Mitsui Sumitomo Insurance Limited | |
| Commonwealth Insurance Limited | Munich Holdings of Australasia Pty Limited | |
| Credicorp Insurance | NTI Limited | |
| Defence Service Homes Insurance Scheme | nib Travel Pty Ltd | |
| Domestic & General Insurance PLC | Pacific International Insurance Pty Ltd | |
| Employers' Mutual Limited | QBE Insurance (Australia) Limited | |
| Eric Insurance Limited | RAA Insurance Limited | |
| Factory Mutual Insurance Co. | | |
| General Reinsurance Australia Limited | | |

Annual Financial Report

As at 31 December 2021

Directors' Report

The directors present their report together with the financial report of the Insurance Council of Australia Limited ("the Company") for the year ended 31 December 2021 and the auditor's report thereon.

Directors

The directors of the Company throughout the year, unless otherwise stated, or since the end of the financial year are:

| Name | Role and experience |
|---|---|
| Mr. Nicholas Hawkins CEO & Managing Director, Insurance Australia Group Limited | President from 1 January 2022 Non-Executive Director Appointed 6 May 2021 20 years general insurance experience |
| Ms. Sue Houghton Managing Director, QBE Australia & New Zealand | President from 30 July 2020 to 16 June 2021 and from 5 August 2021 to 31 December 2021 Non-Executive Director since 2018 * 24 years general insurance experience * Excluding 17 June to 4 August 2021 when on a period of leave of absence |
| Mr. Richard Enthoven Managing Director Hollard Holdings Australia | Deputy President from 5 August 2021 Non-Executive Director since 2013 25 years general insurance experience |
| Mr. Richard Feledy Managing Director Allianz Australia Insurance Limited | Non-Executive Director since 2018 32 years general insurance experience |
| Ms. Natasha Fenech Group CEO & Managing Director Avant Mutual | Non-Executive Director since 2019 11 years general insurance experience |
| Ms. Tracy Green Group Executive Insurance, RACQ Insurance Limited | Non-Executive Director Appointed November 2020 31 years general insurance experience |
| Mr. Andrew Hall Executive Director, CEO, Insurance Council of Australia | Executive Director Appointed September 2020 |
| Mr. Scott Hawkins Managing Director, Munich Holdings Australasia Pty Limited | Non-Executive Director Appointed 6 May 2021 25 years general insurance experience |

Directors (continued)

| Name | Role and experience |
|--|--|
| Mr. Steve Johnston Group Chief Executive Officer & Managing Director, Suncorp Group Limited | Non-Executive Director Appointed 5 August 2021 16 years general insurance experience |
| Mr. Peter Kelaher Country President, Australia & New Zealand, Chubb Insurance Australia Limited | Non-Executive Director Appointed 6 May 2021 15 years general insurance experience |
| Mr. Christopher Mackinnon General Representative, Country Manager Lloyd's Australia Limited | Non-Executive Director since 2017 34 years general insurance experience |

Former Directors who held office during part of 2021.

| Name | Role and experience |
|--|---|
| Mr. Frank Costigan, Interim Managing Director, QBE Australia & New Zealand | Non-Executive Director 12 November 2020 to 30 July 2021 |
| Ms. Lisa Harrison CEO Insurance Product & Portfolio Suncorp Group Limited | Non-Executive Director 5 August 2020 to 5 August 2021 |
| Mr. Jarrod Hill Country President, Australia & New Zealand, Chubb Insurance Australia Limited | Non-Executive Director 12 November 2020 to 9 March 2021 |
| Mr. Tim Plant Chief Executive, General Insurance, Zurich Financial Services Australia Ltd | Acting President from 16 June 2021 to 30 July 2021 Non-Executive Director 2 May 2019 to 30 July 2021 |
| Mr Ralph Ronnenberg Managing Director, Munich Holdings of Australasia Pty Ltd | Non-Executive Director 12 November 2020 to 6 May 2021 |

Company Secretary

Mr. Adrian Dolin

Directors' Meetings

There were nine directors' meetings during 2021 and the number of meetings attended by each of the directors of the Company during the year are:

| | Eligible to Attend | Meetings Attended |
|-------------------|--------------------|-------------------|
| Mr. F. Costigan | 5 | 1 |
| Mr. R. Enthoven | 9 | 8 |
| Mr. R. Feledy | 9 | 8 |
| Ms. N. Fenech | 9 | 9 |
| Ms. T. Green | 9 | 9 |
| Mr. A. Hall | 9 | 9 |
| Ms. L. Harrison | 6 | 6 |
| Mr. N. Hawkins | 7 | 6 |
| Mr. S. Hawkins | 7 | 7 |
| Mr. J. Hill | 1 | 1 |
| Ms. S. Houghton | 8 | 8 |
| Mr. S. Johnston | 4 | 4 |
| Mr. P. Kelaher | 7 | 6 |
| Mr. C. Mackinnon | 9 | 8 |
| Mr. T. Plant | 5 | 4 |
| Mr. R. Ronnenberg | 1 | 1 |

