

# Southern Cross Medical Care Society Group

2024 Annual Report – Summary



**Southern Cross  
Health Insurance**

With you

This summary, together with the full financial statements, constitute the Annual Report of the Southern Cross Medical Care Society and its wholly owned subsidiary investments for the purposes of the Southern Cross Medical Care Society Rules. For a copy of the full Financial Statements please visit [southerncross.co.nz/annualreport](https://southerncross.co.nz/annualreport).

[southerncross.co.nz/society](https://southerncross.co.nz/society)





**Murray Jordan**  
Chair

Southern Cross  
Medical Care Society



**Nick Astwick**  
CEO  
Southern Cross  
Medical Care Society

## Chair and Chief Executive foreword

*We're with you, more than ever.*

**Welcome everyone. Nau mai, haere mai.**

We are pleased to present a summary of the performance of Southern Cross Medical Care Society Group (Health Society Group) for the year 1 July 2023 – 30 June 2024.

It's no secret that our public health system is under immense pressure. We believe that with more people prioritising their healthcare and a public system under pressure, this is driving more demand into the private healthcare sector.

For Southern Cross Health Insurance, this resulted in \$1.498 billion in claims paid from \$1.605 billion received in premiums. The previous year we paid out \$1.302 billion paid in claims out of \$1.466 billion received in premiums.

This means more than 93% of premiums were returned to our membership in claims for their private healthcare this year – the highest return in more than ten years. Compared to the market return of 73%, this represents \$326 million more paid to our members in the form of claims than the rest of New Zealand's health insurance sector would have paid out<sup>1</sup>. This remains the Southern Cross difference.

Within this environment, your Health Society Group incurred a \$88 million deficit this year. This follows a combined surplus of \$73.6 million in the prior two financial years<sup>2</sup>.

Almost half of this year's deficit, (\$43 million) is attributed to a change in international financial reporting standards<sup>3</sup> introduced in this financial year. The balance of the deficit, \$45m, is driven by higher claims cost from a persistently high inflationary environment, combined with considerable member demand for private health services, partially offset by investment and other income.

This has culminated in driving claims higher, and at a faster rate, than the premium levels we were prepared to set for our members, with the high cost of living affecting household incomes.

We made it a priority to keep premium increases as low as possible for our members in this time of continued high inflation, and we anticipated this may result in a deficit.

However, the reported deficit is higher than originally forecast, largely due to the extraordinarily high demand for

private healthcare from our members, particularly in the second half of the financial year.

Southern Cross Health Insurance has grown its membership for the eighth consecutive year in a row welcoming 15,196 net new members taking total membership to 955,301 members, our highest membership level since 1992. This represents 60% of the health insurance market by customer numbers, but 71% per cent of the value of all health insurance claims paid in Aotearoa New Zealand<sup>4</sup>.

As a member and purpose led Friendly Society first and foremost, we are not driven by profit. In saying this, generating surpluses in most years is essential to ensure we have sufficient capital reserves to remain financially sustainable into the future. Over our 63 years we have built a strong capital position to navigate times like this where we generate a deficit. We are committed to generating the surpluses required to maintain our A+ credit rating and to meet our capital adequacy needs. As a result, we have needed to increase premiums, given the increase in claims costs, to secure adequate surpluses into the future.

<sup>1</sup>\$326 million is the difference between the value of total claims paid by Southern Cross Health Insurance at its current 93% loss ratio and the value of total claims Society would have paid if it was paying out at the industry's average (excluding Southern Cross) loss ratio of 73%. Based on data provided by the Financial Services Council and including an estimate for nib. <sup>2</sup>Southern Cross Medical Care Society Group reported a deficit of \$16.5 million in FY23 and a surplus of \$90 million in FY22. The financial reporting for these periods was under the previous insurance contracts accounting standard (IFRS 4). <sup>3</sup>IFRS17 is the newest International Financial Reporting Standard for insurance contracts. <sup>4</sup>Southern Cross makes up 60% of the health insurance market, based on data provided by the Financial Services Council and including an estimate for nib.

Like many households and businesses in Aotearoa New Zealand, we have a significant cost control programme underway. Health Insurance operating costs grew by 4% in this financial year, and we are planning to reduce our operating cost base in the next financial year.

We are also working closely with our more than 2,400 healthcare partners to keep their cost increases as low as they practicably can, which supports a united goal of keeping premium increases for members as low as possible. To this end, our unique Affiliated Provider (AP) programme continues to provide savings for members. We are committed to evolving the AP programme to ensure more procedures are included within the scope of this programme.

Throughout this cost-of-living crisis, we have focused considerable effort on ensuring our members are aware of and can easily access ways to reduce the premiums they pay to retain their Health Insurance cover. Over the year we have implemented a comprehensive member communications and proactive outbound calling programme and invested in changes to Mysoutherncross.co.nz. Our members can easily make changes to their cover to ensure affordability. We encourage members to visit MySouthernCross and use the new

Manage My Cover service to look at alternatives such as adding an excess or changing their product to ensure they can retain cover.

### Regulation

As a member driven organisation, Southern Cross Health Insurance is focused on empowering its members to live well for longer. The introduction of the Financial Markets (Conduct of Institutions) Amendment Act 2022 (better known as CoFI) has presented us with the opportunity to align our member-focused values and business practices with the regulatory expectation to treat our members fairly and to deliver fair outcomes.

We are also continuing our journey to build open, honest and transparent supervisory relationships with our regulators. This will enable us to effectively operate in an increasingly active regulatory environment. These priorities remain our focus as we near the coming-into-force of the CoFI regime in March 2025. Working on embedding fair customer outcomes and good conduct into our work, as well as the assurance we wrap around this, are proof of our values and character.

### With you

Our organisation exists to serve you. We are committed to earning our

position as your trusted health insurer, providing assurance that easier access to healthcare is there when you need it.

There is no doubt about the value our members are getting from their health insurance. During the year, 450,401 members used their policies, with more than \$6 million paid out on over 14,000 claims every business day.

Healthcare is a dynamic and fast-changing space. Technology, drugs, expertise, and services are constantly being improved, so we regularly assess our operation, benefits and the way we engage with members.

