CCI
Catholic Church Insurance

Annual Report 2024

Contents

Chairman and CEO Report

The End of an Era for CCI

Catholic Church Insurance has a proud 113-year history as a steadfast protector via insurance cover for the Catholic Church and its community in Australia. Since 1911, CCI has provided cover for a range of risks and across different segments of the Church and broader faith-based community. CCI was established to support the mission of the Church and over these many years, CCI's successive directors and staff have worked to fulfil that objective.

With a deep sense of sadness and loss, on 29 May 2023 the CCI board made the difficult but prudent decision to place the company into run off. The decision meant that CCI would cease issuing all new and renewal general insurance policies across its insurance business from that date onwards. CCI commenced its transition towards an entity responsible for the prudent management of claims liabilities associated with previously issued or in force policies.

Turning our focus to the future

Since placing the company into run-off, staff have been primarily focused on supporting all policy holders to transition their insurance arrangements to new providers. To affect the shift in insurance programs with CCI, policyholders have sought the professional services of brokers and other insurance intermediaries. CCI staff continue to ensure that all policy related histories are handed over as part of each transition. This has been a challenging process for many clients who have largely only ever dealt directly with CCI for their insurance needs.

As these transition activities progress, the CCI Board and Management have, with the guidance of professional advisers, implemented a Scheme of Arrangement that required policyholder support and Court Approval. Such a scheme (widely used in the UK and some other international insurance markets) was designed to protect CCI from the risks of insolvency events and to preserve its capital for the payment of CCI's ongoing claims liabilities. Key regulators such as APRA and ASIC were consulted throughout the process of the Scheme's development and remain in close consultation with CCI as normal day-to-day operations continue under the Scheme.

> **«Tim and I extend that gratitude to all of CCI's staff both past, and particularly those present, for their hard work and loyalty»**

Scheme of Arrangement

As part of the orderly run-off of its business, the Company has in place a court approved Scheme of Arrangement, with certain of its creditors, under Part 5.1 of the Corporations Act 2001 (Cth) (the Act), to ensure an orderly and equitable run-off of all policies issued or in force. Creditors subject to the Scheme voted unanimously in favour of the arrangement on 31 October 2023, and the Scheme was approved by the Federal Court of Australia on 3 November 2023.

The Scheme was implemented to protect the interests of claimants and is part of the Company's commitment to ensuring as fast and efficient a claims settlement process as possible. It means that, under certain circumstances, such as the Company becoming insolvent, certain procedures for managing the Company and settling claims would be followed.

The Directors hold the view that this will result in better outcomes for claimants, who are called Creditors under the Scheme, than the alternative, which would be to go into liquidation. The Company is currently in an Initial Scheme Period, meaning it is continuing normal day-to-day operations. If the Scheme is "triggered", CCI will write to creditors to advise them of the implications.

The Scheme is a contingent arrangement which converts to a reserving scheme if there is a "Trigger Event". The Company has determined that this is the most appropriate scheme for the Company and its policyholders. The key elements of the Scheme are:

- As the Company considers that it is currently solvent, a "contingent" Scheme allows the Company to continue to operate in the ordinary course until such time where there is a deterioration in the Company's financial position such that a "Trigger Event" occurs (i.e. where the Board determines that in its opinion, disregarding the effect of the Scheme on the Company, the Company would, or would be likely to become, insolvent at some future time).
- If a "Trigger Event" occurs, the Scheme would automatically convert to a "reserving" Scheme to ensure that claims continue to be handled in as orderly a manner as possible in the event of further deterioration in CCI's financial position.

Key run-off achievements in FY24

In view of CCI's focus shifting to "run-off" under a Scheme of Arrangement, we implemented a new operating model and organisational structure to support the company as it operates in its new environment. Accordingly, we continued to implement a carefully staged scale-down of the company.

To this end CCI has actively begun to wind down its operations and divest its assets. During the year CCI: -

- Sold its asset management business (CCI Asset Management Limited) to SG Hiscock & Company Limited.
- Sold its white label Personal Insurance Portfolio to Ansvar Insurance.
- Appointed EML Solutions Pty Ltd as claims administrator of its Workers Compensation portfolio.

In addition, over the course of the FY24 financial year: -

- CCI maintained a solvent run-off process to date across all portfolios.
- Staff numbers have reduced by about 70% with a clear further plan to complete the closure of the organisation in a timely and efficient manner.
- Outstanding claim numbers have dropped by over 75% from June 2023.
- CCI remains on track to have closed all its offices by the end of October 2024.
- CCI has decommissioned most of its technology systems and applications.
- CCI has maintained a strong transparent relationship with all regulators.
- CCI has met all its risk and compliance obligations.
- CCI has reviewed digital and hardcopy records with appropriate assessment to allow secure record keeping, archiving and destruction.
- Confirmed the run-off strategy, planning and resource requirements to enable closure of CCI.
- Supported the transition of over 10,000 policyholders to new insurers and into broker relationships.

Acknowledgments and thanks

As we close out FY 2024, we would like to take this opportunity to express our sincere thanks to our Shareholders for their sustained efforts and patience in seeking to support the company especially through the recent years of turbulence. We also thank all our loyal policyholders many of whom have been with CCI since its inception.

Both Tim and I would like to acknowledge and thank the CCI Board of Directors for their clear direction, courage and decisive action in the face of adversity in such extraordinary times.

I would also extend the Board's heartfelt gratitude to Tim and his executive team for their excellent leadership over recent very stressful years.

Tim and I extend that gratitude to all of CCI's staff both past, and particularly those present, for their hard work and loyalty, and the enormous resilience and commitment to their roles and the policyholders they serve.

As we face forward now into 2025, our purpose and mission remain – to serve the church by managing claims, the run off operations, and the Scheme of Arrangement to the best of our ability and in the best interests of all policyholders.

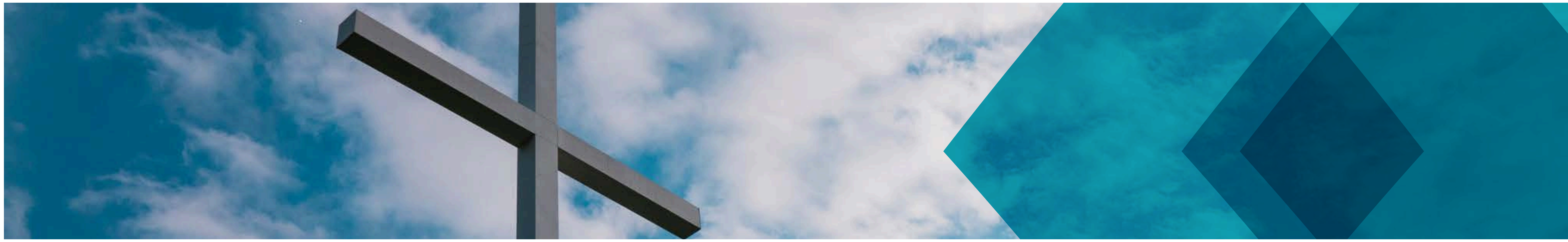
Yours sincerely,

Joan Fitzpatrick
Chairman

Tim Farren
Chief Executive Officer

Corporate Governance Statement

For the year ended 30 June 2024



The Board of Catholic Church Insurance Limited (the Company) is responsible for the overall corporate governance of the Company. The Board believes that good corporate governance adds value to stakeholders and enhances investor confidence.

The Corporate Governance Statement is current as at 30 June 2024 and has been approved by the Board of Directors.

This statement sets out the main corporate governance practices in operation throughout the year, unless otherwise indicated.

The Board of Directors

The Board of Directors is responsible for the corporate governance practices of CCI, including:

- the appointment and periodical review of the performance of the Chief Executive Officer;
- setting the strategic direction of CCI, reviewing and monitoring progress, and refining the direction where considered appropriate;
- establishing and monitoring the achievement of goals and targets;
- overseeing the revenue, expense and capital budgets prepared by Management;
- ensuring regulatory compliance and adequate risk management processes, including internal controls and external audit reports;
- nominating and appointing Directors when vacancies arise or when special skills and expertise are required; and
- reporting to shareholders.

The Board is supported by management and delegates authority to management for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Company.

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and Directors' duties and acting as an interface between the Board and senior executives across the Company. The Board have access to the Company Secretary.

At the date of this statement, the Board is comprised of 5 Non-Executive Directors, including the Chairman. CCI has no Executive Directors.

The CCI Constitution provides:

- for not less than three nor more than eight Directors;
- that one third of the Directors retire by rotation at each Annual General Meeting. Retiring Directors may be eligible for re-election; and
- that Directors who have been appointed as a casual vacancy since the last Annual General Meeting hold office only until the next Annual General Meeting and shall then be eligible for election.

Board Committees

To assist in carrying out its responsibilities, the Board has established a number of Committees of Directors who meet regularly to consider various issues and report and make recommendations to the Board. All Committees must have a quorum of 50% of their Members. Directors are entitled to attend any Committee meeting of which they are not an appointed Member, by standing invitation.

The Board Committees are set out below:

July 2023 - February 2024

- Asset & Liability;
- Audit;
- Risk;
- Nominations, Remuneration & Culture; and

February 2024 onwards

- Asset & Liability;
- Board Audit & Risk.

On 7 February 2024 the Board considered that the Company is not currently of a size, nor are its affairs of such complexity, to justify the continuation of a separate remuneration Committee. The Board fulfils the roles and responsibilities in relation to remuneration.

The duties of the Board in relation to remuneration are the same that would otherwise be filled by the Nominations, Remuneration and Culture Committee, including setting the level of Non-Executive Director fees and the level and nature of remuneration for other senior executives of the Company.

Asset & Liability Committee

The Committee's role is to assist the Board by providing oversight and monitoring of the Company's balance sheet, ensuring that appropriate levels of capital are maintained against the risks associated with the business operations of the Company and that capital is managed efficiently.

This includes monitoring and reviewing:

- capital management strategy, risk, performance and governance;
- investment strategy, risk, performance and governance;
- reinsurance strategy, risk, performance and governance;
- liability valuation matters affecting the balance sheet of the Company; and
- assisting the Board in fulfilling its oversight responsibilities referred to the Committee by the Board.

Board, Audit & Risk Committee

The Committee's role is to assist the Board in fulfilling its statutory and fiduciary responsibilities by overseeing the effectiveness and integrity of the Company's financial reporting framework as well as overseeing the effectiveness of the Company's risk management framework, including the identification and management of current and future risks in accordance with the risk appetite.

This includes:

- monitoring and reviewing the integrity of the Company's financial statements, financial reporting systems and financial controls, including ensuring that financial and other material risks are identified and managed;
- monitoring and reviewing relevant Australian Accounting Standards and internal accounting policies and policies as required;
- monitoring and reviewing relevant Australian Prudential Regulation Authority, Australian Taxation Office and Australian Securities and Investments Commission compliance, statutory reporting and disclosure requirements;
- reviewing and recommending to the Board the appointment and remuneration of the External Auditor and Internal Auditor, and monitoring performance, effectiveness and the independence of the External Auditor and Internal Auditor;
- assisting the Board in fulfilling its oversight responsibilities referred to the Committee by the Board;
- Assessing the adequacy and appropriateness of the Company's management of risk and the sufficiency, independence and performance of the risk management function, including that safeguards are in place for the independence of the Chief Risk Officer;
- Monitoring the Company's compliance with the risk management framework, including the Risk Management Strategy (RMS), Business Continuity Plan and associated procedures, crisis management protocols, Reinsurance Management Strategy and other risk policies;
- Reviewing and making recommendations to the Board on the RMS, Risk Appetite Statement and supporting frameworks and policies at least annually;
- Reviewing and recommending Resolution Plans to the Board;
- Reviewing and monitoring the existence of a strong and robust risk culture and ensuring that there are adequate resources allocated to the management of risk;
- Reviewing compliance with relevant laws and regulations, Company policies and compliance systems, including the 3 Lines Model;

- Reviewing and making recommendations to the Board in respect of changes to the risk management framework required following any incident involving fraud or any significant breakdown in internal controls;
- Monitoring and reviewing the relevant legal and regulatory landscape;
- Reviewing the Company's corporate insurance program;
- Reviewing and approving Professional Standards revisits claims as delegated by the Board; and
- Assisting the Board in fulfilling its oversight responsibilities referred to the Committee by the Board.

Directors' arrangements with the Company

The Constitution provides that a Director, or a firm or company with which a Director is associated, may enter into an arrangement with CCI. Directors or their associated firms or companies may act in a professional capacity for CCI, but may not act as the Company's auditor.

These arrangements are subject to the restrictions of the Corporations Act 2001. Professional services so provided must be conducted under normal commercial terms and conditions.

Disclosure of related party transactions are set out in the notes to the consolidated financial statements.

Directors make an annual declaration as to their suitability to act as a Director in accordance with the Company's Fit and Proper Policy and confirm their status at each meeting of the Board. Any potential conflict of interest is declared and recorded in the Conflicts of Interest Register.

It is the practice of Directors that when a potential conflict of interest may arise, the Director concerned withdraws from the Board meeting whilst such matter is being considered and subsequently takes no part in discussions nor exercises any influence over other members of the Board.

Workplace Gender Equality Agency

Under the Workplace Gender Equality Act 2012 (WGE Act), all non-public sector employers with 100 or more employees are required to report annually.

The WGE Act aims to promote and improve gender equality outcomes for both women and men in the workplace.

CCI adheres to the WGE Act and has lodged its annual report to the Workplace Gender Equality Agency.

Directors' Report

Directors' Report

The Directors of Catholic Church Insurance Limited ("the Company") present the annual report of the Company and its controlled entity ("the Group") for the financial year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001 (Cth) (the Act), the Directors' report as follows:

Directors

The names and particulars of Directors in office at any time during the financial year are as follows. Directors were in office for this entire period unless otherwise stated.

- Ms Joan Fitzpatrick (Chairman)
- Mr Eamonn Cunningham
- Mr Noel Condon
- Mr Matthew Doquile
- Mr David Issa
- Mr Gregory Cooper (resigned December 2023)
- Reverend Dr Philip Marshall (resigned December 2023)
- Sr Mary Ellen O'Donoghue (resigned December 2023)

Joan Fitzpatrick | BA, LLB, ANZIIF Fellow, CIP, FAICD

Appointed: 8 March 2016

Chair of the Board, Non Executive Director, Non-Executive Member of the Audit and Risk Committee. Former member of the Risk Committee, former Member of the Audit Committee, former Member of the Nominations, Remuneration & Culture Committee and former Member of the CCI Asset Management Limited Board.