Principal Activities during the Year

The principal activities of the Company during the financial year were:

- To act as the representative body of the general insurance industry in Australia;
- To influence, ethically and expertly, the political, social, business and economic environment in order to promote members roles in providing insurance protection and security to the community; and
- To manage, on behalf of the Company's members, industry issues that arose relating to insurance consumers, national flood information, building resilient communities, climate change, insurance taxation reform and the coordination of the industry's response to catastrophes and natural disasters and industry regulation.

Operating Result

The company achieved an operating surplus for year ended 31 December 2021 of \$1,284K, compared to the budget deficit of (\$102k). A significant portion of this favourable variance relates to position vacancies during the year, many of which were filled by 31 October 2021. Event costs and travel & accommodation costs were \$108k below budget due to Covid-19 restrictions.

This surplus will provide the Insurance Council with an opportunity to both strengthen the balance sheet, by retaining the 2021 surplus as Members Funds and to utilise part of the surplus to fund the 2022 budget and business plan. The Board has approved a budget deficit outcome of (\$500k) as a deficit budget outcome for 2022.

Operating Result (continued)

The operations of the Company were not severely impacted by the COVID-19 pandemic. Whilst some industry events were cancelled, there was no other loss of trading income nor did the Company incur significant expenses whilst employees were working remotely, in addition, cost savings were achieved due to restrictions affecting interstate travel and face-to-face meetings with stakeholders.

State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year not otherwise disclosed in this report or the financial statements.

Environmental Regulations

The Company's operations are not subject to any specific environmental regulation under either Commonwealth or State legislation.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any 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.

Insurance Premiums

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses.

The insurance premiums paid provide indemnity against potential costs and expenses which may be incurred by the relevant officers in defending proceedings, whether civil or criminal, and whatever their outcome and other liabilities that may arise from their position, with exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses, and insurance contracts; as such disclosure is prohibited under the terms of such contracts.

Guarantee by Members

Every member of the Company undertakes to contribute to the property of the Company, in the event of it being wound up while the member is a member or within one year after the member ceases to be a member, for payment of debts and liabilities of the Company contracted before the member ceases to be a member and of the costs, charges and expenses of winding up and for adjustment of rights of the contributions among themselves, such amount as may be required, not exceeding twenty dollars (\$20.00).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2021 is set out on page 42. This declaration is incorporated in and forms part of the directors' report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink that reads "Nick Hawkins". The signature is written in a cursive, flowing style.

N. Hawkins
President
11 March 2022

Statement of Comprehensive Income

For the year ended 31 December 2021

All amounts are in Australian dollars

| | Note | <u>2021</u> | <u>2020</u> |
|-------------------------------------|------|------------------|----------------|
| Member levies | 2 | 15,934,005 | 16,873,829 |
| Other income | 2 | 595,772 | 256,360 |
| Employee expenses | | (8,065,404) | (8,906,697) |
| Professional expenses | | (5,917,066) | (6,759,717) |
| Occupancy expenses | | (714,511) | (707,527) |
| General expenses | | (547,818) | (570,801) |
| Surplus before income tax | | 1,284,978 | 185,447 |
| Income tax expense | 5 | - | - |
| Net surplus after income tax | | 1,284,978 | 185,447 |
| Other comprehensive income | | - | - |
| Total comprehensive surplus | | 1,284,978 | 185,447 |

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 30 to 37.

Statement of Financial Position

As at 31 December 2021

All amounts are in Australian dollars

| | Note | 2021 | 2020 |
|--------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 6 | 6,948,863 | 3,978,614 |
| Trade and other receivables | 7 | 260,531 | 697,014 |
| Prepayments | 8 | 91,158 | 114,996 |
| Total current assets | | 7,300,552 | 4,790,624 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 1,387,357 | 2,061,240 |
| Total non-current assets | | 1,387,357 | 2,061,240 |
| Total assets | | 8,687,909 | 6,851,864 |
| Current liabilities | | | |
| Trade and other payables | 10 | 3,731,353 | 2,478,837 |
| Employee Provisions | 11 | 484,855 | 523,000 |
| Lease Liabilities | | 677,048 | 616,632 |
| Total current liabilities | | 4,893,256 | 3,618,469 |
| Non-current liabilities | | | |
| Employee Provisions | 11 | 133,300 | 180,000 |
| Lease Liabilities | | 655,389 | 1,332,409 |
| Total non-current liabilities | | 788,689 | 1,512,409 |
| Total liabilities | | 5,681,945 | 5,130,878 |
| Net assets | | 3,005,964 | 1,720,986 |
| Member funds | | 3,005,964 | 1,720,986 |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 30 to 37.