We recently shared with members the news that we have introduced a range of key benefit improvements to nearly all of our health insurance policies in a major product review.

Changes include adding cover for some new surgical procedures, removing excesses from certain benefits and creating plain language policies. We have also included more procedures in our highly effective Affiliated Providers programme.

There is another thing we do which makes a real difference to many members. We help members work with ACC when things might not go according to plan as the result of an accident or injury. Over the last three years we have helped more than 2,000 members with advocacy support







by liaising with ACC on their behalf. It's an example of ensuring our members receive the complementary private and public cover they are entitled to, so that they get the support they need to live well for longer.

More members are valuing unlimited virtual GP consultations with CareHQ, mental health consultations with Raise and access to an annual check-up with MedPro. Just under 40,000 members accessed virtual appointments via CareHQ over the past year, more than double the year prior. These initiatives help members to identify any health concerns quickly and get back to their day-to-day lives.

The strength of our brand demonstrates the trust and loyalty New Zealanders place in Southern Cross. Being recognised by our members as easy to do business with is very important to us. This year, the level to which members would advocate for us to their friends and family is a market-leading 'net promoter' score of +53.7\*. We consistently ask members how easy we are to deal with after every interaction

and were delighted to receive a score of 85.9% for the year. This year we were also humbled with the news that Southern Cross is in the top 15 in Kantar's prestigious Corporate Reputation Index ranking<sup>5</sup>.

Our strategy is focused on delivering to our purpose of empowering you, our members to live well for longer. We are committed to ensuring Southern Cross Health Insurance, through its product and service offerings, remains relevant to you, and in partnership with our healthcare providers, delivers great value healthcare.

In October this year we will share with you the Southern Cross Medical Care Society's first set of group climate statements, prepared in response to New Zealand's climate-related disclosure regime.

In this report, we aim to give you an understanding of how climate change is currently affecting the Society, the level of exposure it has to climate-related risks, the possibilities of climate-related opportunities, and the anticipated impacts on the Society if these risks and opportunities eventuated. We will

also explain the Society's greenhouse gas emissions, and what we are doing to reduce them. We talk about this more later in the summary document.

We'd like to express our thanks to our healthcare partners, business customers, the Southern Cross team and Board for their mahi and their diligence on behalf of you, our members.

A handwritten signature in black ink, appearing to read 'M. I. Jordan'.

**Murray Jordan**  
Chair  
Southern Cross  
Medical Care Society

A handwritten signature in black ink, appearing to read 'Nick Astwick'.

**Nick Astwick**  
CEO  
Southern Cross Medical  
Care Society

\*The net promoter score and customer effort score are collected through member surveys distributed from the Southern Cross voice of the customer programme. Members are surveyed following key interactions with Southern Cross including joining, making a claim, renewing their policy, contacting our Customer Services team, and / or undergoing treatment with an Affiliated Provider. We typically survey 4,000 – 6,000 members per month. The programme is used across teams within Southern Cross to ensure we are delivering great experiences for our members and addresses any pain points that may arise.

<sup>5</sup>Southern Cross Health Society and Southern Cross Healthcare Limited have been recognised as ranking in the top fifteen of the Kantar 2024 Corporate Reputation index.



## Message from the Chair

This is my final report to you as Chair of Southern Cross Medical Care Society. After five years, I will hand the baton to fellow Director Chris Black at our AGM in December this year. It has been my privilege to serve as your Chair. As the largest health insurer in New Zealand, Southern Cross Health Insurance occupies an important and unique role in the New Zealand health sector. At a time when the public system is under enormous pressure, the Southern Cross proposition of enabling our members to access the healthcare they need is more important now than ever.

It has been a rewarding and humbling experience to have the opportunity to govern a purpose-driven organisation entirely focused on supporting the needs of its members. I thank my fellow directors for their commitment to the Board, to Nick Astwick and his management team for their exceptional leadership, and to you, our members for choosing to be with us.



A handwritten signature in dark ink, appearing to read 'M. J. Jordan'.

**Murray Jordan**

Chair  
Southern Cross Medical Care Society

## Message from the CEO

Murray has served on the Southern Cross Medical Care Society Board for five years; as Chair for the past two. His leadership of our Board is exemplified by his unwavering focus on ensuring members remain at the core of all that we do at Society.

I have greatly valued his leadership, support and advice. On behalf of the Society leadership team, I thank Murray for his commitment and service and wish him well for the future.



A handwritten signature in dark ink, appearing to read 'Nick Astwick'.

**Nick Astwick**

CEO  
Southern Cross Medical Care Society



# We're with you

## Health Society Group at a glance



**955,301**

members, net increase of 15,196 from last year, highest membership since 1992



**\$88.2million**

Health Society Group reported a \$88.2 million deficit after tax



**\$99.1million**

Southern Cross Health Insurance reported a deficit of \$99.1 million



**\$11.6million**

The Society's investments in Pet and Travel generated a combined net surplus after tax of \$11.6 million



**93%**

Members making a claim with Southern Cross rate us a market-leading **NPS of +59** and a customer satisfaction score of 93%



**4%**

Health Insurance operating costs over the year increased by less than inflation at 4% over the same period



**15%**

Cost of claims increased 15% on FY23



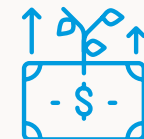
**78%**

rise in number of telehealth consults delivered by CareHQ



**50%**

claiming members, **up from 33% in 2019**



**\$53million**

gain on investment returns



# The Southern Cross difference



## Unmatched value for members

**Out of every dollar** received in premiums, **93.4 cents** were paid in claims, compared to an industry average (excluding Southern Cross) of 73 cents. That's **\$326 million more paid to our members** in the form of claims than the rest of New Zealand's health insurance sector would have paid out.

We paid over **71%**<sup>6</sup> of the value of all health insurance claims paid in Aotearoa New Zealand and make up **60%** of the health insurance market<sup>7</sup>

Unlimited standard online GP consultations with CareHQ, annual health check with MedPro and three online mental health sessions with Raise



## Market-leading customer experience

Members making a claim with Southern Cross rate us a **NPS of +59** and a customer satisfaction score of **93%**

**69% of members** agree having health insurance with Southern Cross enables them to live well for longer



## Cost excellence

**#2 lowest operational costs** across the health insurance sector - **13.8 cents** for every dollar received in premium\*

**99% of claims** submitted electronically

**2,400** healthcare provider partners in our Affiliated Provider programme

\*Based on FY23 data as FY24 data not yet available.