Joan joined the Board in 2016 and became Chair of the Board in October 2020. Her executive and director experience covers the corporate, government and not-for-profit sectors and she has a strong track record of working collaboratively across different stakeholders. Joan has an extensive record in achieving successful business outcomes in complex change environments. She went on to hold senior management roles in heavy manufacturing industries, large start-up projects in Europe, and international insurance operations in Asia. For over 16 years she has worked as CEO and Director of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF)

Eamonn Cunningham | B.Com, GAICD

Appointed: 23 June 2021

Non Executive Director, Chair of the Asset & Liability Committee and Member of the Audit and Risk Committee. Former Member of the Audit Committee, former Member of the Nominations, Remuneration & Culture Committee and former Member of the Risk Committee.

Eamonn Cunningham joined the Board in June 2021. As a risk management professional, he has held Chief Risk Officer roles with Westfield Group and Scentre Group. In 2017, he was awarded the Lifetime Achievement Award by StrategicRisk. In 2014 he was inducted into the Business Insurance Risk Manager of the Year Honour Roll, while in 2010 he was awarded Risk Manager of the Year by the Australian and New Zealand Institute of Insurance and Finance (ANZIF). He has substantial involvement in Board Committees and been a longstanding Director and current Chair of the Risk and Insurance Management Society Australasia. He was a member of the M200 Association and Chair of the Risk Management Committee of the Property Council of Australia.

Noel Condon

Appointed: 20 October 2020

Non Executive Director, Member of the Audit and Risk Committee and Member of the Asset & Liability Committee. Former Chair of the Risk Committee, Former Member of the Audit Committee and former Member of the CCI Asset Management Limited Board.

Noel joined the Board in October 2020. His extensive sector expertise includes insurance and reinsurance markets across Europe and Asia Pacific where he identified business opportunities and led projects that required specialist risk management oversight. His most recent role was as CEO of AIG in Australia. Noel continues to build strong networks and relationships in financial services and has served on other boards throughout his career. In addition to his role on the Board for the Company, he is an independent Non Executive Director for Unimutual.

Matthew Doquile | B.Ec, MBA (Exec), GAICD

Appointed: 22 October 2018

Non Executive Director, Chair of the Audit and Risk Committee and member of the Asset & Liability Committee. Former member of the Risk Committee.

Matthew joined the Board during 2018 and is a long-standing and accomplished insurance professional with more than 25 years of industry experience in Australia and Asia Pacific. Matthew has held senior executive roles at Chubb Insurance Group in Asia and Australia including that of CEO of Chubb in Australia, and Auto & General Insurance as Director, Partnerships. Earlier in his career Matthew also held various roles at one of Australia's most important trading banks where he developed expertise in Corporate Banking and Finance. Matthew's areas of expertise include General Insurance and Reinsurance, Distribution, Financial Services and Risk. He holds a Bachelor of Economics Degree along with an Executive MBA from the Australian Graduate School of Management, and is a Graduate Member of the Australian Institute of Company Directors.

David Issa

Appointed: 19 October 2023

Non Executive Director, Member of the Audit and Risk Committee and Member of the Asset & Liability Committee. Former Member of the Risk Committee.

David joined the Board in October 2022 and is an experienced leader in technology and digital transformation. David's professional experience includes 10 years at Westpac, culminating in the role of Chief Information Officer, Institutional Banking, followed by roles at Insurance Australia Group including as Chief Executive Officer, Personal Insurance. David currently sits on the Boards of IFS Insurance Solutions, Industry Fund Services and Little Company of Mary Health Care. He was previously a Non-Executive Director of ME Bank prior to its acquisition by Bank of Queensland in 2021. David also holds a Bachelor of Science majoring in Mathematics from Macquarie University.

Sr Mary Ellen O'Donoghue | M.EdL, B.Theol, Dip.Teaching

Appointed: 17 February 2021, Resigned: December 2023

Non Executive Director, Former Member of the Nominations, Remunerations & Culture Committee.

Sr Mary Ellen joined the Board in February 2021. As a Sister of St Joseph of the Sacred Heart for over 40 years, she has held significant leadership roles in education and other ministries, including secondary Principal and Chief Executive Officer of Good Grief Ltd. Sr Mary Ellen's board experience includes appointment as Chair of St Anthony's Family Care and Director of Marymead CatholicCare Canberra-Goulburn. Formally Regional Leader of the Sisters of Saint Joseph (NSW), she is currently a member of the Congregational Leadership Team.

Gregory Cooper | BEc (Actuarial Studies), FIA, FIAA

Appointed: 29 June 2020, Resigned: December 2023

Non Executive Director, Former member of the Audit Committee, former Chair of the Asset & Liability Committee and former Chair of the CCI Asset Management Limited Board.

Gregory joined the Board in June 2020. He retired as Chief Executive Officer of Schroder Investment Management Australia in December 2018. His professional career spans actuarial consulting and funds management across Asia Pacific and the UK. He has worked in various roles across Hong Kong, Singapore, London and Sydney. Gregory is a Director of Perpetual Limited, Avanteos Investments Limited (known as Colonial First State), Australian Payments Plus Ltd and its subsidiaries, NSW Treasury Corporation, the Australian Indigenous Education Foundation, Tracks Media Pty Ltd and OpenInvest Holdings Limited. He is also a member of St Ignatius College Investment Committee. Gregory was previously Chairman, Deputy Chairman and Director of the Financial Services Council, the industry body.

Reverend Dr Philip Marshall | PhD

Appointed: 26 October 2015, Resigned: December 2023

Non Executive Director, Former Chair of the Nominations, Remuneration & Culture Committee and former Member of the CCI Asset Management Board.

Fr Philip joined the Board in 2015 and is a priest of the Adelaide Archdiocese. He was previously Vicar-General of the Archdiocese. He studied Classics at Adelaide University and then worked in the area of community welfare in youth unemployment, before joining the St Francis Xavier Seminary at Rostrevor. Following his ordination, Fr Philip served in several parishes, and was Principal of Adelaide Theological College for many years. He is a Doctor of Philosophy in the area of ecclesiology. In Canada, he studied the theology of Church with well-known Dominican theologian Father Jean-Marie Tillard. Fr Philip currently has oversight of the Adelaide Archdiocese "Renewing Parishes" program, which embraces ongoing Parish Visitation and the support of clergy and lay leaders in church renewal.

Principal Activities

The principal activity of the Company is the run-off of claims related to property, workers' compensation and casualty risks of entities of the Catholic community in Australia as well as certain clients in the broader Christian community.

The Company's wholly owned subsidiary, CCI Asset Management Limited, continued to operate as Responsible Entity of the CCI Asset Management trusts and Individually Mandated Accounts until all shares held by the Company were sold to SG Hiscocks & Co Limited on 15 April 2024.

Likely Developments and Expected Results

In the opinion of the Directors, the inclusion of information referring to likely developments in the operations of the Group and the expected results of those operations in subsequent years is likely to prejudice its interests. That information has therefore not been disclosed in this report.

Dividends and Catholic Entity Distributions

The Board of Directors has resolved that no dividend nor Catholic entity distribution be declared or paid in respect of the financial year ended 30 June 2024 (30 June 2023: $200k).

Review of Operations

In 2024 the Group generated a loss of $51,823k (2023: $286,710k loss).

During the year the Company generated a net underwriting loss of $75,412k (2023: $304,267k loss) which represents losses from core business lines, further strengthening of reserves across both short and long tail classes as well as various ad hoc professional fees required to setup the Scheme of Arrangement, and redundancy costs to streamline the business following the decision to enter run-off. This loss was partially offset by net investment income of $26,727k (2023: $29,548k profit), and the sale proceeds of other auxiliary business operations.

	2024 $'000	2023 $'000
Group Profit / (Loss)	(51,823)	(286,710)

The Group is exempt from the requirements of the Income Tax Assessment Act as CCI is a registered not for profit entity.

Capital Adequacy

As of 30 June 2024, the Groups Prescribed Capital Amount Coverage Ratio was negative 0.21 (2023: positive 0.14) which is outside the target range that would've applied should the Company have not entered run -off. The Company had not yet trigged the Scheme and continues to operate as a going concern. At the date of signing this report CCI has sufficient capital to continue operations as a run-off entity under the provisions set out in the Scheme (contingent scheme), as well as regulatory exemptions from certain components of the Insurance Act 1973 (Cth) ("Insurance Act").

Employees

The Group employed 82 employees as of 30 June 2024 (2023: 228 employees).

Risk Management

The financial condition and operation of the Group are affected by a number of key risks including insurance, interest rate, credit, market, liquidity, financial, compliance, fiscal and operational risk. Further information on the Group's risk management policies can be found in note 8 of the financial statements.

Run-off and Scheme Structure

As part of the orderly run-off of its business, the Company has in place a court approved Scheme of Arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (Act) with certain of its creditors as a precaution to ensure an orderly and equitable run-off and certainty into the future ("the Scheme"). Policyholders subject to the Scheme voted in favour of the Scheme on 31 October 2023, and was approved by the Federal Court of Australia on 3 November 2023, ensuring the Scheme became effective. The Scheme was implemented to protect the interests of claimants and is part of the Company's commitment to ensuring as fast and efficient a claims settlement process as possible. It means that, under certain circumstances, such as the Company becoming insolvent, certain procedures for managing the Company and settling claims would be followed. The Directors hold the view that this will result in better outcomes for claimants, who are called Creditors under the Scheme, than the alternative, which would be to go into liquidation. The Company is currently in an Initial Scheme Period, meaning it is continuing normal day-to-day operations. If the Scheme is triggered, CCI will write to creditors to advise them of the implications.

The Company has determined that a contingent Scheme of arrangement which converts to a reserving Scheme if there is a "Trigger Event" is the most appropriate Scheme for the Company and its policyholders.

The key elements of the Scheme are:

- As the Company considers that it is currently solvent, a "contingent" Scheme allows the Company to continue to operate in the ordinary course until such time where there is a deterioration in the Company's financial position.
- If a "Trigger Event" occurs, the Scheme would automatically convert to a "reserving" Scheme to ensure that claims continue to be handled in as orderly a manner as possible in the event of further deterioration in CCI's financial position. See note 38 for further details regarding the Scheme.

Tim Robertson and Stephen Longley from PricewaterhouseCoopers have been appointed as Scheme Advisers. A Creditors' Committee has been established and met once during the 2024 financial year. The CCI Board meets on a monthly basis to monitor CCI's financial performance and the potential for a Trigger Event.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group other than as disclosed in this report.

On 25 January 2024 CCI and SG Hiscock & Company Limited (SGH) executed a Share Sale Agreement relating to the 100% shareholding of CCI Asset Management Limited (CCIAM) for sale price of $733k, of which $415k was paid on completion date and $318k contingent on a percentage of future client fees over the next three years which was measured at fair value. The contingent amount was calculated best estimate of present value of future cashflows.

The transaction was completed on 15 April 2024. See note 10, Discontinued operations.

On 9 February CCI sold its "Allianz White label Personal Insurance Portfolio" to Ansvar Insurance for $300k. The full amount was recognised within "other income" as there was previously no asset held in the accounts for the asset. CCI are also entitled to both a Profit Share and a commission percent of future revenue over the three years following the completion date. These are paid annually and this was accrued ($33k) at 30 June 2024.

On 28 March 2024, CCI signed a third party agreement with EML Solutions Pty Ltd (EML), to appoint EML as the claims manager of CCI's worker compensation portfolio. The commencement date of the administration of the portfolio was 1 April 2024. CCI maintains all assets and liabilities with regard to this portfolio but pay EML an annual fee to run-off the portfolio.

Subsequent Events After the Reporting Date

There has been no matter or circumstance, other than what has been referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

CCI is in ongoing discussions with SIRA to ensure that the security held by SIRA is sufficient to provide ongoing entitlements and support to workers. SIRA has expressed concern as to the adequacy of the liabilities and potential for future deterioration. In response, SIRA adjusted its security requirement to a 95% Probability of Adequacy (POA). The current security held by SIRA is $181.7m but on 6 September 2024 this amount was increased to $209.6m.

Environmental Regulation and Performance

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

Indemnification of Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as an officer.

Indemnification of Auditor

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).

However, this indemnity does not apply to any losses which are finally determined to have resulted from Ernst & Young negligence. No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' meetings

The following table sets out the number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2024 and the number of meetings attended by each Director.

	CCI Board		Risk Committee		Audit Committee	
Number of meetings attended by:	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Fitzpatrick	25	25	3	3	3	3
N Condon	25	21	3	3	1	1
E Cunningham	25	23	3	3	3	3
M Doquile	25	25	3	3	3	3
D Issa	25	21	3	3	-	-
G Cooper	18	12	-	-	2	2
P Marshall	18	16	-	-	-	-
M E O'Donoghue	18	11	-	-	-	-

	Nominations, Remunerations & Culture Committee		Asset & Liability Committee		*CCI Asset Management Limited Board	
Number of meetings attended by:	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Fitzpatrick	1	1	-	-	3	3
N Condon	-	-	4	4	4	4
E Cunningham	1	1	3	3	-	-
M Doquile	-	-	4	3	-	-
D Issa	-	-	3	4	5	5
G Cooper	-	-	1	1	2	2
P Marshall	1	1	-	-	2	2
M E O'Donoghue	1	1	-	-	-	-

	**Audit & Risk Committee	
Number of meetings attended by:	Eligible to Attend	Attended
J Fitzpatrick	1	1
N Condon	1	1
E Cunningham	1	1
M Doquile	1	1
D Issa	-	-

- Director was not an appointed Member of this Committee.

* CCI's shares in CCIAM were sold to SGH Hiscocks & Co Limited on 15 April 2024.

**From 19 June 2024 the Audit Committee and the Risk Committee have been combined into an Audit and Risk Committee.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in note 29(b).

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 where rounding is applicable and where noted ($'000) under the option available to the Company under ASIC legislative instrument 2016/191. The Company is an entity to which the class order applies.

Auditor's independence declaration

The Directors have received a declaration from the auditor of Catholic Church Insurance Limited as attached after the Directors' Report.

Signed in accordance with a resolution of the Directors.

J Fitzpatrick, Chairman
Melbourne, 30 September 2024

Auditor's Independence Declaration

EY
Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of Catholic Church Insurance Limited

In relation to our audit of the financial report of Catholic Church Insurance Limited for the financial year ended 30 June 2024, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and

b. No non-audit services provided that contravene any applicable code of professional conduct.