Statement of Changes in Member Funds
For the year ended 31 December 2021

All amounts are in Australian dollars

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| Member funds at the beginning of the year | 1,720,986 | 1,535,539 |
| Total comprehensive surplus | 1,284,978 | 185,447 |
| Member funds at the end of the year | <u>3,005,964</u> | <u>1,720,986</u> |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 30 to 37.

Statement of Cash Flows
For the year ended 31 December 2021
All amounts are in Australian dollars

| | Note | 2021 | 2020 |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash receipts in the course of operations | | 16,974,091 | 16,593,910 |
| Interest received | | 16,007 | 52,960 |
| Cash payments in the course of operations | | (13,974,219) | (15,806,280) |
| Net cash from/(used in) operating activities | | <u>3,015,879</u> | <u>840,590</u> |
| Cash flows used in investing activities | | | |
| Payments for property, plant and equipment | | (45,630) | (117,540) |
| Proceeds from disposal of property, plant and equipment | | | |
| Net cash (used in) investing activities | | <u>(45,630)</u> | <u>(117,540)</u> |
| Net increase/(decrease) in cash and cash equivalents held | | 2,970,249 | 723,050 |
| Cash and cash equivalents at the beginning of the financial year | | <u>3,978,614</u> | <u>3,255,564</u> |
| Cash and cash equivalents at the end of the financial year | 6 | <u>6,948,863</u> | <u>3,978,614</u> |
| Reconciliation of net (loss) after income tax to net cash used in operating activities | | | |
| Net Surplus after income tax | | 1,284,978 | 185,447 |
| Plus non-cash items: | | | |
| Depreciation – Buildings | 3 | 616,886 | 616,886 |
| Depreciation – FF&E | 3 | 102,627 | 85,459 |
| Amounts set aside to provisions | 11 | 477,677 | 584,546 |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables | 7 | 436,483 | (474,085) |
| (Increase)/decrease in prepayments | 8 | 23,838 | (9,234) |
| (Increase)/decrease in trade and other payables | 10 | 1,252,516 | 1,109,395 |
| (Decrease) in lease liabilities | | (616,604) | (560,078) |
| (Decrease) in provisions | 11 | (562,522) | (697,746) |
| Net cash from/(used in) operating activities | | <u>3,015,879</u> | <u>840,590</u> |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 30 to 37.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of this financial report are:

▪ Statement of Compliance

In the opinion of the directors, the Company is not a reporting entity and is a mutual non profit entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

The special purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The financial report has been prepared in accordance with AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 108 Accounting Policies, Changes to Accounting Estimates and Errors, AASB 1031 Materiality, AASB 1048 Interpretation and Application of Standards and AASB 1054 Australian Additional Disclosures, which apply to all entities required to prepare financial reports under the Corporations Act 2001.

The financial statements were approved by the Board of Directors on 11 March 2022.

▪ Basis of Preparation

The financial report is presented in Australian dollars and is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Significant Accounting Policies (continued)

▪ Basis of Preparation (continued)

▪ Changes in significant accounting policies

The accounting policies applied in the financial report have been applied consistently the same as those applied for the previous reporting year.

▪ Revenue and Expenditure Recognition

Revenue and expenditure are recognised over the period to which they relate.

Revenue mainly comprises revenue derived from member levies which are recognised in the year to which it relates.

▪ Income Tax

The Company is assessed only on net income from non-member sources, including outside investments. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits are available against which the asset can be utilised. The potential deferred tax asset will only be obtained if:

- (i) the Company derives future assessable income of a nature, i.e. non-member sources, and an amount sufficient to enable the asset to be realised;
- (ii) the Company continues to comply with the conditions of deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the asset.

▪ Trade and Other Receivables

Trade and other receivables are stated at the amounts to be received in the future, less any impairment losses. Debts which are known to be uncollectible are written off.

▪ Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount and the amount of the write-down is recognised in the Statement of Comprehensive Income.