## Loyalty

Net promoter score of **+54**

Average length of membership **15 years**

**\$20 million** in discounts applied via exclusive partner offers\*

\*Southern Cross members can access discounts with Bailey Nelson, Bloom hearing, Blue Fitness, Ecostore, Feel Fresh Nutrition, Les Mills, Lumino The Dentists, Oakley, OPSM, Pita Pit, Specsavers, Hato St John and Sunglass Hut.



## Strong brand and culture

**Reader's Digest most trusted health insurer** for the last **8 years**

One of New Zealand's top employers with **80% engagement score**

Ranked in the **top 15** of the Kantar 2024 Corporate Reputation Index<sup>8</sup>



## Financial performance – Southern Cross Health Insurance

The Southern Cross Medical Care Society Group (**Health Society Group**) comprises:

- Southern Cross Medical Care Society (the **Society** or **Southern Cross Health Insurance**), and its subsidiaries:
- Southern Cross Pet Insurance Limited (**Pet**)
- Southern Cross Benefits Limited trading as Southern Cross Travel Insurance (**Travel**)
- Southern Cross Insurance Services Limited (derives commission from marketing of life insurance policies)
- Southern Cross Ventures Limited (holds 50% partnership in Care HQ Limited, which provides virtual GP and nurse consultations) and
- Southern Cross Health Services Limited (dormant entity).

The Health Society Group has reported a deficit after tax of

**\$88.2million**

- The Society Group incurred a \$136.6m operating deficit<sup>9</sup>, which includes \$43.1m related to new IFRS 17 accounting, offset by a \$53.0 million gain on investment returns
- Southern Cross Health Insurance reported a deficit of \$99.1 million
- Subsidiary investments (excluding Southern Cross Health Insurance) reported a \$10.9 million surplus after tax.

	Health Society Group			Southern Cross Health Insurance		
	2024	2023	Key Movements	2024	2023	Key Movements
	\$000	(restated) \$000	%	\$000	(restated) \$000	%
Premiums	1,744,855	1,565,253	11%	1,604,809	1,465,850	9%
Incurred Claims	(1,568,291)	(1,365,638)	15%	(1,498,304)	(1,302,185)	15%
Movement in Onerous Contracts <sup>10</sup>	(43,077)	21,527		(43,072)	21,469	
Net expenses/income from reinsurance contracts held	(2,301)	439		-	-	
<b>Underwriting Result</b>	<b>131,186</b>	<b>221,581</b>		<b>63,433</b>	<b>185,134</b>	
Overheads	(267,823)	(251,968)	6%	(210,458)	(201,995)	4%
<b>Operating (deficit)</b>	<b>(136,637)</b>	<b>(30,387)</b>		<b>(147,025)</b>	<b>(16,861)</b>	
Investment and other income	53,028	29,052	83%	47,933	25,996	84%
<b>Net (deficit) / surplus</b>	<b>(83,609)</b>	<b>(1,335)</b>		<b>(99,092)</b>	<b>9,135</b>	
Taxation expense	(4,594)	16		-	-	
<b>Net (deficit) after tax</b>	<b>(88,203)</b>	<b>(1,319)</b>		<b>(99,092)</b>	<b>9,135</b>	

Note: This table is unaudited and is a non-GAAP presentation. The audited, GAAP version of the Group Statement of Comprehensive Income is on page 1 of The Southern Cross Medical Care Society Group Consolidated Financial Statements for the year ended 30 June 2024.

<sup>9</sup>The operating loss excludes tax. <sup>10</sup>IFRS 17 requires insurers to recognise a loss component on contracts if the expected future cash flows from the policies are insufficient to cover the related obligations (i.e. loss-making contracts). The movement relates to the revaluation of the loss component at each reporting date.

## Financial performance - Southern Cross Health Insurance

The Southern Cross Health Insurance 2024 net deficit of \$99.1 million is reflective of the challenging economic conditions businesses across New Zealand and globally have been operating in. The emergence of claims costs in 2024 was steep and rapid, driven by price, volume, and the mix of claims.

Our healthcare providers faced significant price increases in medical supplies and wage inflation in a tight labour market with shortages of medical professionals, which resulted in higher cost of claims passed through to us.

More members are claiming and are doing so more frequently. We believe this is driven by pressure in the public system and pent-up demand following the Covid-19 pandemic, which also had an impact on the cost of claims. Over the year we have seen a rise in the number of claims for more expensive procedures, and this may be because of members delaying access to treatment during the pandemic, resulting in the need for more serious treatment in 2024. More information on the value our members get from claiming is included in the following section: Value for Southern Cross Health Insurance Members.

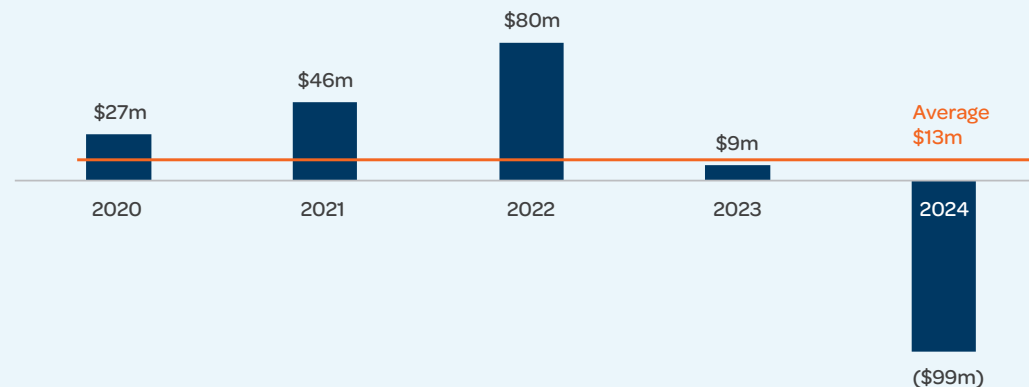
Overall claims costs were up 15% on the prior year, or 13.9% when adjusted for member growth, which is more than double the long run average of 6.5% (adjusted for member growth). This compares to an increase of 9% in premiums (or 6.6 % when adjusted for member growth). It's this gap between claims cost inflation and premium increases that is the primary reason for the \$99 million Health Insurance deficit in 2024.