This declaration is in respect of Catholic Church Insurance Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Emma Reekie
Partner
30 September 2024

Financial Statements

Statement of Comprehensive Income and Other Comprehensive Income (AASB17)

For the financial year ended 30 June 2024

Statement of Profit and Loss and Other Comprehensive Income	Note	Group 2024 $'000	Group 2023 $'000 (Restated)	Company 2024 $'000	Company 2023 $'000 (Restated)
Insurance revenue		118,156	357,301	118,156	357,301
Insurance service expenses		(63,716)	(838,569)	(63,716)	(838,569)
Insurance service result from insurance contracts issued	14	54,440	(481,268)	54,440	(481,268)
Net income /(expenses) from reinsurance contracts held	15	(120,628)	174,304	(120,628)	174,304
Insurance service result	11	(66,188)	(306,964)	(66,188)	(306,964)
Net income/(loss) from other financial instruments at FVTPL		958	(1,040)	958	(1,040)
Investment income		22,854	33,865	25,769	33,865
Net investment income	16	23,812	32,825	26,727	32,825
Finance income/(expenses) from insurance contracts issued		374	(514)	374	(514)
Finance income/(expenses) from reinsurance contracts held		(94)	163	(94)	163
Net insurance financial result	17	280	(351)	280	(351)
Other income		2,654	4,651	794	1,779
Other operating expenses	18	(12,381)	(16,871)	(10,521)	(14,644)
Profit/(loss) for the year		(51,823)	(286,710)	(48,908)	(287,355)
Other comprehensive income		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive profit/(loss) for the year		(51,823)	(286,710)	(48,908)	(287,355)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Consolidated Financial Statements. The Group adopted AASB 17 Insurance Contracts and AASB 9 Financial Instruments from 1 July 2023 and has restated the comparative period. See details of this adoption within Note 3 and 4.

Consolidated Statement of Financial Position (AASB 17)

For the financial year ended 30 June 2024

	Note	Group 2024 $'000	Group 2023 $'000 (Restated)	Group 2022 $'000 (Restated)	Company 2024 $'000	Company 2023 $'000 (Restated)	Company 2022 $'000 (Restated)
Assets							
Cash and cash equivalents	19	27,325	70,304	658,262	27,325	68,027	656,428
Financial assets	20	578,790	707,774	356,030	578,790	707,774	356,030
Other receivables	21	11,831	1,078	1,273	11,831	240	641
Current tax assets	22	124	439	112	124	439	112
Reinsurance contract assets held	13	205,701	601,832	553,695	205,701	601,832	553,695
Plant and equipment	23	617	4,389	5,212	617	4,389	5,212
Right of Use Assets	23	1,031	6,968	10,559	1,031	6,968	10,559
Intangible assets	24	169	230	3,669	169	230	3,669
Total Assets		825,588	1,393,014	1,588,812	825,588	1,389,899	1,586,346
Liabilities							
Other payables	25	-	1,680	2,186	-	1,680	2,186
Insurance contract liabilities	12	861,516	1,363,202	1,277,475	861,516	1,363,202	1,277,475
Provisions	26	2,220	10,780	1,213	2,220	10,580	1,017
Lease liabilities	27	5,505	9,182	13,060	5,505	9,182	13,060
Total Liabilities		869,241	1,384,844	1,293,934	869,241	1,384,644	1,293,738
Net Assets		(43,653)	8,170	294,878	(43,653)	5,255	292,608
Equity							
Contributed equity	28	179,333	179,333	179,333	179,333	179,333	179,333
Retained earnings		(222,986)	(171,163)	115,545	(222,986)	(174,078)	113,275
Total Equity		(43,653)	8,170	294,878	(43,653)	5,255	292,608

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

Negative total equity disclosure: At the date of signing this report CCI has sufficient capital to continue operations as a run-off entity under the provisions set out in the scheme (contingent scheme), as well as regulatory exemptions from certain components of the Insurance Act 1973 (Cth) ("Insurance Act"). The adjusted net asset value of the group is positive $83.1m, after adding back the Risk Adjustment of $126.8m as allowed by these regulatory exemptions. As a result, the scheme trigger (reserving scheme) was not reached at 30 June 2024.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes to the Consolida ted Financial Statements. The Company adopted AASB 17 Insurance Contracts and AASB 9 Financial Instruments from 1 July 2023 and has restated the comparative period. See details of this adoption within Note 3 and 4.

Statement of Changes in Equity (AASB17)

For the financial year ended 30 June 2024

	Note	Contributed Equity $'000	Retained Earnings $'000	Total $'000
Group				
As at 30 June 2022 (Reported)		179,333	108,695	288,028
Adjustment on initial application of AASB17		-	6,850	6,850
As at 1 July 2023 (As restated)		179,333	115,545	294,878
Comprehensive result for the year FY23 (Reported)		-	(274,151)	(274,151)
Adjustment on application of AASB17		-	(12,557)	(12,557)
As at 30 June 2024 (As restated)		179,333	(171,163)	8,170
Comprehensive result for the year FY24 (AASB 17 Effective)		-	(51,823)	(51,823)
As at 30 June 2024	28	179,333	(222,986)	(43,653)
Company				
As at 30 June 2022 (Reported)		179,333	106,425	285,758
Adjustment on initial application of AASB17		-	6,850	6,850
As at 1 July 2023 (As restated)		179,333	113,275	292,608
Comprehensive result for the year FY23 (Reported)		-	(274,796)	(274,796)
Adjustment on application of AASB17		-	(12,557)	(12,557)
As at 30 June 2023 (As restated)		179,333	(174,078)	5,255
Comprehensive result for the year FY24 (AASB 17 Effective)		-	(48,908)	(48,908)
Ordinary share capital issued		-	-	-
As at 30 June 2024	28	179,333	(222,986)	(43,653)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the financial year ended 30 June 2024

	Note	Group		Company	
		2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash flows from operating activities					
Premiums received		20,888	369,302	20,888	369,302
Outwards reinsurance paid		(47,589)	(135,035)	(47,589)	(135,035)
Claims paid and attributable claim expenses		(453,678)	(755,907)	(453,678)	(755,907)
Reinsurance and other recoveries received		322,998	261,365	322,998	261,365
Attributable cost paid		(14,081)	(9,448)	(14,081)	(9,448)
Other operating expenses paid		(24,668)	6,665	(22,680)	3,909
Other operating income received		3,972	(334)	1,143	1,782
Interest received		22,768	28,055	22,768	28,055
Dividends received		2,052	3,244	4,968	3,244
Catholic entity distributions & grants		(200)	(197)	-	-
Total cash flows (used in) from operating activities	31	(167,538)	(232,290)	(165,263)	(232,733)
Cash flows from investing activities					
Movement in investment trading					
Purchases		(575,195)	(368,774)	(575,195)	(368,774)
Proceeds		705,734	18,527	702,819	18,527
Proceeds from sale of discontinued operations		415	-	415	-
Payments for plant and equipment		(1,437)	(1,490)	(1,437)	(1,490)
Proceeds from sale of plant and equipment		1,628	286	1,628	286
Payments for intangibles		62	58	62	58
Total cash flows (used in) from investing activities		131,207	(351,393)	128,292	(351,393)
Cash flows from financing activities					
Dividends paid		(2,915)	-	-	-
Principal payments from lease liabilities		(3,677)	(3,877)	(3,677)	(3,877)
Interest payments from lease liabilities		(54)	(398)	(54)	(398)
Total cash flows (used in) financing activities		(6,646)	(4,275)	(3,731)	(4,275)
Net increase / (decrease) in cash held		(42,977)	(587,958)	(40,702)	(588,401)
Cash and cash equivalents at 1 July 2023		70,302	658,262	68,027	656,428
Cash and cash equivalents at 30 June 2024	19	27,325	70,304	27,325	68,027

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the financial year ended 30 June 2024

1. Corporate information

The financial report of Catholic Church Insurance Limited ("CCI") for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 30 September 2024.

The Company is an unlisted public company, incorporated and domiciled in Australia. The entity is licensed by the Australian Prudential Regulation Authority ("APRA") to operate in the general insurance industry and is registered as a charity in accordance with the Australian Charities and Not-for-profits Commission Act 2012.

2. Material accounting policy information -Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Corporations Act 2001, including the application of ASIC legislative instrument 2016/191 allowing the disclosure of company financial statements due to Australian Financial Services Licensing obligations and section 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial statements at the date of signing have been prepared on a going concern basis, which acknowledges that the Company is in the process of winding down its operations. The Board has considered the remaining assets and liabilities, including any outstanding obligations, and believes that the Company's resources are sufficient to meet these obligations as they fall due.

For the year ended 30 June 2024, the Company incurred a net operating cash outflow of $167.5m (2023: $232.3m) and incurred a net loss of $58.1m (2023: $284.7m). At the date of signing this report CCI has sufficient capital to continue operations as a run-off entity under the provisions set out in the Scheme, as well as regulatory exemptions from certain components of the Insurance Act 1973 (Cth) ("Insurance Act").

This is detailed further below:

1) The Company has relief from Section 28 of the Insurance Act, specifically in the case where the Company no longer holds assets in Australia (excluding goodwill and other amounts excluded by the prudential standards) of a value that equals or exceeds the total amount of its liabilities in Australia (other than its pre-authorisation liabilities), which includes an allowance for risk margin. The relief was approved by APRA on 20 September 2023.

2) The Company operates under a Scheme of Arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (Act) with certain of its creditors as a precaution to ensure an orderly and equitable run-off and certainty into the future (Scheme). The key elements of the Scheme, that was voted on 31 October 2023 by Scheme Creditors, and approved by the Federal Court of Australia on 3 November, are:

   (i) As the Company considers that it is currently solvent, a "contingent" Scheme has been proposed to allow the Company to continue to operate in the ordinary course until such time where there is a deterioration in the Company's financial position such that a "Trigger Event" occurs (i.e. where the Board determines that in its opinion, the Company would, or would be likely to become, insolvent at some future time)

   (ii) If a "Trigger Event" occurs, the Reserving Period commences in order to ensure that claims continue to be handled in as orderly a manner as possible in the event of further deterioration in CCI's financial position. See note 38 for further details regarding the Scheme.

   In case of a Reserving Scheme, Scheme Creditors will continue to be entitled to make an insurance claim under their Insurance Contract in the same way as they currently do, and CCI will assess that claim in the ordinary course of business. However, where the Company determines that a Scheme Creditor has an Established Scheme Liability, the Company will no longer pay it in full at that point in time. Instead, once a Payment Percentage has been set by the Scheme Advisers, the Company will pay a percentage of the Established Scheme Liability reflecting the Payment Percentage. If it is determined at one or more later dates that it has sufficient funds to do so, the Company may vary the percentage payable of the Established Scheme Liability so that it and subsequent Established Scheme Liabilities are paid at the same percentage. Non Scheme Creditors will be continued to be paid in full during the Reserving Period. Non-Scheme Creditors include all Workers Compensation portfolio liabilities and all "Client and Defence costs" for all portfolios. For further information, refer to the Explanatory Statement in relation to the Scheme dated 27 September 2023.

   The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

   The financial statements have been prepared on a historical cost basis, except for financial assets, which have been measured at fair value and the outstanding claims liability and related reinsurance and other recoveries which have been measured based on the central estimate of the present value of the expected future payments for claims incurred plus a risk adjustment to allow for the inherent uncertainty in the central estimate.

   The preparation of financial statements in conformity with the Australian Accounting Standards requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been disclosed in notes 6 and 7. The statement of financial position is presented on a liquidity basis. Assets and Liabilities are presented in decreasing order of liquidity. For assets and liabilities that comprise both current and non-current amounts, information regarding the non-current amount is included in the relevant note.

   The financial report is presented in Australian dollars and all amounts have been rounded to the nearest $1,000 where rounding is applicable and where noted ($'000) under the option available to the Company under ASIC legislative instrument 2016/191. The Company is an entity to which the class order applies.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

c) New Australia Accounting Standard adopted during the year.

The following Australian Accounting Standards have been applied in preparing the Company's financial statements, effectively from 1st July 2023.

- AASB 9 Financial Instruments. Please see detail in note 4.
- AASB 17 Insurance Contracts. Please see detail in note 3.

3. Material accounting policies - Insurance operations

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

a) Measurement models

The Company applies the Premium Allocation Approach (PAA) when contracts meet the eligibility criteria to simplify the measurement of insurance contracts issued and reinsurance contracts held. When measuring the liability for remaining coverage, there was no material change from the Company's previous accounting treatment under AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts. When measuring the liability for incurred claims, the Company discounts the expected value of future cash flows related to claims and other insurance expenses and includes an explicit risk adjustment for non-financial risk.

b) Level of aggregation and onerous contract losses (loss component)

Under AASB 17, the measurement of insurance and reinsurance contracts are not considered at the individual contract level, but on the basis of portfolios which comprise contracts subject to similar risk and managed together. These portfolios are further subdivided into specified measurement groups based on contracts concluded in annual cohorts and on their profitability.

c) Fulfilment Cash flows (FCF)

The fulfilment cashflows are the precent values of the future cashflows within a contract boundary for a group of contracts where the Company foresees to collect from premium, claims payment, benefits and expenses with adjustments made for the timing and unpredictability of these amounts.

The projected future cash flows are characterised by:

(a) A probability-weighted average of all potential outcomes

(b) The Group's viewpoint, ensuring alignment with the market prices for market variables that can be observed.

(c) Reflect conditions existing at the measurement date.

A separate estimation is made for the risk adjustment concerning non-financial risks. In the case of contracts assessed under the PAA, this explicit risk adjustment is calculated for non-financial risks and for the assessment the liability for claims that already occurred and loss component calculations for onerous contracts.

The future cash flow projections are modified by applying current discount rates to account for the time value of money and the financial risks associated with these cash flows. These discount rates are chosen to mirror the specifics of the cash flows from the insurance contracts, considering the timing, currency, and liquidity of these cash flows. Selecting an appropriate discount rate that captures the essence of the cash flows and the liquidity profile of the insurance contracts involves considerable judgment and estimation.

The Company initially estimate the fulfilment cashflow at the portfolio level and then allocates to the groups of contracts.

The Company uses consistent assumptions for both insurance and reinsurance contracts.

d) Risk adjustment

Under AASB 17, the measurement of insurance contract liabilities will include a risk adjustment for nonfinancial risk to reflect the compensation that the entity requires for bearing the uncertainty relating to the amount and timing of future cash flows. The risk adjustment replaces the concept of a risk margin under AASB 1023, which reflects the inherent uncertainty in the central estimate of the present value of the expected future payments.

e) Insurance contract

On the initial recognition of group contracts, the carrying amount of the liability for remaining coverage is measured at the undiscounted future cash flows when the period between premiums being due. The vast majority of the provision of coverage is one year or less, with a small immaterial number of policies being more than one year and the adjustment for non-financial risk less any insurance acquisition cost allocated to the contract.