The recoverable amount of an asset is determined by the value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Significant Accounting Policies (continued)

▪ **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. These assets are depreciated using the straight-line method over their useful lives, taking into account their estimated residual values.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis using depreciation rates for each part of an item of property, plant and equipment. Assets are depreciated from the date of acquisition. The residual value, depreciation rate and depreciation method applied to an asset are reassessed at least annually. The depreciation rates used for each class of asset for the current year are as follows:

| | <u>Depreciation Rate</u> |
|-------------------------------------|--------------------------|
| ▪ Computers and equipment | 25% |
| ▪ Furniture and fittings | 20% |
| ▪ Right-of-use asset (office lease) | 20% |

▪ **Trade and Other Payables**

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days to 12 months. The carrying amount of payables is a reasonable approximation of the fair value of the liabilities because of the short term nature of the liabilities.

Trade payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid.

Other payables include accrued amounts for goods and services supplied and for which no invoice has been received from the service provider, and monies received in advance for committed future projects.

▪ **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of the goods and services tax is not recoverable from the Australian Taxation Office.

In these circumstances the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and trade payables are stated with the amount of goods and services tax included.

The net amount of goods and services tax payable to or recoverable from the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Significant Accounting Policies (continued)

▪ Goods and Services Tax (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis. The goods and services tax components of cash flows arising from investing activities which are recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

▪ Employee Benefits

The provisions of the revised standard AASB 119 Employee Benefits have been applied to the calculation of the Annual Leave and Long Service Leave provisions.

Annual Leave

The provision for annual leave represents the amount which is expected to be settled wholly within 12 months after the balance date. The provision has been calculated using the remuneration rates at balance date including related on-costs.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date which most closely match the terms to maturity of the related liabilities.

Related on-costs at current employment conditions and government statutory rates have been included in the calculation of the liability.

Superannuation Fund

The Company contributes to the superannuation fund of the employee's choice. Contributions are charged against income as incurred.

▪ Accounting policy AASB 16 Lease

Under AASB 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on this new definition.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

Notes to the Financial Statements

For the year ended 31 December 2021

1. Statement of Significant Accounting Policies (continued)

▪ Accounting policy AASB 16 Lease (continued)

The right-of-use-asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and leases for which the lease term ends within 12 months of the date of initial application.

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|--------------------------|
| 2. Revenue | | |
| Member levies | 15,934,005 | 16,873,829 |
| Bank interest | 16,007 | 52,960 |
| Other income | 579,765 | 203,400 |
| Total Revenue | <u><u>16,529,777</u></u> | <u><u>17,130,189</u></u> |
| 3. Operating Profit | | |
| Operating profit before income tax has been arrived at after charging the following items: | | |
| Depreciation of: | | |
| - Property, plant and equipment | 102,627 | 85,459 |
| - Right of use office lease | 616,886 | 616,886 |
| Net expense from movement in provision for employee benefits | <u><u>477,677</u></u> | <u><u>584,546</u></u> |

Notes to the Financial Statements
For the year ended 31 December 2021

| | 2021 | 2020 |
|--|------------------|------------------|
| 4. Auditor's Remuneration | | |
| Auditor's remuneration in respect of auditing the financial statements | 29,000 | 29,000 |
| 5. Income Tax | | |
| Income tax is payable on non-member income: | | |
| Bank interest | 16,007 | 52,960 |
| Superannuation contributions paid | (552,165) | (583,118) |
| Assessable non-member (loss) | (536,158) | (530,158) |
| Income tax benefit applicable to non-member loss at 30% (2020: 30%) | (160,847) | (159,047) |
| Income tax benefit not brought to account | 160,847 | 159,047 |
| Income Tax | - | - |
| Income tax benefits not recognised | | |
| Reconciliation of movement: | | |
| Carrying amount at the beginning of the financial year | 1,434,582 | 1,275,535 |
| Income tax benefit not brought to account in the current year | 160,847 | 159,047 |
| Income tax benefits not recognised at reporting date | 1,595,429 | 1,434,582 |
| 6. Cash and Cash Equivalents | | |
| Cash on hand | 1,120 | 1,090 |
| Bank operating account | 5,094,743 | 224,524 |
| Bank deposit at call | 3,000 | 3,000 |
| Term deposits | 1,850,000 | 3,750,000 |
| Total Cash and Cash Equivalents | 6,948,863 | 3,978,614 |
| The bank operating account is at call and pays interest at a current rate of 0.15% (2020: 0.15%). The term deposits will pay interest on maturity at rates between 0.10%-0.20% (2020: 0.35%-0.85%) | | |
| 7. Trade and Other Receivables | | |
| Amounts due from members | 260,531 | 697,014 |