As a Friendly Society and member driven organisation, we do our best to keep premium increases as low as possible. We have a strong capital position to absorb some of the \$99 million deficit rather than passing it all through to members by way of premium increases. You can find more information on members' premiums later in the report.

Generating a small surplus in most years is essential to ensure we have sufficient capital reserves to remain financially sustainable into the future.

The graph to the right shows the surpluses/deficit of Southern Cross Health Insurance over the past five years, with an average surplus of \$13 million per year over the period.

**Southern Cross Health Insurance five year surplus/deficit\***



**The Southern Cross Health Insurance 2024 net deficit of \$99.1 million is reflective of the challenging economic conditions businesses across New Zealand and globally have been operating in.**

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\*Southern Cross Medical Care Society Group reported a deficit of \$16.5 million in FY23 and a surplus of \$90 million in FY22. The financial reporting for these periods was under the previous insurance contracts accounting standard (IFRS 4). IFRS17 is the newest International Financial Reporting Standard for insurance contracts.



## Financial performance - Health Society Group

The Health Insurance team has worked hard to manage operating costs during FY24. Over the year operating costs increased by less than inflation at 4%, while we continued to invest in areas that make the member journey more seamless. We also continued to invest in our risk frameworks and good conduct practices to ensure fair customer outcomes. Health Insurance operating costs as a percentage of premiums decreased from 13.8% in 2023 to 13.1% in 2024, meaning more of every premium dollar could be paid back to members in claims.

### **\$470.7million**

#### **Group Reserves (net assets)**

Despite the deficit this year, the Health Society Group has total reserves (assets less liabilities) of \$470.7m.

These reserves, along with being a member and purpose led Friendly Society with a strong market position and brand presence has helped the Society retain its **A+ Standard and Poor's financial strength rating**.<sup>11</sup>

Included in Group reserves is \$667.6 million of investments held by the Southern Cross Health Insurance (2023: \$730.3 million), which returned \$47.9 million income to the Society in 2024, up 84% on 2023. These high returns were driven by sustained high interest rates during the year and strong performance of the global equity markets.

The Society's investments in Pet and Travel generated a combined net surplus after tax of \$11.6 million. Travel performed very well during 2024 as demand for travel rebounded following the previous two years of disruption to travel due to Covid-19. In 2024 Travel repaid the \$10 million capital injected in 2023.

Looking ahead to 2025, the financial focus for Southern Cross Health Insurance is on curbing claims cost escalation and we have a programme of initiatives underway to achieve this. At the same time, we are reducing operational costs by reviewing the organisational structure and operating model to ensure they are as efficient as possible, and well placed to deliver the best value to members.

<sup>11</sup>S&P Global is a trusted source of information for the international business community. Its "ratings analysis" assesses the potential direction of a long-term credit rating.





## Value for Southern Cross Health Insurance members



**3.2 million claims in FY24, including:**

**316,700**

surgical procedures (up 8.0%)

**609,523**

specialist consultations (up 7.2%)

**809,969**

GP visits (up 12.4%)

**213,248**

prescriptions (down 65.6%)

While we have seen increases in volume for all specialties over the year, the drop in the number of claims for prescriptions is a result of the previous Government's introduction of free prescriptions for all New Zealanders from 1 July 2023.



**High value procedures by total amount paid: (GST inclusive)**

Knee replacement (up 17.1%)

**\$70.7 million**

Colonoscopy (up 17.2%)

**\$70.2 million**

Hip replacement (up 11.1%)

**\$65.8 million**

Spinal fusion (up 11.4%)

**\$46.2 million**

Skin excisions (up 13.7%)

**\$44.9 million**



**2,315**

New knees



**2,362**

New hips



**2,011**

Tonsillectomies

## Digital services are making it faster and easier for members to manage their health insurance

- **3,882 Easy-Claim providers** facilitated 887,668 purchase transactions eliminating the need for members to claim back for health services. This was a decrease of 21,896 on the year prior due to the introduction of free prescriptions from 1 July 2023
- **488,398** members registered to use the **MySouthernCross** online service (up 5% from last year)
- **744,174** total **MySouthernCross** users
- **99.0% of claims** are now submitted electronically.

The numbers quoted above are for the Health Society only.



# Members' premiums

## What impacts the premiums we pay?

An individual member's premium increase at the time of the annual renewal may reflect one or more of the following factors:

- Ageing – moving into a new age group
- Premium rate increases – which are adjusted to reflect the level of claims by people of your age, on your plan
- Any other factors, such as discounts (like the low claims discount) and changes in the plan a member is on.

## Why are premiums going up and up?

Premiums are linked to the average claims made by members of your age on your plan. As with other health insurers in New Zealand, and health funders globally, we are faced with claims cost increases that consistently outstrip the general rate of inflation. Alongside a public system under pressure directing more people to the private system, this certainly has been a major factor in the last year. Over the year we have seen an 13.9% increase in the cost of claims per member.

## Premium increases as we age

A person's premiums reflect the risk for the people in their age band, based on the likelihood that those in that age band will claim. This risk increases as people get older, so this is a common approach for health insurers.

Premium levels reflect the higher level of claiming among older members. In the last financial year, the average amount claimed by members over 65 years was more than three times the average claims made by members aged 35 to 49 years.