Subsequently, the carrying amount of the liability for remaining coverage changes over time.

It increased with,

(i) Premiums collected during a period.

And its decreased with,

(i) The portion of expected premiums that is recognised as revenue for the insurance services delivered during that period.

(ii) The gradual recognition of initial insurance costs (amortisation) as expenses for providing insurance services.

The carrying amount of the group of insurance contracts issued at the end of each reporting period is the sum of:

(i) The liability for remaining coverage; and

(ii) The liability for incurred claim, compromising the FCF related to the past service allocated to the group at that date.

If the contract becomes onerous during anytime of the coverage period, the Company recognises the loss in the statement of comprehensive income as increase in the insurance service expenses and the liability for the remaining coverage, if the estimated FCF for reaming coverage exceeds the amount already recognised.

The Company recognises the liability for incurred claims of a group of insurance contracts at the discounted amount of the future cash flows relating to claims incurred but not yet settled and other expenses. Any changes to the incurred claims due to the changes in discounting rates are recognised as finance income or expenses in the statement of comprehensive-income.

For contracts measured under the PAA, the liability for incurred claims is measured as the future cash flows, adjusted for the time value of money where fulfilment cash flows for insurance contracts are expected to have a settlement period of over one year.

f) Reinsurance contract held

On the initial recognition of group reinsurance contracts, the measurement is based on the precent values of the future expected cashflows which includes payments related to future insurance contracts that are yet to be issued but are anticipated during the reinsurance coverage period. These estimates take into account the risk of non-performance by reinsurer and the risk adjustment for reinsurance contract held, which is accounted for separately from the insurance contracts issued.

In case of onerous contracts, the company recognise the loss recovery component of the asset for remaining coverage for reinsurance contracts with the expectation of recovering the loss.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(i) Increased for ceding premiums paid in the period; and

(ii) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

(i) The asset for remaining coverage; and

(ii) The asset for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

The Company has not adjusted the effect of time value for money for insurance and reinsurance contracts where the insurance premiums are due within one year or less.

g) Presentation and disclosure

AASB 17 has impacted the Company's financial statements, introducing changes in both presentation of the statement of comprehensive income and balance sheet, as well as more granular disclosure requirements. In the statement of comprehensive income, AASB 17 required the presentation of insurance revenue and insurance service expenses gross of reinsurance contracts held. Insurance revenue replaces gross earned premium and insurance service expenses largely reflects the combination of claims expense, nonreinsurance related recoveries, commission expense and underwriting expenses. Additionally, all changes in value because of either the effect of or change in the time value of money or financial risk, no longer form part of the insurance service result but recognised separately as insurance finance income or expenses.

In the statement of financial position, as all cash flows resulting from the rights and obligations under insurance and reinsurance contracts have been considered under AASB 17.

The following is a summary of the material accounting policies that have been adopted by the group in respect of the general insurance activities. The accounting policies have been consistently applied, unless otherwise stated.

h) Insurance revenue

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

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

i) Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits excluding investment components;

(b) other incurred directly attributable insurance service expenses;

(c) amortisation of insurance acquisition cash flows;

(d) changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the liability for incurred claims);

and

(e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of comprehensive income.

j) Net income/(expenses) from reinsurance contracts held

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

(a) reinsurance expenses;

(b) incurred claims recovery;

(c) other incurred directly attributable insurance service expenses;

(d) effect of changes in risk of reinsurer non-performance; and

(e) changes relating to past service (i.e. adjustments to incurred claims).

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

k) Insurance Finance income and other expenses

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

(a) the effect of the time value of money and changes in the time value of money; and

(b) The effect of financial risk and changes in financial risk.

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

(a) interest accreted on the liability for incurred claims; and

(b) the effect of interest rates and other financial assumptions.

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

l) Methods used and judgements applied in determining AASB 17 transition amounts

The Company has adopted a full retrospective approach to adopting AASB 17. This transition approach has been adopted as the Company has elected to use the PAA for measuring groups of insurance contracts. The Company has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable and, hence, the only available option for insurance contracts issued by the Company.

Accordingly, the Company has recognised and measured each group of insurance contracts in this category as if AASB 17 had always applied; derecognised any existing balances that would not exist had AASB 17 always applied; and recognised any resulting net difference in equity.

The adoption of AASB 17 has resulted in an increase of net assets as 1 July 2022 of $6.85m. This amount, being the full retrospective effect of adoption, was recognised as an adjustment to the opening balance of the retained earnings as shows in the statement of changes in equity. The opening net asset impact mainly reflects the favorable adjustment due to the inclusion of the illiquidity premium ($7.25m) and favorable impact from the application of the AASB 17 risk adjustment ($8.68m), partly offset by decrease driven by reinsurance credit risk adjustment ($8.17m) which was mainly on the heavily reinsured portfolio Fire and ISR, and a decrease of $0.91m from the onerous contracts.

4. Material accounting policies - Financial operations

a) AASB 9 Financial Instruments

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

The Group's investments are currently designated as Fair Value Through Profit or Loss (FVTPL) on initial recognition and are subsequently remeasured to fair value at each reporting date, reflecting CCI's business model for managing and evaluating the investment portfolio. Management has assessed all of the investments under AASB 9 and determined all investments may still be accounted for as FVTPL.

The Group adopted AASB 9 on 1 July 2023. The comparative information is not required to be restated and continues to be reported under AASB 139 Financial Instruments. The reclassifications and adjustments arising from the new expected credit loss provisions are therefore not reflected in the restated balance sheet as at 1 July 2022. The net impact to retained earnings as a result of the adoption of AASB 9 on 1 July 2023 is not material.

b) Investment income

Interest income is recognised on an effective annual interest rate basis. Dividends are recognised on an ex-dividend date. Investment income includes realised and unrealised gains or losses on financial assets which are reported on a combined basis as fair value gains or losses on financial assets. Realised investment gains or losses do not include interest and dividend income.

5. Material accounting policies - others

a) Income tax

The entities are not liable for income tax due to the entities being classified as a charitable institution under Subdivision 50-5 of the Income Tax Assessment Act 1997.

b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of the GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

c) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

If the effect of the time value of money is material, provisions are discounted using corporate bond yield curves which have terms to maturity that match, as closely as possible, the estimated future cash outflows.

d) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts

  and

- Investments in money market instruments with less than 14 days to maturity.

e) Other receivables

All receivables are initially recognised at fair value, being the amounts receivable. Collectability of trade receivables is reviewed on an ongoing basis and a provision for impairment of receivables is raised where some doubt as to collection exists. The impairment charge is recognised in the income statement.

f) Other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group and Company prior to the end of the financial year that are unpaid and arise when the Group or Company becomes obliged to make future payments in respect of the purchase of these goods and services.

g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment.

Such costs include the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

h) Intangibles

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite and are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period, amortisation method and impairment indicators for all intangible assets with a finite life is reviewed at least at each financial year end. The amortisation expense is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

i) Depreciation

Depreciation on fixed assets, comprising motor vehicles, office equipment and fixtures, is calculated on a straight-line basis over the useful life of the asset to the Group commencing from the time the asset is held ready for use.

The following estimated useful lives are used in the calculation of depreciation for plant and equipment:

	2024	2023
Computer equipment	3 – 10 years	3 – 10 years
Office equipment	6 – 15 years	6 – 15 years
Motor vehicles	5 years	5 years
Leasehold improvements	10 years	10 years
Right of use	2 - 3 years	2 - 4 years

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The useful life of right-of-use assets is tested annually with an onerous lease and/or onerous contract provision raised where the value in use/useful life has reduced.

j) Amortisation of intangible assets

Amortisation on intangible assets, comprising computer software, is calculated on a straight-line basis over the useful life of the asset to the Group commencing from the time the asset is held ready for use.

Computer software's estimated useful life used in the calculation of amortisation is 4-5 years.

Foreign currency

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

k) Dividends and Catholic entity distributions

(1) Dividends

Dividends are recognised when declared or determined. No provision is made for a proposed dividend.

(2) Catholic entity distributions

A provision is made at balance date for the payment of Catholic entity and grant distributions to Catholic Church policyholders where certain criteria have been met. The amount allocated each year is approved by the Board of Directors. These distributions are very unlikely to occur in the future but will be reviewed at the end of the run-off providing all liabilities, scheme and non-scheme, have been paid in full.

The Catholic entity distribution declared for 2024 for the Group was nil (2023: $200k) and for the Company was nil (2023: nil). The grant distributions declared for 2024 for the Group and the Company was nil (2023: nil).

l) Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment or more frequently when changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

m) Leases

Leases are recognised as a right-of-use asset and corresponding liability from the date the Company has the right to use the asset. The lease payments are discounted using the interest rate implicit in the lease and payments are apportioned between principal and finance cost. The right-of-use assets are depreciated over the shorter of the useful life of the underlying asset or the lease term on a straight-line basis. An onerous provision is recognised in profit or loss when the carrying value of the right-of-use asset, exceeds the calculated recoverable amount refer to impairment of assets. Payments associated with short-term leases (12 months or less) continue to be recognised on a straightline basis as an expense in profit and loss.

6. Critical accounting estimates and judgements

Significant estimates and judgements are made by the Group in respect of certain key assets and liabilities which are disclosed in the financial statements. Such estimates are based on actuarial assessments, historical experience and expectations of future events.

The key areas in which critical estimates and judgements are applied are set out on the next page.

a) Ultimate liability arising from claims made under general insurance contracts.

A provision is made at balance date for the estimated cost of claims incurred but not settled. This includes the cost of claims Incurred But Not Reported ('IBNR') and direct expenses that are expected to be incurred in settling those claims. Such estimates are determined by our appointed actuary who has the relevant qualifications and experience. Although the appointed actuary has prepared estimates in conformity with what he considers to be the likely future experience, the experience could vary considerably from the estimates. Deviations from the estimates are normal and to be expected.

The liability for incurred claims (LIC) is a highly subjective number, in particular the estimation of IBNR where information may not be apparent to the insured until many years after the events giving rise to the claims have happened. It is therefore likely that the final outcome will prove to be different from the original liability estimate. In particular, there is considerable uncertainty regarding the professional standards claims under the public liability class. The modelling of these claims is difficult due to the inherent nature of the claims and the long delay from date of incident to date of report. The professional indemnity and workers' compensation portfolios also will have variations between initial estimates and the final outcomes due to the nature of the claims where not all details are known at the date of report and it may be many years between reporting and settling of these claims. The short-tail classes do not exhibit such long delays in settlements or level of development of estimates over time. Hence the level of volatility of the estimates is generally much less than that seen for the long-tail classes.

The approach taken to estimate the LIC for the different groups or portfolios reflects the nature of the data and estimates. In general, a number of different methods are applied to the data and the selected basis allows for the particular characteristics of the groups or portfolios and the recent experience shown in the data against the previous year's model projections. Provisions are calculated at a gross of reinsurance level and an explicit allowance made for expected reinsurance recoveries based on the arrangements in place over past years.

b) Assets arising from reinsurance contracts

Assets arising from reinsurance contracts on LIC are computed using the same methodologies with due consideration to the uncertainty in proving for the estimated cost of claims incurred but not settled. In addition, the actuary calculates a specific recoverability adjustment and this is applied to the reinsurance assets, taking into consideration factors such as counterparty and credit risk.

7. Actuarial assumptions and methods

Unit of accounts

The Company is a general insurer underwriting major groups or portfolios of general insurance business.
For the purpose of the disclosures we have grouped the insurance classes into the following:

- Short-tail (includes fire & composite risks property insurance, motor domestic, motor commercial, householders, marine and accident)
- Public liability (includes public and product liability)
- Professional indemnity (includes directors & officers, cyber, medical malpractice and other professional indemnity)
- Workers' compensation.

Short-tail

The methodology applied for the short-tail classes was the Incurred Claim Development (ICD) method, since the duration of the liabilities is very short and case estimates tend to be more reliable given the nature of claims and speed of finalisation.

The ICD method estimates the liability by considering the change in the incurred cost from one development period to another. The incurred cost is the total of all past payments plus current case estimates. The ultimate expected cost of claims is projected from the current incurred cost after allowing for the assumed future change in incurred costs based on past experience.

The undiscounted value of outstanding claims is the difference between the ultimate cost and the payments made to valuation date. Due to the short-tail nature of the liabilities, we have ignored the impact of investment income on the liability estimate.

Public Liability

Public Liability includes General Liability and Professional Standards claims.

Provision estimates for the Company's general liability business are derived from analysis of the results of using different actuarial models. Ultimate numbers of claims are projected based on the past reporting patterns using the Chain Ladder (CL) method. Claims experience is analysed based on averages Paid Per Claim Incurred (PPCI) method, the Projected Case Estimate (PCE) method and the Incurred Claim Development (ICD) method. The results from these models are analysed, along with Minimum Loss Ratios, in order to determine a final estimate of LIC.

Claims inflation is incorporated into the resulting projected payments under the PPCI method, to allow for both general economic inflation as well as any superimposed inflation detected in the modelling of payments experience. Superimposed inflation arises from noneconomic factors such as developments of legal precedent. The claims inflation including superimposed is implicitly included in the ICD and PCE methods. However, under all methods the projected payments are discounted to allow for the time value of money.

The general liability class of business is also subject to the emergence of latent claims (professional standards claims), due to the long delay from date of incident to date of reporting.

The estimates for the professional standards claims is based on CCI's current case estimates plus an allowance for further development (Incurred But Not Enough Reported (IBNER)) and an allowance for Incurred But Not Reported (IBNR) claims. The IBNR allowance assumes a number of claims to be reported in the future and an average claim size which is inflated to allow for general inflation. There is no allowance for superimposed inflation. In previous years the modelling was also undertaken separately for claims/clients covered by the Adverse Development Cover Reinsurance Treaty (ADC) and all "Other" claims. This is no longer required due to the commutation of both layers of the ADC. The allowance for "notified but not reported" claims has also been removed following implementation of Large Retrospective Deductibles (LRDs) and administration efficiencies. The estimates continue to allow for revisitation claims in Queensland, NSW, WA and Victoria and for LRD excluded claims, i.e. 1) claims where CCI retained the liability, 2) the cost of pre 30 June 2013 claims in excess of the $2 million LRD (indexed) and 3) claims with post 30 June 2013 incident dates.

The professional standards provision is subject to significant uncertainty arising from the publicity surrounding the Royal Commission into Institutional Responses to Child Sexual Abuse and the National Redress Scheme. The National Redress Scheme was established as at 1 July 2018 with the intention of minimal legal involvement and is expected to be open for 10 years. While CCI experienced an increase in the number of claims reported since 2013, this has been exacerbated with the introduction of the National Redress Scheme. Claimants may be pursuing matters first through litigated means, leaving the National Redress Scheme as the fall back option.