Notes to the Financial Statements
For the year ended 31 December 2021

Notes to the Financial Statements

For the year ended 31 December 2021

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------|--|
| 8. Prepayments | | |
| Prepaid expenses | <u>91,158</u> | <u>114,996</u> |
| 9. Property, Plant and Equipment | | |
| | Buildings | Furniture, Fittings & Equipment |
| | Total | |
| Cost | | |
| Balance at 31 December 2020 | 3,016,571 | 600,831 |
| Additions – 2021 | - | 45,630 |
| Balance at 31 December 2021 | <u>3,016,571</u> | <u>646,461</u> |
| Accumulated depreciation | | |
| Balance at 31 December 2020 | 1,233,772 | 322,390 |
| Depreciation – 2021 | 616,886 | 102,627 |
| Balance at 31 December 2021 | <u>1,850,658</u> | <u>425,017</u> |
| Carrying amount | | |
| At 31 December 2020 | 1,782,799 | 278,441 |
| At 31 December 2021 | <u>1,165,913</u> | <u>221,444</u> |
| | <u>2021</u> | <u>2020</u> |
| 10. Trade and Other Payables | | |
| Payables trade | 729,574 | 971,632 |
| Payables other | 22,376 | 206,604 |
| Monies received in advance | 2,125,371 | - |
| Other accrued expenses | 854,032 | 1,300,601 |
| Total Trade and Other Payables | <u>3,731,353</u> | <u>2,478,837</u> |
| 11. Provisions | | |
| Provision for employee benefits - | | |
| Current | 484,855 | 523,000 |
| Non-Current | 133,300 | 180,000 |
| Total Provisions | <u>618,155</u> | <u>703,000</u> |
| Number of full time equivalent staff (excluding vacant positions and contractors) at the end of the financial year | 35.0 | 34.4 |

Notes to the Financial Statements
For the year ended 31 December 2021

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|
| Reconciliation of movement in provisions for employee benefits: | | |
| Carrying amount at the beginning of the financial year | 703,000 | 816,200 |
| Amounts set aside to provisions | 477,677 | 584,546 |
| Amounts paid to employees | <u>(562,522)</u> | <u>(697,746)</u> |
| Carrying amount at the end of the financial year | <u>618,155</u> | <u>703,000</u> |
| 12. Bank Guarantee | | |
| Aggregate amount | <u>195,322</u> | <u>195,322</u> |

The bank provides a guarantee over the payment of the Company's operating lease obligations. This guarantee is provided at commercial rates and fully secured by a bank Term Deposit (\$200,000).

13. Company Status

The Company is incorporated in Victoria and domiciled in Australia.

The Company is a Company limited by guarantee to a maximum of \$20 for each member of the Company.

14. Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any 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

In the opinion of the directors of Insurance Council of Australia Limited ("the Company"):

- (a) The Company is not a reporting entity;
- (b) The financial statements and notes, set out on pages 26 to 37, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 1; and
 - (ii) complying with Australian Accounting Standards, other mandatory professional reporting requirements to the extent described on Note 1 and the Corporations Regulations 2001; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors in Sydney.



N. Hawkins
President
11 March 2022



Independent Auditor's Report

To the members of Insurance Council of Australia Limited

Opinion

We have audited the **Financial Report** of Insurance Council of Australia Limited (the Company).

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 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Note 1 and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2021
- Statement of comprehensive income, statement of changes in members funds, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Director's Declaration.

Basis for opinion

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

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describe the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinions is not modified in respect of this matter.



Our report is intended solely for the members of Insurance Council of Australia Limited and should not be used by parties other than the members of Insurance Council of Australia Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of Insurance Council of Australia Limited or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Insurance Council of Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that give a true and fair view and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members
- implementing necessary internal control to enable the preparation of a Financial Report that give a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



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

A handwritten signature of the KPMG firm, written in a dark, cursive script.

KPMG

A handwritten signature of Andrew Reeves, written in a dark, cursive script.

Andrew Reeves
Partner

Sydney
11 March 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Insurance Council of Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Insurance Council of Australia Limited for the financial year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a stylized graphic of four squares above the 'M'.

KPMG

A handwritten signature in black ink, appearing to read 'A. R.', followed by a horizontal line.

Andrew Reeves
Partner

Sydney
11 March 2022



Insurance Council
of Australia

insurancecouncil.com.au