## The value of loyalty

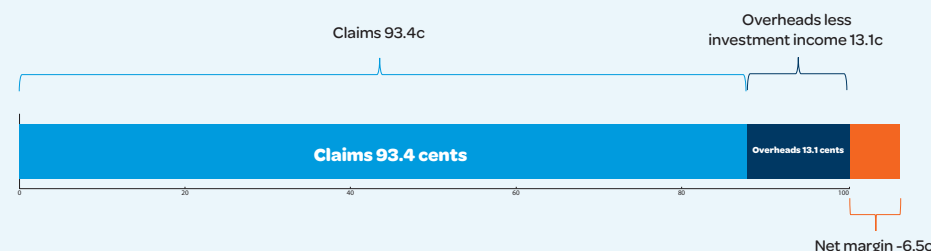
Our long-standing members generally receive greater value on average than members of the same age who have been with us for a shorter duration. This is because the longer you've been a member with us, the more likely it is that you have built up health issues that are covered by your policy.

Our observations on healthcare costs per premium dollar paid also support the idea that there is benefit in remaining loyal to Southern Cross Health Insurance. In the 12 months to June 2024, we know that members who have been with us for more than 20 years received 96 cents back in healthcare costs for every premium dollar paid. This is 11.8 cents higher than

members who have been with us less than 10 years, who receive 85 cents per premium dollar paid. Over that 12-month period, this equates to approximately \$115 million in additional claims paid out to those longer tenured members.

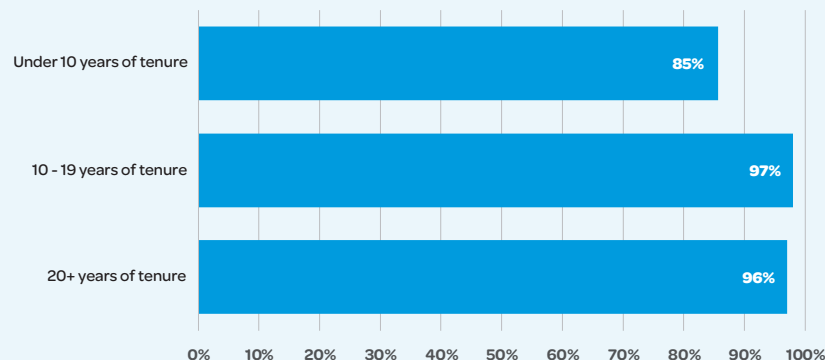
We also offer a low claims discount of up to 10 per cent to eligible members, based on their claims made over the preceding two-year period.

### Where every \$1 of premium goes



### Long term members and claims ratio

#### Claims ratio by tenure



# Keeping us with you for longer

Facing a persistently high inflationary environment, reducing costs to manage the family budget remains an ongoing challenge for many members. This pressure was highlighted in the 2024 [Southern Cross Healthy Futures report](#)<sup>12</sup> which revealed the cost of living is the greatest concern for nine out of 10 New Zealanders, with financial pressures being felt by all.

Some members may be facing high premium increases this year due to their health insurance plan, or their age.

We know this can be difficult news to receive, especially in today's challenging economic environment. To ensure these members are aware of the options that exist to manage premium costs, our dedicated retention outbound team this year has been proactively reaching out to these members to understand their unique needs and circumstances. The consultant works with the member to go through a comprehensive needs analysis, assessing their current situation to ensure that the current plan is still right for their needs.

## Keeping Angela and her family covered

Our team reached out to Angela\* who had expressed deep concern about the ongoing rising cost of living and the impact on her family's finances. As a single-income household, with one partner retired, every dollar counts, and the family's increasing expenses had added significant stress to their lives.

Our consultant worked with Angela to identify her needs, talk through her options, and provide solutions that would help Angela and her family remained covered. Angela chose to add an excess, which has meant her premiums are more affordable, and importantly, give her the peace of mind that she can remain covered.

## Brendon's story – adding an excess to reduce annual premiums

Auckland-based member Brendon\* was pleased to hear from our team. He'd been discussing his insurance premiums with friends, including whether adding an excess was the right option for their family. Brendon wasn't comfortable making changes without a deeper understanding of his needs and appreciated the support from a Southern Cross Health Insurance financial adviser. The adviser took the time to explain his existing plan, thoroughly investigate his claims history and current family needs before recommending helpful changes to his plan.

Brendon appreciated the personalised approach. By adding an excess, he found the potential to save over \$4,000 in yearly premiums compelling. After consulting with his family, Brendon decided to keep his Wellbeing 2 plan with the vision and dental module, ensuring his family remained well covered.



See below for examples of how much can be saved in premium by increasing an excess on a WellbeingOne plan.

WellbeingOne	66 year old	64 year old	Total annual saving
Excess	Annual saving*	Annual saving*	
\$500	\$772.46	\$658.93	<b>\$1,431.39</b>
\$1,000	\$1,287.43	\$1,098.23	<b>\$2,385.66</b>
\$2,000	\$2,059.89	\$1757.16	<b>\$3,817.05</b>
\$4,000	\$2,832.35	\$2,416.09	<b>\$5,248.45</b>

<sup>12</sup>Southern Cross Cross Medical Care Society and Southern Cross Healthcare Limited funded the 2024 Healthy Futures survey. Research partner, Kantar, has spoken with more than 7,000 New Zealanders since 2019 to inform the biennial survey. Please note Only the premium for your base WellbeingOne plan is affected by taking an excess and it doesn't apply to any modules you may have. Premiums are based on July 2024 ratecard and include a 2.5% Direct Debit discount. \*Not their real name.

\*Please note only the premium for your base WellbeingOne plan is affected by taking an excess and it doesn't apply to any modules you may have. Premiums are based on July 2024 ratecard and include a 2.5% Direct Debit discount.



## How much does Healthcare cost?

The average age of our membership is **40**

Here's what our 40-year-old members pay each fortnight in premiums\*

HealthEssentials	KiwiCare	RegularCare	WellbeingOne	WellbeingTwo	UltraCare
From \$19	From \$39	From \$51	From \$45	From \$81	From \$109

\*Based on a 40-year-old non-smoker as of July 2024. Prices are GST inclusive, rounded to the nearest dollar and include a 2.5% direct debit discount and 10% health lifestyle joining reward on eligible plans.