Professional Indemnity

The same methodologies applied to public liability were also used for the professional indemnity class. However, unlike the other classes that are analysed on an accident year basis, this portfolio is analysed on a report year basis as the policies are written on a claims made basis. The results from the model are analysed, along with minimum loss ratios, in order to determine a final estimate of outstanding claims.

Discounting is also applied for this long tail class.

Workers' Compensation

The same methodologies applied to public liability were also used for the workers' compensation class. However, this year the actuaries have reviewed and modified their approach to modelling the NSW portfolio. The revised approach uses the same methodologies applied to public liability for Attritional or Non-Large claims, plus an allowance for Large claims based on an allowance for IBNR multiplied by an average claim size, for "workers with high needs", "workers with highest needs" and Common Law claims.

Actuarial assumptions

The following assumptions have been made in determining the insurance contract liabilities.

2024	Short-Tail	Public Liability	Professional Indemnity	Workers' Compensation
Average weighted term to settlement	Less than 1 year	3.9 years	1.7 years	3.1 years
Uniform Wage inflation	0.00%	3.24%	3.24%	3.24%
Superimposed inflation	0.00%	1.91%	0.00%	0.00%
Uniform Risk-Free Discount rate	0.00%	4.24%	4.24%	4.24%
Uniform AASB 17 Discount Rate	0.00%	4.58%	4.58%	4.58%
Expense rate	1.40%	4.50%	4.50%	8.00% ****
Risk adjustment (LIC)	21.4%	24.9% ***	25.5%	7.5% ***
2023	**Short-Tail**	**Public Liability**	**Professional Indemnity**	**Workers' Compensation**
Average weighted term to settlement	Less than 1 year	3.9 years	2.3 years	2.5 years
Uniform Wage inflation	0.00%	3.47%	3.47%	3.47%
Superimposed inflation	0.00%	0.00%	0.00%	6.00%*
Uniform Risk-Free Discount rate	0.00%	3.90%	3.90%	3.90%
Uniform AASB 17 Discount Rate	0.00%	3.88%	3.88%	3.88%
Expense rate	1.40%	4.50%	4.50%	12.00%****
Risk adjustment (LIC)	22.2%	26.8%***	25.5%	14.2%**

* Superimposed inflation of 6% p.a. was previously applied for all development years for the NSW workers' compensation portfolio.

** A 27.5% risk adjustment has been applied to Molestation (MOL) and Ethical Standards Policy (ETL) claims. The residual General Liability portfolio has a 13.5% risk margin.

*** A 27.5% risk adjustment has been applied to MOL and ETL claims except where the ADC applies and for claims excluded by the LRD transactions (2023 only). The residual General Liability portfolio has a 13.5% risk adjustment.

**** A 50 % loading was previously applied to the risk adjustment for all portfolios, with the exception of NSW Workers' Compensation where 100% was applied, in recognition of the additional volatility associated with CCI being placed into run-off. The loading for all Workers' Compensation portfolios has been removed this year, in recognition of the Third-Party Administration (TPA) agreement with Employers Mutual Limited (EML).

***** The Expense Rate for NSW Workers' Compensation portfolio has been reduced in of the Third -Party Administration (TPA) agreement with Employers Mutual Limited (EML).

Processes used to determine assumptions

The valuations included in the reported results are calculated using the following assumptions:

Average weighted term to settlement

The average weighted term to settlement is calculated separately by class of business based on historic settlement patterns and allowing for the time value of money.

Inflation

Economic inflation assumptions are set by reference to current economic indicators.

Superimposed inflation

An allowance for superimposed inflation is made for each long-tail class to account for increased costs such as claim values increasing at a faster rate than wages or CPI inflation or for those costs that cannot be directly attributed to any specific source under the PPCI method. The levels of superimposed inflation assumed for the PPCI method varies by class.

Discount rates

Discount rates derived from market yields on Commonwealth Government securities as at the balance date have been adopted. These are referred to as Risk Free Discount Rates.

In compliance with Australian Accounting Standard Board's AASB 17 an allowance has also been made for the "illiquidity characteristics" of the insurance contracts – i.e. where the Company may be required to make payments earlier than the occurrence of insured events or dates specified in the contract. These have been based on the G100 corporate bond spreads. The AASB 17 Discount Rates are a combination of the Risk Free Discount Rates and the allowance for the Illiquidity Premium.

Expense rate

Claims handling expenses were calculated by reference to past experience of the Company's claims administration costs as a percentage of past gross/net payments.

Risk adjustments

Risk adjustments have been based on a 75% Probability of Sufficiency basis for the 30 June 2023 and 30 June 2024 financial years. Risk adjustments are required to comply with the Australian Accounting Standard Board's AASB 17.

Average claim size

The assumed average claim size and payment patterns are generally based upon the claims experience over the last three financial years.

Number of IBNR claims

The number of IBNR claims has been based on the reporting history of the particular classes over past financial years.

Incurred cost development

The assumed incurred cost development has generally been based on past claims experience of the particular portfolios over the last three financial years.

Minimum Loss Ratios

To allow for the underdevelopment of the more recent accident years minimum loss ratios have been applied based on past history of claims and premiums for the public liability and professional indemnity

classes.

Number and average claim size of latent claims

The number and average claim size of latent claims has been based on the reporting history of these claims over the last 3 to 5 years.

a) Sensitivity analysis – insurance contracts

The Group conducts sensitivity analysis to quantify the exposure to the risk of changes in the underlying assumptions used in the financial statements. The movement in any key variable will impact the performance and equity of the Company.

The sensitivity of the Group's profit and equity to key valuation assumptions both gross and net of reinsurance is tabulated below:

		Dollar Impact		Percentage Impact	
Variable	**Change**	**Gross**	**Net**	**Gross**	**Net**
Average weighted term to settlement (years)	+0.5	12,693	12,350	1.40%	1.70%
	-0.5	(12,947)	(12,597)	(1.50%)	(1.70%)
Weighted average claim size	+10%	(87,569)	(74,422)	(10.00%)	(10.00%)
	-10%	87,569	74,422	10.00%	10.00%
Minimum loss ratio	+5%	(3,290)	(2,787)	(0.40%)	(0.40%)
	-5%	3,290	2,787	0.40%	0.40%
Number of Latent claims	+10%	(29,782)	(29,782)	(3.40%)	(4.00%)
	-10%	29,782	29,782	3.40%	4.00%
Average claim size (Latent claims only)	+10%	(29,782)	(29,782)	(3.40%)	(4.00%)
	-10%	29,782	29,782	3.40%	4.00%
Expense rate (gross claims cost)	+1%	(8,260)	(8,260)	(0.90%)	(1.10%)
	-1%	8,260	8,260	0.90%	1.10%
Inflation and superimposed assumptions	+0.25%	(5,928)	(5,783)	(0.70%)	(0.80%)
	-0.25%	5,928	5,690	0.70%	0.80%
Discount rate	+0.25%	5,928	5,690	0.70%	0.80%
	-0.25%	(5,928)	(5,783)	(0.70%)	(0.80%)
Risk adjustment	+1%	(7,207)	(6,165)	(0.80%)	(0.80%)
	-1%	7,207	6,165	0.80%	0.80%

8. Risk management

The financial condition and operation of the Group are affected by a number of key risks including insurance risk, interest rate risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Group's policies and procedures in respect of managing these risks are set out in the notes to the financial statement.

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

The Company is committed to controlling insurance risk through identifying, monitoring and managing risks associated with its business activities. In addition to the inherent uncertainty of insurance risk, insurance businesses are affected by market factors, particularly competition and movements in asset values.

Risk management framework

The Risk Management Framework (RMF) enables the development and implementation of strategies, policies, procedures and controls to manage different types of material risks. The RMF is the totality of systems, structures, policies, processes and people within an APRA-regulated institution that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk.

In accordance with APRA's Prudential Standards CPS 220 Risk Management and GPS 230 Reinsurance Management, the Board and senior management of the Group have developed, implemented and maintained the following key documents:

- Risk Management Strategy (RMS): The RMS describes the strategy for managing risk and the key elements of the RMF that give effect to this strategy. The objective of the RMS is to address each material risk.
- Risk Appetite Statement (RAS): The Board and executive management develop the Company's RAS and associated risk tolerances, targets and limits required to achieve Company objectives and to embed practical risk management into the organisation. The RAS is approved by the Board.

The RMF, RMS, and RAS, identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address material financial and non-financial risks, including mitigating controls. The existence and effectiveness of mitigating controls are measured to ensure that residual risks are managed appropriately.

Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to the Company's compliance with the RMF, RMS and RAS.

Following CCI's announcement to enter into run-off, APRA imposed an associated authorisation condition such that CCI may only carry on insurance business in Australia for the purpose of discharging liabilities arising under policies issued on or before 15 June 2023. Under GPS 110, Capital Adequacy, a run-off insurer must maintain a rolling three year "Run-off Plan" subject to an annual review and approval by the Board. The Appointed Actuary must also review the Run-off Plan. CCI also maintains an Operational Run-off Playbook. The Run-off Plan and Playbook are important elements in CCI's overall risk management.

Under run-off, CCI continues to monitor the risk landscape and make adjustments to the RMF, RMS and RAS as necessary. CCI has identified the following "key areas of risk" within its RMS.

The key areas of risk exposure discussed below are:

- Insurance risk
- Reinsurance counterparty risk
- Operational risk and
- Capital and regulatory risk.

Financial risks (credit, interest and market risks) are considered in note 9.

a) Insurance risk

Insurance contracts transfer risk to the insurer by indemnifying the policyholder against adverse events. The risk inherent in the insurance contract is the uncertainty of claims and amounts paid which may exceed amounts estimated at the time the product was designed and priced. It's worth noting CCI still have 12 very small run-off policies still in force at year end.

The primary insurance risk for CCI is that inadequate or inappropriate claims management or reinsurance will expose an insurer to financial loss and consequently triggering the Scheme of Arrangement. The following protocols have been established to manage insurance risk:

Terms and conditions of insurance contracts

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Group. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

Claims management and provisioning

The Group has established systems to capture, review and update claims estimates on a timely basis to ensure the adequacy of its outstanding claims provision.

The Group's approach to valuing the liability for incurred claims (LIC) provision and the related sensitivities are set out in note 7.

b) Reinsurance counterparty risk

The Group reinsures a portion of the risks it underwrites in order to control exposure to losses, minimise volatility in earnings, protect capital resources and ensure efficient control and spread of underwriting risk. The Group continues to keep close relationships with its reinsurers while closely monitoring counterparty risk of reinsurers on the panel to mitigate against the risk that CCI cannot recover an adequate portion of its claims losses.

c) Operational risk

Operational risk is the risk of loss arising from inadequate systems and controls, human error or management failure. The Group controls include recruitment policies, internal audit and system reviews, compliance monitoring, delegated authorities, segregation of duties, access controls, business recovery plans and authorisation and reconciliation procedures.

d) Capital and regulatory risk

The Company is subject to extensive prudential regulation and actively monitors its compliance obligations. Prudential regulation is designed to protect policyholders' interests and includes solvency, change in control and capital movement limitations. In addition, the Group aims to maintain a strong solvency order to support its business objectives and maximise shareholder wealth.

The Group manages its capital requirements by assessing capital levels on a monthly basis and this is reported to APRA. Its objectives are to maintain compliance with APRAs rules and regulations despite the PCR being outside the acceptable range, while closely managing its adjusted net asset value (excluding risk adjustments) and reporting on this basis also.

9. Financial risk

The operating activities of the Group expose it to market, credit and liquidity financial risks.

The risk management framework aims to minimise the impact of financial risks and adverse financial market movements on the Company's financial performance and position. A key objective of the risk management strategy is to ensure sufficient liquidity is maintained at all times to meet the Company's insurance claims and other debt obligations while ensuring investment returns are optimised to improve the Group's capital adequacy position.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises currency risk (due to fluctuations in foreign exchange rates), interest rate risk (due to fluctuations in market interest rates) and price risk (due to fluctuations in market prices).

(i) Currency risk

The Group and Company has no foreign currency exposures.

(ii) Interest rate risk

CCI invests in floating rate and fixed rate financial instruments. Interest rate movements expose CCI to cash flow risks (income) from floating rate investments and fair value risks (capital) for fixed rate investments.

Interest rate risk is managed by maintaining an appropriate mix between floating and fixed interest bearing deposits.

CCI has no interest bearing financial liabilities.

The maturity profile of the Group's financial assets and liabilities and effective weighted average interest rate are set out in note 35.

Sensitivity analysis of the potential impact of movements on the Group's income statement and equity is shown in note 9(e).

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (excluding interest rate or currency risks). Price risk may arise from factors affecting specific financial instruments, issuers, or all similar financial instruments traded on the market.

b) Credit risk

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

The following policies and procedures are in place to reduce CCIs credit risk exposure:

- The investment policy defines net exposure limits for financial instruments, counterparties, and minimum credit ratings. Compliance with the policy is monitored with exposures and breaches reported to the Board Asset & Liability Committee;
- Reinsurance receivables credit risk is actively monitored with strict controls maintained over counterparty exposures. Business is transacted with counterparties that have a strong credit rating and concentration of risk is avoided by adherence to counterparty limits;
- Premium receivables are principally with Catholic Church organisations. Credit risk is deemed low due to low default rates and strong relationships with Church leaders and organisations . The Company actively pursues the collection of premiums; and
- Expected credit losses assessed by management monthly.

(i) Credit exposure

The following tables provide information regarding the aggregate credit risk exposure of the Group and Company at the balance date in respect of the major classes of financial assets. The analysis classifies the assets according to Standard & Poor's counterparty credit ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB are classified as speculative grade. All premium receivables are unrated.

	AAA	AA	A	BBB	Below Investment Grade	Not Rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2024							
Consolidated							
Cash and cash equivalents*	-	27,325	88	-	-	-	27,325
Interest bearing investments**	155,946	338,550	44,597	1,903	-	-	540,996
Reinsurance contract assets held***	-	111,742	93,804	-	-	155	205,701
2023							
Consolidated							
Cash and cash equivalents*	-	70,160	144	-	-	-	70,304
Interest bearing investments**	309,483	283,465	48,808	-	-	-	641,756
Reinsurance contract assets held***	-	440,450	161,337	-	-	45	601,832

* Cash and cash equivalents include cash at bank, overnight cash and securities with the original maturity date less than 14-days that can be readily sold for same day settlement.

** Includes government and semi-government bonds, other fixed interest securities and unsecured notes in other corporations (refer note 20).

