REASSURE LIMITED

Company Registration Number: 00754167

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2024

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Strategic report

The Directors present the Strategic report, their Report and the financial statements of ReAssure Limited ("the Company") for the year ended 31 December 2024.

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and Financial Reporting Standard 103 *Insurance Contracts* ("FRS 103") (together UK Generally Accepted Accounting Principles ("UK GAAP")) in conformity with the requirements of the Companies Act 2006. The provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies also apply to the Company.

Business review and future developments

Principal activities
The principal activities of the Company are the provision of life assurance and pension products in the United Kingdom ("UK"). The Company places customers at the heart of what it does and is committed to delivering a high level of customer service. The Company remains focused on delivering profits to support the cash generation policy of Phoenix Group Holdings plc ("the Group" / "the Phoenix Group").

The Company has acquired individual closed blocks of in-force long-term life, pensions and health business, either through reinsurance or by the purchase of an entire life insurance company and the subsequent transfer of its business to the Company under Part VII of the Financial Services and Markets Act 2000 ("Part VII transfer"). The Company administers policies until they reach maturity, are surrendered, or an insured event occurs. The principal products administered are long-term life and pension products, permanent health insurance and critical illness products and retirement annuities.

As part of the service to existing customers, the Company continues to write limited amounts of new business on a passive basis, responding to requests for pension annuities on retirement of existing policyholders, top-ups to existing contracts, and single premium reinvestment options at maturity.

All business is written in the UK.

All Phoenix Group life company entities operate under the governance and risk management frameworks of the Group. The Company, Phoenix Life Limited, ReAssure Life Limited ("RLL"), Phoenix Life CA Limited (formerly Sun Life Assurance Company of Canada (U.K.) Limited), Standard Life Assurance Limited and Phoenix Life Assurance Limited (together "the Life Companies") operate joint Boards of Directors ("the Board"), Audit Committees and Risk Committees, which operate under the Group's frameworks whilst having responsibility delegated to them for oversight of policies and activities that only impact the Life Companies.

Strategy
The Company is a member of the Phoenix Group, which is the UK's largest long-term savings and retirement business. With around £290 billion of assets under administration in total, the Group offers c.12 million customers a range of products through our trusted pensions, savings and life insurance brands. Our purpose is to help people secure a life of possibilities; from our customers, colleagues and investors to wider society, and our mission is to help everyone achieve the retirement they want and stay with them for the whole journey. The Group's vision is to grow a strong and sustainable business to help more people on their journey to and through retirement, enabling improved outcomes for customers and to deliver value for shareholders.

Corporate activity
Policy administration migration
In February 2023 it was announced that the Company's policies would be transferred from Alpha, the Company's in-house administration system, to an administration system managed by an outsource provider, Diligenta Limited, a subsidiary of Tata Consultancy Services Limited. Release 1 delivered the migration of annuity products in September 2024. In March 2025 a decision was taken to cancel further planned policy migrations and instead continue to utilise Alpha, in partnership with Wipro, a leading global technology company who will assume responsibility for the platform and manage servicing of the remaining policies.

Capital reduction
On 21 November 2024, the Board approved a capital reduction of £949m following shareholder approval and supported by a solvency statement from the Board, increasing distributable reserves through transfers from the Share Capital Account, Share Premium Account and Capital Contribution Reserve to the Profit and Loss Account.

Climate change: activity in the year and future developments
Climate change remains one of the greatest global challenges faced today. As a member of a purpose-led group the Company aims to play its part in delivering a net zero economy whilst delivering good outcomes for its customers. Our actions are either directly or indirectly aligned with this goal. The primary drivers for our actions are to reduce customers' exposure to climate-related risk and to help them take advantage of the opportunities presented by the net zero transition.

The Company also recognises that nature loss and degradation is a material financial risk to its customers and the Company is taking action to understand and address its dependencies and impacts on nature across its business.

We are scaling up our actions to drive wider system change and we strive to use our position of influence to bring about positive change in our investee companies. That's why we remain invested in high emitting sectors including oil and gas. We call this our 'engagement first' approach. In parallel we are on a journey to decarbonise our own operations and supplier base.

As part of the Group, the Company has identified and assessed the impact of climate-related risks and opportunities on the business, strategy, and financial planning over short-, medium-, and long-term horizons. We have committed to being net zero by 2050 across our investment portfolio, operations and supplier base and have set near-term targets to help us to navigate our progress to meet our net zero ambition.