## How much do healthcare procedures cost?

Here are some common procedures we fund<sup>13</sup>



### Adults

**Skin cancer removal:**  
**\$300 - \$2,300**

**Prostate cancer surgery:**  
**\$24,800 - \$31,100**

**Knee replacement:**  
**\$27,800 - \$33,300**

**Hip replacement:**  
**\$26,600 - \$32,600**

**Varicose veins:**  
**\$5,400 - \$9,100**

**Breast cancer surgery:**  
**\$8,700 - \$27,200**

**Colonoscopy:**  
(with or without associated procedure):  
**\$2,200 - \$3,800**

**Heart valve replacement surgery:**  
**\$72,800 - \$94,200**

**Endometriosis surgery:**  
**\$11,400 - \$27,400**



### Children

**Grommet surgery:**  
**\$2,500 - \$3,200**

**Tonsil removal:**  
**\$5,200 - \$7,800**

**Squint correction:**  
**\$6,100 - \$10,600**

<sup>13</sup> Costs are GST inclusive, indicative, and sourced from 2023-2024 claims data.



# How we work with ACC on behalf of our members

## Gillian's twisted wrist

Gillian was injured at work while trying to step down out of a van while carrying a heavy container in one hand and holding a handrail in the other. She slipped on a wet step, and unfortunately, her wrist took all her body weight, painfully wrenching and twisting it.

She received physiotherapy treatment for her sprained wrist, but when her symptoms did not respond, she visited an orthopaedic hand, wrist, and elbow specialist. Gillian's specialist thought her injury was the result of a forcible, twisting accident and that she needed surgery through ACC. However, ACC declined Gillian's surgery request because they thought she was suffering from wrist instability from joint arthritis.

It was then that Gillian contacted the Southern Cross Member Advocacy team for help. They worked with Gillian and her specialist to prepare evidence for an ACC review hearing to support Gillian's claim that her injury was caused by an accident. Gillian's specialist provided an expert report and Gillian provided details about her fall, her symptoms and how her symptoms were impacting her day-to-day life.

The case went to an independent reviewer to reconsider ACC's decision. As a result of the independent review, ACC's original decision was revoked, and a new decision was made for ACC to approve Gillian's claim. The new decision meant that ACC funded Gillian's surgery, and she was able to receive other help and entitlements from ACC as well.

Gillian's response to the outcome was heartfelt,

***"That's wonderful. Thank you so much for your help. I don't think I could have gotten that result on my own."***

The service provided to Gillian, and more than 2,000 other members over the last three years, by the Southern Cross Member Advocacy team underscores the importance of the support that the team provides, helping members to regain their quality of life and return to work. The surgery and other treatment cost savings for Southern Cross helps to keep member premiums down.

If you have any questions about this process, please contact the Southern Cross Member Advocacy team at [advocacy@southerncross.co.nz](mailto:advocacy@southerncross.co.nz)

Not all benefits are available on all Southern Cross Health Insurance plans. You can check our [range of plans](#) to see what each covers. Gillian was covered under an employer subsidy on the [WellbeingTwo](#) plan for its employees.



*The Southern Cross Member Advocacy team offers an advocacy service to our members who may have been incorrectly declined cover by ACC. This may be in relation to a personal injury caused by an accident, a medical treatment injury or a gradual workplace injury. There is no charge for this service for our members.*





## It matters who is 'with you' when it comes to your health

The 2024 Southern Cross Healthy Futures report shows 84% of New Zealanders are concerned about not having access to quality affordable healthcare – a figure that's up six per cent from our 2022 Healthy Futures survey.

As the Society looks after more than 955,000 New Zealanders, it's important we do what we can to help our members gain access when they need support.

More members than ever before are using their unlimited standard virtual GP consultation benefit with Care HQ. This helps them get the treatment they need quickly.

Likewise, members are doing more to understand their overall status by using their annual MedPro health check benefit. We know this check has alerted some members to bigger issues which they have gone on to address.

Having access to three complimentary online mental health sessions with Raise has also helped many members understand what they can do to support their own mental wellbeing<sup>14</sup>.

For the last financial year members used the following services to the right:



**4,016**

Online mental health sessions with Raise



**4,635**

Annual health checks with MedPro

**careHQ**  
**39,326**

Standard online GP consultations delivered via CareHQ

<sup>14</sup> These benefits are subject to change. Terms and Conditions apply.



# A healthy workforce is an engaged and happy workforce

With 54% of our members receiving their health insurance through a workplace group scheme, it is heartening to see so many New Zealand businesses investing in their most important asset; their people (our members).

From our 2024 Healthy Futures report, we know 88% of New Zealanders are concerned about having access to quality affordable healthcare. More than 2,500 organisations are stepping up and supporting 500,000+ people with subsidised Southern Cross Health Insurance. This enables these members to access the care they need more easily.

We believe a culture of good health lays the foundation for healthy organisations, so over the last twelve months we've been doing everything we can to support group schemes and our members who are part of those groups. Some of these initiatives we provide our group schemes are outlined on the right.

## BeingWellPlus

We have built BeingWellPlus; a self-service website, which offers our New Zealand businesses advice and tools for how to build supportive working environments, which in turn improve retention, engagement, and productivity. Work is ongoing to create even more new tools and resources to help our members.

## BeingWell Labs

Our online "BeingWell Labs" are delivered up to three times a year where "wellbeing champions" from our business clients hear from expert speakers, all selected to help support health and wellbeing in the workplace.

## Wayfinder Awards

We believe that when you're with the right people, it shows, so in 2023 we launched the "Wayfinder Awards" to celebrate wellbeing excellence. The awards recognise exceptional leaders and organisations who put their people first and enable them to bring their authentic selves to work. By highlighting wellbeing success stories we can inspire others to do the same.



Rob Holmes - PaperKite, Winner of the True North Award

Initiatives which have had a "tremendous impact" for employees earned Rob Holmes, Discovery Director at digital product design firm PaperKite, the Wayfinder True North Award which is for a people-leader who has improved their team's health and wellbeing through positive leadership. Rob will join the judging panel for the second year of the Awards.

Rob has a mantra: "Trust in the workplace is the secret ingredient of innovation." To reflect this, one of the first changes he made on joining PaperKite was to allow new staff to take sick leave from their first day. This encourages employees to stay home from work if ill, improving overall workplace health. PaperKite also introduced a dual coaching system where every 'PaperKiter' has a people coach and a discipline lead to assist with personal and professional development.