*** Includes current and non-current reinsurance and other recoveries on insurance contract liabilities. The BBB and speculative credit ratings associated with reinsurance and other recoveries is based on the historic recoverability associated with reinsurers in run-off. No reinsurers in our current program are rated below A-.

The credit exposure of the Company for year ended 30 June 2024 is synonymous with the Group. In 2023 the Group exposure for cash and cash equivalents where the AA rating for the Company is reported reduces by $2,276k.

(ii) **Asset carrying value**

The carrying amount of the asset classes shown below represents the maximum amount of credit exposure.

The following tables provide information regarding the carrying value of the Group's and Company's financial assets and the ageing of those that are past due.

		Past Due				
	Not Past Due	Less Than 3 Months	3 to 6 Months	6 Months to 1 year	Greater Than 1 Year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2024						
Consolidated						
Cash and cash equivalents	27,325	-	-	-	-	27,325
Reinsurance contract assets held[1]	205,701	-	-	-	-	205,701
Other receivables[2]	11,831	-	-	-	-	11,831
2023						
Consolidated						
Cash and cash equivalents	70,304	-	-	-	-	70,304
Reinsurance contract assets held[1]	543,229	24,295	18,266	16,042	-	601,832
Other receivables[2]	1,078	-	-	-	-	1,078

1 Includes reinsurance recoveries on LIC and reinsurance commission's receivable.

2 Includes levies refund receivable and sundry debtors.

CCI has no possessed collateral, impaired or renegotiated agreements in respect of impaired financial assets.

c) Liquidity risk

Liquidity risk is the risk that CCI will encounter difficulties selling assets in a timely manner to meet its obligations.

The investment policy requires a minimum percentage of investments be held in cash and short-term deposits to ensure sufficient liquid funds are available to meet insurance and other liabilities as they fall due for payment. In addition, the investment policy also includes a maximum threshold for illiquid assets, which is defined as any securities that cannot be redeemed or sold within 30 days. CCI has a strong liquidity position with no interest-bearing debt.

The Company limits the risk of liquidity shortfalls resulting from mismatch in the timing of claim payments and receipt of claim recoveries by negotiating cash call clauses in reinsurance contracts and seeking accelerated settlements for large claims.

The following tables summarise the maturity profile of financial liabilities of the Group and the Company based on the remaining undiscounted contractual obligations.

	Less Than 3 Months	3 Months to 1 Year	1 to 5 Years	Greater Than 5 Years	Total
Consolidated & Company	$'000	$'000	$'000	$'000	$'000
2024					
Other payables	-	-	-	-	-
Insurance contract liabilities-incurred claims	-	190,123	671,393	-	861,516
Lease Liabilities	1,375	924	3,206	-	5,505
2023					
Other payables	1,680	-	-	-	1,680
Insurance contract liabilities-incurred claims	-	598,373	764,829	-	1,363,202
Lease Liabilities	1,315	3,252	4,615	-	9,182

d) Concentration Risk

Concentration risk refers to the risk of being heavily exposed to a single issuer or counterparty that may lead to substantial losses that may not be fully recovered in a credit event.

CCI mitigates concentration risks by imposing maximum threshold limits on credit ratings, sectors, and ultimate parent company.

e) Sensitivity

The following table outlines the net profit and equity sensitivities to changes in interest rates and investment markets. These sensitivities are indicative only as they assume that the movement in a particular variable is independent of the other variables. The percentage movement in variables has been derived by taking into consideration the likelihood of these events occurring both in the context of the Company's business and the environment in which it operates. This same level of testing is used by the Company in determining a targeted solvency ratio.

		Financial Impact +/-			
		2024 Net Profit / (Loss)	2024 Equity	2023 Net Profit / (Loss)	2023 Equity
Market risk	**Movement in variable**	$'000	$'000	$'000	$'000
Interest rate	1%+/-	6,323/(6,323)	6,323/(6,323)	5,564/ (5,564)	5,564/ (5,564)
International Equities	10%+/-	-	-	592 / (592)	592 / (592)
Domestic Equities/ Unlisted Properties	10%+/-	3,443/ (3,443)	3,443/ (3,443)	5,481/ (5,481)	5,481/ (5,481)

10. Discontinued operations

On 25 January 2024 CCI and SG Hiscock & Company Limited (SGH) executed a Share Sale Agreement relating to the 100% shareholding of CCI Asset Management Limited (CCIAM) for sales price of $733k, of which $415k was paid on completion date and $318k contingent on a percentage of future client fees over the next three years. The contingent amount was calculated best estimate of the present value of future cashflows. The transaction was completed on 15 April 2024.

	2024 $'000	2023 $'000
Other Income	1,860	2,872
Other operating expenses	(1,860)	(2,227)
Profit/(Loss) for the year for discontinued operations	-	645

The net cash flows generated from the sale of CCIAM:

Cash received from the sale of the discontinued operations	-	415
Net cash inflow on date of disposal	-	415

11. Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held for 2024 and 2023 is included in the following tables. Additional information on amounts recognised in profit or loss is included in the insurance contract balances reconci liations in Note 12 and reinsurance contract balances reconciliations in Note 13.

	2024 $'000	2023 $'000
Insurance revenue	118,156	357,301
Insurance service expenses		
Incurred claims and other directly attributable expenses	(63,848)	(840,454)
Losses on onerous contracts and reversal of those losses	132	1,885
Total insurance service expenses	(63,716)	(838,569)
Total net income/(expenses) from reinsurance contracts held	(120,628)	174,304
Total insurance service result	(66,188)	(306,964)

12. Reconciliation of the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC)

	LfRC		LIC for contracts under the PAA		
	Excluding Loss comp	Loss Comp	Present value of future cash flows	Risk adjustment for non-financial risk	Total
2024	$'000	$'000	$'000	$'000	$'000
Opening insurance contract liabilities	(108,701)	(132)	(1,015,564)	(238,806)	(1,363,202)
Insurance revenue	118,156	-	-	-	118,156
Insurance service expense					
Incurred claims and other directly attributable expenses	-	-	(149,369)	85,840	(63,529)
Losses on onerous contracts and reversal of those losses	-	132	-	-	132
Allocation of acquisition cost in the period	(320)	-	-	-	(320)
Insurance service expenses	(320)	132	(149,369)	85,840	(63,716)
Finance expenses from insurance contracts issued	-	-	374	-	374
Total amounts recognised in comprehensive income	117,836	132	(148,992)	85,840	54,816
Cash flows					
Premiums received	(20,888)	-	-	-	(20,888)
Claims and related attributable expenses paid	-	-	453,678	-	453,678
Other attributable expenses paid	14,081	-	-	-	14,081
Total cash flows	(6,807)	-	453,678	-	446,871
Closing insurance contract liabilities	2,328	-	(710,878)	(152,966)	(861,516)

The total of LIC for PV CF and Risk Adjustment for non -financial risk reconciles to the Gross outstanding liabilities per the CDT tables from actuaries, $863,844K credit. The total of insurance contract liabilities including both incurred and remaining overage as at 30 Jue 2024 was $861,516K credit. The majority of the LfRC as at 30 June 2024 consists of debtors, therefore, it's a positive balance.

	LfRC		LIC for contracts under the PAA		
	Excluding Loss comp	Loss Comp	Present value of future cash flows	Risk adjustment for non-financial risk	Total
2023	$'000	$'000	$'000	$'000	$'000
Opening insurance contract liabilities	(93,533)	(2,017)	(1,022,247)	(159,679)	(1,277,475)
Insurance revenue	357,301	-	-	-	357,301
Insurance service expense					
Incurred claims and other directly attributable expenses	-	-	(748,711)	(79,128)	(827,839)
Losses on onerous contracts and reversal of those losses	-	1885	-	-	1,885
Allocation of acquisition cost in the period	(12,615)	-	-	-	(12,615)
Insurance service expenses	(12,615)	1,885	(748,711)	(79,128)	(838,569)
Finance expenses from insurance contracts issued	-	-	(514)	-	(514)
Total amounts recognised in comprehensive income	344,686	1885	(749,225)	(79,128)	(481,782)
Cash flows					
Premiums received	(369,302)	-	-	-	(369,302)
Claims and related attributable expenses paid	-	-	755,910	-	755,910
Other attributable expenses paid	9,448	-	-	-	9,448
Total cash flows	(359,854)	-	755,910	-	396,056
Closing insurance contract liabilities	(108,701)	(132)	(1,015,562)	(238,807)	(1,363,202)

The total of LIC for PV CF and Risk Adjustment for non -financial risk reconciles to the Gross outstanding liabilities per the CDT tables from actuaries, $1,254,370K credit. The Total of insurance contract liabilities including both incurred and remaining overage as at 30 June 2023 was $1,363,202K credit.

13. Reconciliation of the measurement components of reinsurance contracts held

	Asset for remaining coverage	Assets for incurred claims		
	Remaining coverage	Precent value of future cash flows	Risk adjustment for non-financial risk	Total
2024	$'000	$'000	$'000	$'000
Opening reinsurance contract assets	61,955	432,810	107,067	601,832
Allocation of reinsurance expense	(28,600)	-	-	(28,600)
Recoveries of incurred claims and other insurance service expenses	-	(11,174)	(80,854)	(92,028)
Net income/(expense) from reinsurance contracts held	(28,600)	(11,174)	(80,854)	(120,628)
Finance income from reinsurance contracts held	-	(94)	-	(94)
Total amounts recognised in comprehensive income	(28,600)	(11,268)	(80,854)	(120,722)
Cash flows				-
Premiums paid	47,589	-	-	47,589
Recoveries from reinsurance	-	(322,998)	-	(322,998)
Total cash flows	47,589	(322,998)	-	(275,409)
Closing reinsurance contract assets	80,944	98,544	26,213	205,701

The total of AIC for PV CF and Risk Adjustment for non-financial risk reconciles to the Net Reinsurance recovery per the Net CDT tables from Appointed actuaries, $124,756K debit. The total of reinsurance contracts held assets including both incurred and remaining coverage as at 30 June 2024 was $205,701K debit.

	Asset for remaining coverage	Assets for incurred claims		
	Remaining coverage	Precent value of future cash flows	Risk adjustment for non-financial risk	Total
2023	$'000	$'000	$'000	$'000
Opening reinsurance contract assets	79,199	403,047	71,449	553,695
Allocation of reinsurance expense	(152,279)	-	-	(152,279)
Recoveries of incurred claims and other insurance service expenses	-	290,965	35,618	326,583
Net income/(expense) from reinsurance contracts held	(152,279)	290,965	35,618	174,304
Finance income from reinsurance contracts held	-	163	-	163
Total amounts recognised in comprehensive income	(152,279)	291,128	35,618	174,467
Cash flows				
Premiums paid	135,035	-	-	135,035
Recoveries from reinsurance	-	(261,365)	-	(261,365)
Total cash flows	135,035	(261,365)	-	(126,330)
Closing reinsurance contract assets	61,955	432,810	107,067	601,832

The total of AIC for PV CF and Risk Adjustment for non-financial risk reconciles to the Net Reinsurance recovery per the Net CDT tables from Appointed actuaries, $474,496K debit. The total of reinsurance contracts held assets including both incurred and remaining coverage as at 30 June 2023 was $601,832K debit.

13.a

The following tables show the development of gross and net undiscounted central estimates (excluding claims handling expenses) of the liabilities for incurred claims (LIC) relative to the ultimate expected claims for the ten most recent accident years.

Gross claims development	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of accident year	1,086,067	47,084	51,292	57,069	59,720	67,752	61,495	71,622	84,677	13,451	1,600,229
One year later	1,074,179	49,241	50,263	52,941	62,598	68,774	71,452	80,121	95,913		1,605,482
Two years later	1,095,642	49,209	47,709	53,523	58,100	66,717	81,491	80,207			1,532,597
Three years later	1,117,440	43,753	44,749	51,624	62,342	73,267	90,431				1,483,605
Four years later	1,221,340	42,932	44,211	56,043	67,859	83,025					1,515,410
Five years later	1,422,942	41,345	46,966	58,183	77,682						1,647,119
Six years later	1,656,017	42,095	49,919	61,471							1,809,502
Seven years later	1,573,110	42,806	49,405								1,665,321
Eight years later	1,871,646	44,433									1,916,079
Nine years later	2,184,716										2,184,716
Current estimate of cumulative claims cost	2,184,716	44,433	49,405	61,471	77,682	83,025	90,431	80,207	95,913	13,451	2,780,735
Cumulative payments	1,726,661	42,292	47,542	52,096	58,544	59,043	55,718	39,279	33,148	2,174	2,116,498
Outstanding claims - undiscounted	458,056	2,141	1,862	9,375	19,138	23,982	34,713	40,928	62,764	11,277	664,236
Discount	-68,836	(149)	(228)	(999)	(3,353)	(2,864)	(3,599)	(4,815)	(7,805)	(1,218)	(93,866)
Outstanding Claims	389,220	1,992	1,634	8,375	15,784	21,118	31,114	36,113	54,960	10,060	570,370
Short Tail											108,402
Claims handling expenses											32,105
Risk Adjustment											152,966
Gross provision											863,844

Net claims development	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of accident year	941,053	46,689	50,722	56,854	59,477	64,254	60,555	69,882	82,229	12,248	1,443,964
One year later	928,227	48,894	49,979	52,686	62,037	67,522	69,805	79,004	91,204		1,449,358
Two years later	946,670	48,909	47,416	53,255	55,855	64,995	79,907	78,835			1,375,842
Three years later	961,848	43,066	44,546	49,647	60,440	71,661	89,984				1,321,192
Four years later	1,045,320	42,688	43,434	54,007	67,600	82,549					1,335,598
Five years later	1,211,520	41,054	46,183	58,123	76,413						1,433,293
Six years later	1,397,890	41,805	48,711	61,447							1,549,853
Seven years later	1,339,586	42,247	48,733								1,430,565
Eight years later	1,490,197	43,955									1,534,152
Nine years later	1,997,500										1,997,500
Current estimate of cumulative claims cost	1,997,500	43,955	48,733	61,447	76,413	82,549	89,984	78,835	91,204	12,248	2,582,867
Cumulative payments	1,545,784	41,813	46,870	52,072	58,499	58,567	55,378	38,968	31,289	2,158	1,931,398
Outstanding claims - undiscounted	451,716	2,141	1,862	9,375	17,914	23,982	34,606	39,867	59,915	10,091	651,469
Discount	(67,775)	(149)	(228)	(999)	(3,055)	(2,864)	(3,589)	(4,699)	(7,473)	(1,089)	(91,920)
Outstanding Claims	383,941	1,992	1,634	8,375	14,859	21,118	31,017	35,168	52,442	9,002	559,550
Short Tail											20,680
Claims handling expenses											32,105
Risk Adjustment											126,753
Net provision											739,088

Net of third party and gross of reinsurance recoveries.