In 2023 the Group published its Net Zero Transition Plan which sets out its strategy in detail and the actions that the Group will take across three core pillars: Invest, Engage and Lead to deliver our net zero targets. The application of the Net Zero Transition Plan is set by Group but considers its subsidiary companies, including the Company, in their plan. The Company continues to support the Group strategy on climate and build on the publicly disclosed climate metrics reported in its Task Force on Climate-related Financial Disclosures ("TCFD") entity climate report under the FCA Environmental, Social and Governance ("ESG") Sourcebook for the year ended 31 December 2023, released in June 2024. The regulatory deadline for publication of the Company's TCFD entity climate report for the year ended 31 December 2024 is June 2025.

The Company seeks to follow and apply the strategy, risk management, and climate governance framework set by the Group to ensure it can contribute and help support the Group to meet its Climate and Sustainability Targets. The Group's understanding of climate and wider sustainability risks continues to evolve as new risks emerge, with nature increasing in its importance. As the Group looks to take steps to address nature risk, the Group framework in place for climate is expected to extend to consider climate and nature risks together.

More information on the Group's TCFD-aligned disclosures and integrated nature disclosures and sustainability strategy can be found in the Group's Annual Report and Accounts and standalone Sustainability Report respectively.

Regulatory developments
Solvency II as modified by the PRA's 2024 Reforms ("Solvency UK"), came into full effect for the year ended 31 December 2024 following further changes from 2023 based on consultation feedback, including matching adjustment changes. The Company continues to monitor changes in the regulatory environment and feedback on consultations both via the Group and industry bodies.

Key Performance Indicators ("KPIs")
The results of the Company for the year are shown in the Statement of comprehensive income on page 31.

The Company's performance is measured and monitored by the Board with particular regard paid to the following KPIs:

Capital resources
The Company's solvency position is an important measure of financial strength. As at 31 December 2024, the Company's Solvency II[1] own funds and excess of own funds over solvency capital requirement were £1,859m (2023: £2,672m) and £806m (2023: £1,330m) respectively.

Dividends paid
The payment of dividends to Group is a strategic objective as cash generation is a key metric across the Group. Cash remitted reflects the generation of free surplus within the life companies and the benefit of management actions implemented in the period. Dividends of £1,109m were paid to the parent company during the year (2023: £200m). The directors do not recommend the payment of a final dividend.

Customer satisfaction ("PSAT")
The 2024 customer satisfaction percentage for the ReAssure Life division (comprising the Company and RLL, who cannot be separated for PSAT), was 80%, against a target of 88% (2023: 83% against target of 88%). This measure highlights how satisfied customers are with Phoenix's telephony servicing proposition. The Company continued to measure its customer satisfaction with an approach managed through text message or email. This approach enables customers to respond if and when they want to and is classed as a cold hand-off.

Speed of pension transfer payouts
This is a recognised industry measure, and the Pensions Transfer performance has contributed to Phoenix earning an accreditation with STAR, which is the industry initiative to improve pension transfers for customers. For 2024 as a whole the average speed of pension transfer payouts was at 11.3 calendar days (2023: 10.2 days) across Pension to Pension and Pension to Annuity transfers. This is better than the industry average of 13.5 days (2023: 13.6 days).

[1] In the UK, Solvency II as modified by the PRA's 2024 reforms became effective from 31 December 2024. Solvency UK has been referred to in this document except for where referring to our Alternative Performance Measures, where we refer to Solvency II in line with the current PRA guidance and consistent with the name of the prudential regime in the PRA policy manual.

Financial ombudsman service (“FOS”) overturn rate
This is an independent view of how the Company is handling complaints. The 2024 result for the Company, was 47% (2023: 54%) which is worse than the industry average of 35% and the “Decumulation, Life and Pensions” category average of 40%.

Operations
During the year, the Company has maintained four with-profits (“WP”) funds of which the Windsor Life With Profit Fund (“WLWPF”), Guardian With Profit Fund (“GAWPF”) and Legal & General With Profit Fund (“LGWPF”) are operated on a 90:10 basis and the National Mutual With Profit Fund (“NMWPF”) on a 100:0 basis. The Company also maintains a portfolio of non-profit business (“NPF”) for which the profits accrue to the shareholder.