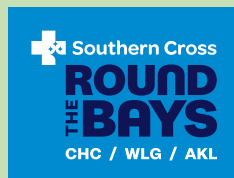
## With communities

As champions for the health and wellbeing of New Zealanders, we are delighted to help bring to life two key health and wellness initiatives; Round the Bays and Pause Breathe Smile. These initiatives are funded by Southern Cross Healthcare.



Pause Breathe Smile helps New Zealand children develop the skills they need to navigate everyday ups and downs. To date, the programme has reached 150,000+ tamariki and 9,785 teachers/kaiako in more than 505 kura, primary and intermediate schools. Pause Breathe Smile was developed in New Zealand in partnership with the Mental Health Foundation and is making a proven positive impact on tamariki throughout Aotearoa.

In early 2024, more than 340 Health Society Group employees took part in Southern Cross Round the Bays in Auckland and Wellington. These iconic public events encourage New Zealanders of all shapes, sizes, and fitness levels to embrace being well and active. Southern Cross Round the Bays will also take place in Christchurch in 2025.



## Our team

### Our workforce represents the people we serve

At Southern Cross we deeply believe in the health and wellbeing of our people. Our vision and purpose are for a healthier society and to empower our members to live well for longer. To fulfil that purpose, it all starts with our people.

Our culture of care, inclusivity and knowledge of wellbeing enable our employees to bring their whole selves to work. We encourage them to be true to themselves, strive for wellness, and turn up feeling their best. This thinking is integrated into our teams' lives and those of their whānau.

This philosophy attracts and retains high-performing people to our organisation so they can offer the very best for our members.

Diversity, Equity & Inclusion (DE&I) surveys help us understand how we're tracking and serving our people, compared to industry benchmarks. Our employee engagement score, measured by Culture Amp in 2024 is **80%**; compared to a national average of **67%**.

Between 2020 and 2024 our business has faced the pandemic, economic constraints, increased workloads, and a highly competitive recruitment market. Despite that we had a high participation rate, and excellent results, in our employee engagement survey. Our positive response rate has hovered around 90% since mid-2020 in response to:

***"All employees in the organisation are treated fairly regardless of their age, ethnicity, gender identity, physical capabilities, sexual diversity, religion, or any other diverse factors".***

As of June 2024, our reporting showed:

- More than **70 ethnicities**
- A gender split of **66.5% female/wāhine, 33% male/tāne** and **0.5% non-binary/ia weherua-kore**
- Female /wāhine make up **75.0%** of our executive team, **52.4%** of our senior leaders, and **67.9%** of our people leaders



## Our frontline team

The beating heart of Southern Cross Health Insurance is our Member Services team. They are dedicated to ensuring members receive the best possible care and attention. This passionate and vibrant group of people handles everything from policy queries to claim approvals with unwavering commitment and enthusiasm.

At the forefront of this operation is our Contact Centre. This dynamic team responds to a myriad of enquiries generated through phone calls, emails, and our website. They are always ready to

provide timely and accurate assistance by listening carefully to members and understanding their needs.

The Premium & Policy Services team plays a crucial role in managing members' policies and premiums billing. Their attention to detail ensures all policies are up to date and that the billing process runs smoothly, providing our members with peace of mind.

Affiliated Provider Relationship Managers, along with the claims and support teams,

are responsible for processing and paying millions of dollars in claims every day. They make sure members receive their entitlements promptly, maintaining trust and satisfaction.

The Member Relations team steps in to resolve more complex issues. Their expertise and empathy help to reassure and assist members.

Our Easy-Claim & Support team manages relationships with new and existing providers and members, ensuring

seamless interactions and the continued growth of our network. They focus on supporting healthcare providers to ensure members receive the best care possible.

The whole team's commitment to providing an exceptional customer experience is truly inspiring. Their collective efforts make a significant difference, and we celebrate their contribution with immense gratitude.





# Environment

## Climate-related disclosures

The Southern Cross Medical Care Society is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013. In October this year we will publish the Society's first set of group climate statements, prepared in response to New Zealand's climate-related disclosure regime.

We are committed to playing our part as the world transitions to a low-emissions, climate-resilient future, and are pleased to demonstrate this commitment to our members.

Our approach to internal management of climate risk matters (explained in our climate-related disclosures) recognises that, as a financial services business, we do not directly emit high levels of greenhouse gases. Our approach also recognises that the material climate-related risks we expect to face are likely to arise as a result of future government policy, technological changes, and almost inevitably, changes to the way New Zealand will produce and use energy.

Understanding and managing our exposure to climate-related risks and opportunities is very much a journey for us – we've made progress, but we recognise that there's more to do. The Society's

FY24 climate-related disclosures will explain our progress so far, as at 30 June 2024. Our climate risk-related processes will continue to mature, and we will report updates annually, in future sets of group climate statements.

**You can find the Society's FY24 group climate statements here**  
[www.southerncross.co.nz/about-southern-cross/society](http://www.southerncross.co.nz/about-southern-cross/society)



The Society is a Toitū Envirocare carbon reduce certified organisation. The Toitū Envirocare carbon certification is a voluntary programme that the Society participates in as part of its commitment to climate action. This carbon certification programme requires adherence to a set of standards and rules on an annual basis, focusing on measuring and reducing GHG emissions according to ISO 14064-1:2018 standards.





# Governance

Southern Cross Medical Care Society is a Friendly Society registered under the Friendly Societies and Credit Unions Act 1982. The Society is a ‘for purpose’ entity operated for the benefit of its members. Our core business is providing health insurance for our members. In addition to applicable legislation, the Society is governed by the [Rules](#) of the Society that set out the purpose and objectives of the Society.

The Society’s business and affairs are run by the Society’s Board of Directors. The Society’s Trustees oversee the Society’s property assets, for the use and benefit of the Society and its members in accordance with the Rules of the Society. The Board of Directors is responsible for the administration, management and control of the Society. Accordingly, the Board is responsible for providing leadership, setting the strategic direction and objectives for the Society, overseeing and managing risks, while always seeking to operate for the benefit of the Society’s members.

The Society is permitted to make investments where the investments further the purposes of the Society.