14. Insurance service result from insurance contracts issued

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Direct	113,990	349,042	113,990	349,042
Fire service levies	4,166	8,259	4,166	8,259
Premium revenue	118,156	357,301	118,156	357,301
Insurance Service Expenses	(63,716)	(838,569)	(63,716)	(838,569)
Net premium revenue	54,440	(481,268)	54,440	(481,268)

15. Net expenses from reinsurance contracts held

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Allocation of reinsurance expense				
RI Commission & Brokerage	(5,375)	(16,564)	(5,375)	(16,564)
Movement in Unearned RI Commission	(4,707)	(5,157)	(4,707)	(5,157)
RI Ceded	1,184	158,078	1,184	158,078
RI Movement in Unearned Premium	37,242	13,865	37,242	13,865
Reinsurance cost Allocation	256	2,057	256	2,057
Total	28,600	152,279	28,600	152,279
Amounts recovery from reinsurance				
RI Recoveries Received	(344,860)	(191,691)	(344,860)	(191,691)
RI Recoveries Allowance	(72,320)	37,214	(72,320)	37,214
RI Excess of Loss	509,302	(172,269)	509,302	(172,269)
Discounting impact on Reinsurance contracts held	(94)	163	(94)	163
Total	92,028	(326,583)	92,028	(326,583)
Total	120,628	(174,304)	120,628	(174,304)

16. Investment income changes in fair value

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Dividend Income	2,016	3,279	4,931	3,279
Interest income	20,838	30,588	20,838	30,588
Unrealised gains / (losses) on investments	(4,393)	(1,578)	(4,393)	(1,578)
Realised gains / (losses) on investments	5,351	536	5,351	536
Total	23,812	32,825	26,727	32,825

17. Insurance financial result

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Accretion on Interest from Insurance Contracts	374	(514)	374	(514)
Accretion on Interest from Reinsurance Contracts	(94)	163	(94)	163
Total	280	(351)	280	(351)

18. Other operating expenses

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Gain/loss from Asset	1,437	(286)	1,437	(286)
Loss on Asset Impairment	3,215	1,569	3,215	1,569
Strategic and not Attributable Cost allocation	7,729	15,588	5,869	13,361
Total	12,381	16,871	10,521	14,644

19. Cash and cash equivalents

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Cash and cash equivalents comprises:				
- Cash at call	27,325	70,304	27,325	68,027
Total	27,325	70,304	27,325	68,027
Reconciliation of cash				
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance Sheet as follows:				
– Cash	27,325	70,304	27,325	68,027
Total	27,325	70,304	27,325	68,027

The group has a combined bank overdraft facility of $150,000 (2023: $150,000).
This facility was unused at 30 June 2024 (2023: Unused).

20. Financial assets

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
- Government and semi-government bonds	232,371	514,802	232,371	514,802
- Discount securities	62,995	78,372	62,995	78,372
- Other fixed interest securities	245,630	48,582	245,630	48,582
- Shares in other corporations	-	14,484	-	14,484
- Units in other unit trusts	-	5,916	-	5,916
- Units in property unit trusts	34,435	40,328	34,435	40,328
- Accrued Interest	3,359	5,290	3,359	5,290
Total Investments	578,790	707,774	578,790	707,774

21. Other receivables

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Levy refunds (i)	11,802	-	11,802	-
Sundry debtors (ii)	29	1,078	29	240
Total	11,831	1,078	11,831	240

(i) Levy refunds relate to NSW ESL refunds for FY24 which were required to be paid but are fully refundable.
(ii) Sundry debtors are recognised when the entities right to receive the payment is established.

22. Current Tax Assets

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Imputation credits	124	439	124	439
Total	124	439	124	439

23. Plant and equipment

Group & Company	Right of Use Asset $'000	Motor Vehicles $'000	Office Equipment $'000	Allocated Equipment + Office used hardware $'000	Leasehold Improvements $'000	Total $'000
Year ended 30 June 2024						
Balance at 1 July 2023	22,184	2,677	2,461	8,627	4,058	40,007
Additions	880	151	-	111	-	1,142
Disposals	-	(2,178)	(2,461)	(5,611)	(4,058)	(14,308)
Impairments	(20,661)	-	-	-	-	(20,661)
Balance at 30 June 2024	2,403	650	-	3,127	-	6,180
Accumulated depreciation						
Balance at 1 July 2023	(15,216)	(938)	(1,673)	(7,899)	(2,924)	(28,650)
Disposal	-	955	1,873	5,456	3,224	11,508
Impairments	17,446	-	-	-	-	17,446
Adjustment	30	-	-	-	-	30
Depreciation charge for the year	(3,632)	(308)	(200)	(426)	(300)	(4,866)
Balance at 30 June 2024	(1,372)	(291)	-	(2,869)	-	(4,532)
Net carrying amount at 30 June 2024	1,031	359	-	258	-	1,648

There has been no change to depreciation rates or useful lives at 30 June 2024. The balance of plant and equipment for the Group is the same as the Company.

• CCI's Melbourne Office at 485 La Trobe Street, was vacated in May 2024, with the lease expiring in September 2024. As the carrying value of the right-of-use assets for both this lease and the Sydney office lease at 309 Kent Street exceeded the calculated recoverable amount, the assets were fully impaired and recognised in profit or loss. (Total $3,215k, Sydney office - $2,652k and Melbourne office - $589k)

	Group & Company					
	Right of Use Asset	Motor Vehicles	Office Equipment	Allocated Equipment + Office used hardware	Leasehold Improvements	Total
Plant and equipment	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2023						
Balance at 1 July 2022	22,543	2,539	2,486	8,335	4,138	40,041
Additions	851	1,005	-	430	-	2,286
Adjustments	-	70	-	-	-	70
Disposals	(931)	(937)	-	-	-	(1,868)
Impairments	(279)	-	(25)	(138)	(80)	(522)
Balance at 30 June 2023	22,184	2,677	2,461	8,627	4,058	40,007
Accumulated depreciation						
Balance at 1 July 2022	(11,514)	(407)	(1,405)	(7,407)	(2,500)	(23,233)
Depreciation charge for the year	(3,702)	(531)	(268)	(492)	(424)	(5,417)
Balance at 30 June 2023	(15,216)	(938)	(1,673)	(7,899)	(2,924)	(28,650)
Net carrying amount at 30 June 2023	6,968	1,738	788	728	1,134	11,357

24. Intangible

Group and Company

Year ended 30 June 2024

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Computer Software
Gross carrying amount	**$'000**
Balance at 1 July 2023	16,180
Additions	-
Work In Progress	-
Disposals	-
Impairment	(12,029)
Balance at 30 June 2024	4,151
Accumulated amortisation	
Balance at 1 July 2023	(15,950)
Amortisation charge for the year	11,968
Disposals	-
Balance at 30 June 2024	(3,982)
Net carrying amount at 30 June 2024	169

Year ended 30 June 2023

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Computer Software
Gross carrying amount	**$'000**
Balance at 1 July 2022	17,227
Additions	-
Work In Progress	-
Disposals	-
Impairment	(1,047)
Balance at 30 June 2024	16,180
Accumulated amortisation	
Balance at 1 July 2022	(13,616)
Amortisation charge for the year	(2,334)
Disposals	-
Balance at 30 June 2023	(15,950)
Net carrying amount at 30 June 2023	230

The balance of intangible assets for the Group is the same as the Company.

(a) Description of the group's intangible assets

Computer software

Software that is not integral to the operation of hardware and includes externally purchased software, internally generated software and licences. The balance of Computer Software for the Group is the same as the Company.

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
25. Other payables				
Levies and Charges Payable	-	1,680	-	1,680
	-	1,680	-	1,680
26. Provisions				
Current				
Catholic entity distributions	-	200	-	-
Provision For Onerous Contract	757	8,650	757	8,650
Provision for Office Make Good	900	-	900	-
Total	1,657	8,850	1,657	8,850
Non-current				
Provision for Office Make Good	563	1,930	563	1,930
Total	563	1930	563	1,930
Total Provision	2,220	10,780	2,220	10,580

	Group & Company			
	Catholic Entity Distributions	Make good Premises	Onerous Contract	Total
Year ended 30 June 2024	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2023	200	1,930	8,650	10,780
Additional provisions	-	-	-	-
Amounts utilised during the year	(200)	(467)	(7,893)	(8,560)
Carrying amount at 30 June 2024	-	1,463	757	2,220

	Group & Company			
	Catholic Entity Distributions	Make good Premises	Onerous Contract	Total
Year ended 30 June 2023	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2022	197	1017	-	1,214
Additional provisions	200	913	8,650	9,763
Amounts utilised during the year	(197)	-	-	(197)
Carrying amount at 30 June 2023	200	1,930	8,650	10,780

Catholic entity distributions and grants

The Group operates under mutual principles and at the end of each year a provision is raised for the payment of Catholic entity distributions to Catholic Church policyholders where certain criteria have been met. The amount allocated each year is approved by the Board of Directors.

These distributions are very unlikely to occur in the future but will be reviewed at the end of the run-off providing all liabilities, scheme and non-scheme, have been paid in full.

Make good of premises

This provision is required as part of the Company's occupancy contract which requires all leased premises to be returned to a vacant shell upon expiry or termination of the lease. During the financial year the Melbourne office was vacated and the makegood provision was agreed at $900k, which was $467k less than the provision held. Therefore this amount was released to the profit and loss.

This amount represents the best estimate of the future sacrifice of economic benefits that will be required to return the premises to a vacant shell.

Onerous Contracts on IT system contracts

The provision is required as a result of the ceasing all development and implementation work on the core underwriting system replacement. The amount represents the best estimate of contractual exit costs associated with the project,
noting that $7,893k was paid during the year leaving the provision at $757k at the year-end.

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
27. Lease Liabilities				
Lease liabilities	5,505	9,182	5,505	9,182
Total	5,505	9,182	5,505	9,182

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
28. Contributed Equity				
Share Capital	179,333	179,333	179,333	179,333
Total Contributed equity	179,333	179,333	179,333	179,333

	2024		2023	
	Number of shares	$'000	Number of shares	$'000
Issued shares, fully paid at 1 July	12,189,946	179,333	12,189,946	179,333
Issued shares, fully paid at 30 June	12,189,946	179,333	12,189,946	179,333

Terms and conditions of contributed equity

Fully paid ordinary shares and subscription shares carry one vote per share and carry the right to dividends. In the event of winding up, the Company shareholders have the right to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

29. Director and executive disclosures

(a) Details of key management personnel

(i) Directors

The names of persons who were Directors of Catholic Church Insurance Limited at any time during the year or until the date of this report are as follows:

Ms Joan Fitzpatrick (Chairman)

Mr Eamonn Cunningham

Mr Noel Condon

Mr Matthew Doquile

Mr David Issa

Mr Gregory Cooper (Resigned December 2023)

Reverend Dr Philip Marshall (Resigned December 2023)

Sr Mary Ellen O'Donoghue (Resigned December 2023)

(ii) Executive Officers

Tim Farren

Paul Smith

Sally Stares

Janelle Howell

Damien Farrugia

Rob Scenna (Redundancy March 2024)

Jeremy Yipp (Redundancy March 2024)

Kath Young (Redundancy March 2024)

Rosalyn Davies (Redundancy October 2023)

Claudio Battilana (Redundancy September 2023

Ruvimbo Tagwira (Redundancy March 2024)

Dion Gooderham (Redundancy January 2024)

David Hutton (Redundancy March 2024)

(b) Compensation of key management personnel

(i) The compensation policy is disclosed in the Directors' Report.

(ii) Compensation of key management personnel by category is as follows:

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Directors				
Short-term	663	610	656	600
Post employment	13	23	12	23
	676	633	668	623

The short-term category includes salary, fees and cash bonuses. The post employment category includes superannuation and retirement benefits.

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Executives				
Short-term	5,886	5,195	5,886	5,195
Post employment	5,591	391	5,591	391
Other long-term	189	191	189	191
	11,666	5,777	11,666	5,777

The short-term category includes salary, fees and cash bonuses. The post employment category includes superannuation and termination packages inclusive of motor vehicles. The other long term category includes accrued long service leave whether or not the executive has reached the entitlement date.

Executive remuneration includes termination in lieu of notice payments of $4,711k (2023: $147k).

(c) Shareholdings of key management personnel

As at 30 June 2023 and 30 June 2024, no directors held shares in Catholic Church Insurance Limited.

(d) Loans to key management personnel

There are no loans to key management personnel.

30. Related parties

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Wholly owned group transactions				
The entities within the wholly owned Group are Catholic Church Insurance Limited (parent), and CCI Asset Management Limited (subsidiary). Catholic Church Insurance Limited is the ultimate parent entity.				
Back office administration and corporate overhead expenses charged to CCI Asset Management Limited	1,859	1,936	1,859	1,936
Balance of intercompany receivable from CCI Asset Management Limited	-	129	-	129
Management fees for the reporting period paid by the trusts to CCI Asset Management Limited				
Catholic Values Unit Trust	618	1,223	618	1,223
Income Unit Trust	152	266	152	226

All transactions with Group entities, KMP, their related entities and other related parties are conducted in the ordinary course of business on normal commercial terms and conditions no more favourable than those given to other employees and customers. These transactions principally involve the provision of financial and insurance services.

31. Auditors remuneration

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Amounts received or due and receivable by Ernst & Young Australia for:				
(a) an audit or review of the financial report of the entity and any other entity in the group	414	746	414	734
(b) other services in relation to the entity and any other entity in the group	189	191	189	191
– Taxation services	-	-	-	-
– Other services	33	101	29	-
Total other services	33	101	29	-

Other services relates to the funds distribution review of the CCI Asset Management controlled trusts, GS007 audit, and actuarial peer review.