The Society’s investments include subsidiaries that provide or support the provision of travel insurance, pet insurance, and life insurance.

The Board currently has seven Independent Non-Executive Directors who have been appointed by the members of the Society. A profile of each Director can be found on our [website](#). At each AGM, one Trustee and two Directors of the Board who have served the longest since their last election, are required to retire and may stand for re-election if applicable. The Trustees and the members of the Board are elected by members at the AGM. The Board Chair is elected by the Board.

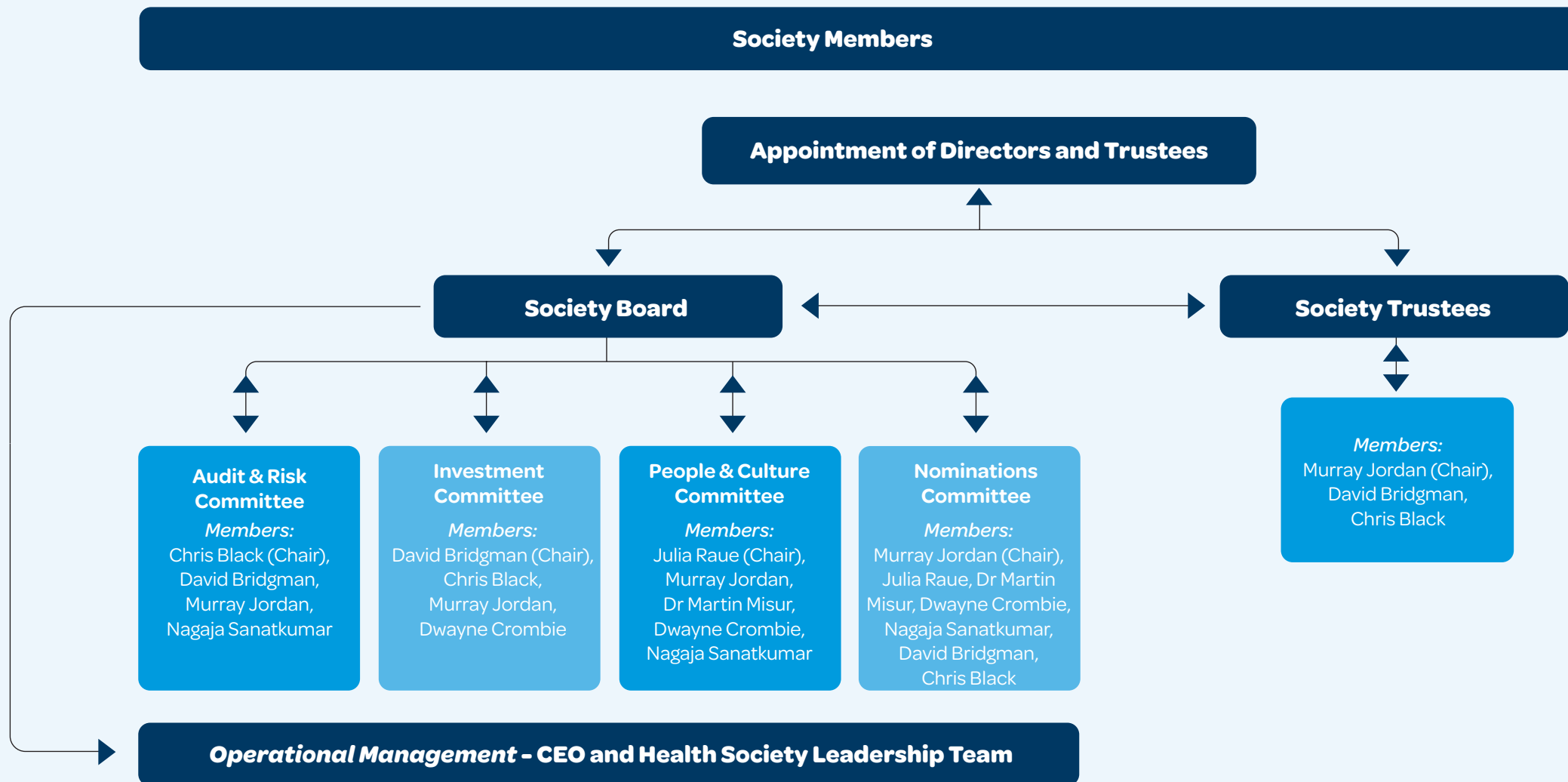
The Board is assisted in discharging its roles and responsibilities by its four Board Sub-Committees. These are: the Audit and Risk Committee, Investment Committee, People and Culture Committee and Nominations Committee. Each Sub-Committee has a Charter which sets out their scope and responsibilities. Utilising its Delegated Authorities Policies, the Board has delegated to the CEO, and through the CEO to the Management team, the day-to-day management of the Society.

The Board regularly reviews and assesses its governance structure, policies and processes to ensure they remain appropriate and effective and are consistent with best practice standards. This includes regular assessments of the skills and capabilities of the Directors to ensure the Board has the appropriate mix of competencies considering the Board’s current priorities, the external environment and the Society’s strategic ambitions.

The Board is committed to continuous improvement and aligning its processes to best practice governance principles.



# Governance





## Southern Cross Medical Care Society Board

Left to right: Dwayne Crombie, Murray Jordan (Chair), Nagaja Sanatkumar, Dr Martin Misur, Julia Raue, Chris Black, David Bridgman

[Visit our website](#) for full Director profiles.







The Southern Cross Medical Care Society, Registered Office: Level 1, Te Kupenga, 155 Fanshawe Street, Auckland 1010, Private Bag 99934, Newmarket, Auckland 1149

Visit our website [southerncross.co.nz/society](https://southerncross.co.nz/society)

Graphics are designed to provide you with a general idea of the cost of some of the benefits offered across our various policies. Not all benefits are available on all policies. For full details of the benefits and maximums for each policy and any eligibility criteria, exclusions, limitations or other conditions that may apply, please refer to the relevant policy document. In some cases, the listed procedures have been described in general rather than clinical terms. Procedure costs will vary depending on the location, medical practitioners, complications, and the medical procedure and technology used.