32. Statement of cash flows

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Reconciliation of cash flow from operations with profit / (loss) from ordinary activities				
Profit from ordinary activities	(51,823)	(286,710)	(48,908)	(287,355)
Changes in net market value of investments	(1,629)	(1,820)	1,286	(1,820)
Dividends paid	2915	-	-	-
Interest on lease liabilities	54	397	54	397
Depreciation of assets	4,866	7,718	4,866	7,718
Impairment of assets	3,215	1,569	3,215	1,569
Profit/(loss) on sale of assets	1,437	(286)	1,437	(286)
Changes in grants and Catholic Entity Distributions	-	3	-	-
Decrease/Increase in Finance income/expenses	840	-	-	(351)
(Decrease)/increase in insurance contract Assets	(502,591)	-	(502,591)	22,623
Decrease/(increase) in reinsurance contract assets	397,037	3,336	397,037	(123,807)
Decrease/(increase) in other receivables	(13,299)	86,632	(13,299)	2,376
(Decrease)/increase in insurance contract liabilities	(467)	(51,738)	(467)	86,619
Decrease/(increase) in reinsurance contract Liability	(8,093)	165	(7,893)	48,199
(Decrease)/increase in other payables	-	8,444	-	1,357
(Decrease)/increase in provision	-	-	-	8,659
Decrease in GST tax provision	-	-	-	1,369
Cash flow from operating activities	(167,538)	(232,290)	(165,263)	(232,733)

33. Controlled entities

Name of Entity	Country of incorporation	Ownership Interest 2024 %	Ownership Interest 2023 %	Investment 2024 $'000	Investment 2023 $'000
Parent entity					
Catholic Church Insurance Limited	Australia	-	-	-	-
Controlled entity					
CCI Asset Management Limited	Australia	-	100	-	-
CCI GF Pty Limited	Australia	100	100	-	-

CCI sold its shares in CCIAM to SG Hiscock & Company Limited year end 30 June 2024.

34. Capital adequacy

The Australian Prudential Regulation Authority's (APRA's) prudential standards set out the basis for calculating the Prescribed Capital Requirement (PCR) of licensed insurers. The PCR assumes a risk-based approach in calculating a Company's solvency and is determined as the sum of the insurance, asset, investment concentration and catastrophe risk capital charges.

The group has at all times during the current and prior financial year complied with the externally imposed capital requirements to which they are subject.

The PCR of the Company applying consolidation principles to the prudential standards is as follows:

	2024 $'000	2023 $'000
Tier 1 capital		
Paid-up ordinary shares	179,333	179,333
Retained earnings at end of reporting period	(222,985)	(168,372)
Premium liability surplus	13	19,036
Net tier 1 capital	(43,639)	29,997
Less net intangible assets	(169)	(230)
Less assets under a fixed or floating charge	(36,784)	-
Total capital base	(80,592)	29,767
Prescribed capital requirement	387,806	217,558
Prescribed capital amount coverage	(20.78%)	13.68%

The group does not hold any tier 2 capital.

35. Additional financial instruments disclosure

(a) Significant accounting policies

Details of the significant 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 and equity instrument are disclosed in note 2 of the financial statements. Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.particularly competition and movements in asset values.

(b) Interest rate risk

The following table details the economic entity's exposure to interest rate risk at the reporting date.

2024	Fixed Interest Rate Maturity – Group & Company						
	Average Interest Rate %	Variable Interest $'000	Less Than 1 Year $'000	1 to 5 Years $'000	More Than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial assets							
Cash assets*	4.04	27,325	-	-	-	-	27,325
Discount securities	4.58	62,995	-	-	-	-	62,995
Other receivables	-	-	-	-	-	11,831	11,831
Reinsurance Recoveries	-	-	-	-	-	205,701	205,701
Government and semi-government bonds	2.99	-	74,335	141,148	16,887	-	232,370
Other fixed interest securities	5.44	-	75,053	153,330	17,248	-	245,631
Shares, options & trusts	-	-	-	-	-	34,435	34,435
Total		86,922	149,388	294,478	34,135	255,365	820,288
Financial liabilities							
Creditors	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

* CCI holds a bank guarantee of $700,000 (2023 $700,000) with NAB, which sits as a term deposit in relation to the Sydney office lease.

2023	Fixed Interest Rate Maturity – Group & Company						
	Average Interest Rate %	Variable Interest $'000	Less Than 1 Year $'000	1 to 5 Years $'000	More Than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial assets							
Cash assets	3.88	70,304	-	-	-	-	70,304
Discount securities	4.32	78,372	-	-	-	-	78,372
Other receivables	-	-	-	-	-	1,078	1,078
Reinsurance Recoveries	-	-	-	-	-	601,832	601,832
Government and semi-government bonds	3.46	-	357,132	157,670	-	-	514,802
Other fixed interest securities	4.49	-	29,008	19,574	-	-	48,582
Shares, options & trusts	-	-	-	-	-	60,728	60,728
Total		148,676	386,140	177,244	-	663,638	1,375,698
Financial liabilities							
Creditors	-	-	-	-	-	1,680	1,680
Total	-	-	-	-	-	1,680	1,680

36. Fair value hierarchy

The table below sets out the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy.

Consolidated as at 30 June 2024	Quoted Market Price (Level 1) $'000	Valuation Technique-Market Observable inputs (Level 2) $'000	Valuation Technique-Non Market Observable inputs (Level 3) $'000	Total $'000
Financial assets				
– Government and semi-government bonds	232,370	-	-	232,370
– Discount securities		62,995	-	62,995
– Other fixed interest securities	245,631	-	-	245,631
– Shares in other corporations	-	-	-	-
– Units in other unit trusts	-	-	-	-
– Units in property unit trusts	-	-	34,435	34,435
Total	478,001	62,995	34,435	575,431

Transfer between categories

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the year.

Consolidated as at 30 June 2023	Quoted Market Price (Level 1) $'000	Valuation Technique-Market Observable inputs (Level 2) $'000	Valuation Technique-Non Market Observable inputs (Level 3) $'000	Total $'000
Financial assets				
– Government and semi-government bonds	514,802	-	-	514,802
– Discount securities		78,372	-	78,372
– Other fixed interest securities	48,582	-	-	48,582
– Shares in other corporations	14,484	-	-	14,484
– Units in other unit trusts	-	5,916	-	5,916
– Units in property unit trusts	-	-	40,328	40,328
Total	577,868	84,288	40,328	702,484

Level 1

Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between categories

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements during the year.

Reconciliation of Level 3 fair value movements	Group & Company 2024 $'000	Group & Company 2023 $'000
Opening balance	40,328	41,280
Total gains and losses		
– Realised	(3)	-
– Unrealised	(5,620)	(952)
Sales	(270)	-
Closing balance	34,435	40,328

Total gains and losses from level 3 fair value movements have been recognised in the statement of comprehensive income in the line item Net "Income/(loss) from other financial instruments at FVTPL" . See note 16 Investment Income.

Descriptions of significant unobservable inputs to valuation

Investment Type	Valuation Technique	Unobservable Input
Units in property unit trusts	Net Tangible Asset	Net Tangible Asset

The potential effect of using reasonable alternative assumptions based on a relevant input by 10% would have the effect of reducing the Level 3 fair value by up to $3,444 (2023: $4,032) or increase the Level 3 fair value by $3,444 (2023: $4,032).

37. Contingent liability

The Company had unallocated capital of $nil (2023: $395,901) in its previously wholly owned subsidiary CCI Asset Management.

38. Events occurring after the reporting period

Subsequent to the end of the financial period, the events and matters set out below are relevant to the entity's future financial periods.

Creditors Scheme of Arrangement

As at 30 June 2024 the value of the Company's liabilities were greater than its assets (measured on an accounting basis, and with the provision for insurance contract liabilities including the "Risk Adjustments") by an amount of negative $43.7 million (positive $83.1 million excluding Risk Adjustment of $126.8 million), on an unconsolidated basis.

In order to manage uncertainty and mitigate the risk of potentially being the subject of an insolvency process, such as administration or a winding up, the Company has in place a court approved Scheme of Arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (Act) with certain of its creditors as a precaution to ensure an orderly and equitable run-off and certainty into the future ("the Scheme"). Policyholders subject to the Scheme voted in favour of the Scheme on 31 October 2023, and was approved by the Federal Court of Australia on 3 November 2023, ensuring the scheme became effective.

The Scheme binds all persons who have or may have a valid claim under or in connection with an Insurance Contract. This includes the policyholder of the Insurance Contract and other persons entitled by the terms of the contract or by statute to bring a claim in respect of the contract, which may include, for example, where the party insured by the Company has died, been deregistered, or cannot be found. For further information in relation to the Scheme, refer to the Explanatory Statement in relation to the Scheme dated 27 September 2023 and made available on CCI's website.[2]

A Scheme of Arrangement is an arrangement between a company and some or all of its creditors as prescribed by Part 5.1 of the Act. The Company has in place a Scheme in respect of the Scheme Creditors, being the persons having claims under or in connection with the Insurance Contracts.

The Scheme has been designed to ensure that claims continue to be handled in as orderly a manner as possible in the event of further deterioration in the financial position of the Company.

The Scheme will operate through two periods:

a) first, the Initial Scheme Period. The Initial Scheme Period starts on the date that the Scheme becomes Effective and ends on the date that an event, called a Trigger Event, occurs (the Trigger Date); and

b) second, the Reserving Period (if required). The Reserving Period starts on the Trigger Date and ends on the date that the Scheme terminates.

A Trigger Event occurs if Board has concluded that in its opinion, disregarding the effect of the Scheme on the Company:

a) the Company would be insolvent, or would be likely to become insolvent, at some future time (in each case as defined in section 95A of the Act); and/or

b) the value of the Company's assets would be, or would be likely to become, less than its liabilities taking into account its contingent and prospective liabilities.

For the purposes of this definition, "liabilities" means the Company's liabilities as recorded in its statement of financial position but excludes:

(i) Risk Margin; and

(ii) any Shareholder Funding.

During the Initial Scheme Period, the Company will operate on the same basis as it does now. That means that Scheme Creditors can make claims under or in connection with a relevant Insurance Contract in the same way as they do now. The Company will assess if the Scheme Creditor's claim is valid and, if valid, the amount payable by the Company in respect of it (such amount being an Established Scheme Liability). The Company will then pay any such Established Scheme Liability in full in accordance with the terms as set out in the relevant Insurance Contract.

If at any point the Board concludes that a Trigger Event has occurred, then the Initial Scheme Period will end and the Reserving Period will commence.

If a Trigger Event occurs, known Scheme Creditors will be notified by email and an advertisement will be placed in a newspaper which is circulated throughout Australia, which is expected to be The Australian newspaper. Notice will also be given to the Creditors' Committee, APRA, ASIC and the Scheme Advisers.

During the Reserving Period, Scheme Creditors will continue to be entitled to make an insurance claim under their Insurance Contract in the same way as they do now and the Company will assess that claim. However, where the Company determines that a Scheme Creditor has an Established Scheme Liability, the Company will no longer pay it in full at that time. Instead, once a Payment Percentage has been set by the Scheme Advisers, the Company will pay a percentage of the Established Scheme Liability reflecting the Payment Percentage.

Therefore after the reporting period the Trigger Event has not occurred due to the adjusted net asset value of the group being a positive $83.1m, after adding back the Risk Adjustment of $126.8m as allowed by regulatory exemptions from certain components of the Insurance Act 1973 (Cth) ("Insurance Act"),

State Insurance Regulatory Authority NSW (SIRA) – Security for Outstanding Claims Liability

CCI is in ongoing discussions with SIRA to ensure that the security held by SIRA is sufficient to provide ongoing entitlements and support to workers. SIRA has expressed concern as to the adequacy of the liabilities and potential for future deterioration. In response, SIRA adjusted its security requirement to a 95% Probability of Adequacy (POA). The current security held by SIRA is $181.7m but on 6 September 2024 this amount was increased to $209.6m.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

39. Other matters

Professional Standards Claims

The estimation of the outstanding claims liability arising from abuse claims (referred to as Professional Standards claims) under the public liability insurance contracts is a critical accounting estimate. The latent nature of these claims is such that there is significant uncertainty as to (i) the ultimate total number of claims,(ii) the amounts that such claims will be settled and (iii) the timings of any payments.

The appointed actuary has discussed with management and the Board the key assumptions and judgements used in determining the inputs into the valuation in order to consider the adequacy of the liability.

In addition, the introduction of the National Redress Scheme in 2018 has resulted in a significant increase in the number of reported claims and significant uncertainty in establishing the potential exposure in order to predict the exposure to abuse related claims.

As such there has been limited data (both historical and forward looking), which impacts on the ability of the appointed actuary to model this interaction, which has required considerable professional judgement in determining assumptions around the future number of Professional Standards claims.

Based on the available information, CCI had a total net incurred claims expense of $131.3m for the year, made up of paid claims and movements in outstanding claims of which $78.4m is attributable to Professional Standards. CCI is satisfied that the reserving process and outcomes were robust and well managed and that the overall reserves set were reasonable as disclosed in note 12 & 13.

Directors' Declaration

In accordance with a resolution of the Directors of Catholic Church Insurance Limited, I state that: In the opinion

of the Directors:

(a) the financial statements and notes of the Company and Group are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2024 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Australian Charities and Not-for-profits Regulation 2013;

(b) the financial statements and notes also comply with the Australian equivalent of International Financial Reporting Standards as disclosed in note 2(b) 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.

On behalf of the Board

J Fitzpatrick, Director
Melbourne, 30 September 2024

Independent Auditor's Report

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the members of Catholic Church Insurance Limited

Opinion

We have audited the financial report of Catholic Church Insurance Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises:

- the Group consolidated and Company statements of financial position as at 30 June 2024;
- the Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- notes to the financial statements, including material accounting policy information; and
- the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2024 and of their financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 Group in accordance with the ethical requirements of the Accounting Professional and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net operating cash outflow of $168million and a net loss of $52 million for the year ended 30 June 2024. The Company has put in place a court approved scheme with certain creditors to ensure an orderly run-off and certainty into the future. As described in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Building a better working world

2

Emphasis of matter: Professional standards liability for incurred claims

We draw attention to Note 39 of the financial statements which describes the significant uncertainty in estimating the liability for incurred claims for professional standards claims and the impact thereof on the financial position of the Company. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better working world

3

- 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Ernst & Young

Emma Reekie
Partner
Melbourne
30 September 2024

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Corporate Information

Annual Financial Report for year ended June 2024

Directors

Ms Joan Fitzpatrick (Chairman)

Mr Eamonn Cunningham

Mr Noel Condon

Mr Matthew Doquile

Mr David Issa

Company Secretary

Ben Carruthers

Senior Leadership Team

Tim Farren - Chief Executive Officer

Paul Smith - Chief Financial Officer

Sally Stares - General Manager, People & Culture

Janelle Howell - Chief Risk Officer

Damien Farrugia - Chief Technology Officer

Catholic Church Insurance Limited

ABN 76 000 005 210
AFSL No. 235415

Registered Office and Principal Place of Business

Suite 2103, 555 Collins Street, Melbourne, VIC 3000

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Vic 3000

CCI
Catholic Church Insurance

Catholic Church Insurance Limited
ABN 76 000 005 210
AFSL No. 235415

1800 011 028
www.ccinsurance.org.au