Administration is outsourced to ReAssure UK Services Limited (“RUKSL”), which, in turn, has sub-contracted some administration to Hindustan Computers Ltd (“HCL”). Under the Company’s agreement with RUKSL, the majority of costs are levied on a per policy basis thereby mitigating the Company’s expense risk.

The Company continues to partner with LV= (“Liverpool Victoria”) to offer customers the option to take an annuity from a panel of the UK's best-known providers.

Asset management is outsourced to a range of providers, of which the most significant are aberdeen group and Legal and General Investment Management Limited.

Investment administration and custody services are primarily outsourced to HSBC Security Services (UK) Limited.

The performance of the Company’s invested assets is reviewed against fund specific, pre-defined benchmarks by the Board, the Investment Committee and the Investment Management Committee, which is an internal management committee.

Directors’ duties under section 172 of the Companies Act
Section 172 of the Companies Act 2006 (“Section 172”) requires each director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, each director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company’s employees;
- need to foster the company’s business relationships with suppliers, customers and others;
- impact of the company’s operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

During the year the Directors of the Company have applied Section 172 in a manner consistent with the wider Group’s purpose, values and strategic priorities, whilst having due regard to the Company’s ongoing regulatory responsibilities as a financial services business. To support the fulfilment of the Directors’ duties outlined above, each paper prepared for consideration by the Board contains an analysis of the potential impact of proposals to be considered by the Board in light of the factors contained in Section 172.

The Board recognises that the Company’s stakeholders are integral to its success. During the year, the Board ensured that its considerations and decision-making processes took into account their impact on its own stakeholders. The key stakeholder groups most relevant to the Company and its relationships with each are as follows. Please note that consideration of some stakeholder matters is undertaken at Group level. Where this is the case, such consideration is disclosed in the Group’s annual report and accounts and accordingly the Company has not reported on these matters in these individual financial statements.

Strategic priorities key

Optimise our in-force business	Grow organically and through mergers and acquisitions	Enhance our operating model and culture

Key stakeholder groups

Customers	Suppliers	Colleagues
Our customers span a broad spectrum of products and services across individual life, pensions and savings business. The Board recognises its responsibility and duty to oversee the success of the Company for all its customers.	We depend on our outsourced service providers ("OSP's") to deliver the highest standards of service and continually promote good outcomes for all our customers. The Board understands that the quality of relationships we maintain and develop with our OSPs is core to the Group achieving its purpose of helping people secure a life of possibilities.	Our colleagues, engaged via Group service company arrangements are integral to the Company's success. The Board supports the Group's ambition for a champion-led culture to reach its purpose and achieve its strategy.

Link to strategic priorities

Customers	Suppliers	Colleagues
Optimise our in-force business; Grow organically and through mergers and acquisitions	Optimise our in-force business; Enhance our operating model and culture	Grow organically and through mergers and acquisitions; Enhance our operating model and culture

How has the Board engaged with and had oversight of stakeholder views during the year?

Customers	Suppliers	Colleagues
The Board sought to understand whether customer needs were being met through consideration of regular reports on customer service, customer satisfaction and complaints. During the year, there were specific updates on the approach to consumer understanding and support, analysis on customer complaints and tackling unclaimed assets for with-profits business. The Board monitored the impact of the Group's change agenda, including resource required to maintain focus, and the potential impact on, customer outcomes.	The Board received regular reports from management on ongoing customer service performance and outsourced services. Relationships with outsourced service providers were monitored via regular updates to the Board. The Board received regular updates on customer migration programme activity. The Board reviewed the outputs of operational resilience assessment activity, whose scope included a review of the Company's OSPs. Bespoke updates on specific OSPs were provided to the Board during the year.	The Board monitored colleague-related matters throughout the year via the regular operational updates provided by management. The Board considered the forward-looking performance metrics proposed for the Group's Annual Incentive Plan with respect to customer performance. In addition, the Board's non-objection was sought for any intended bespoke remuneration plans for functions responsible for the delivery of good customer outcomes.

The Board's role in promoting positive stakeholder relationships

Customers	Suppliers	Colleagues
The Board holds management to account throughout the year, ensuring due care and attention is given to good customer outcomes and needs, especially in the context of ongoing data and platform migration work and projects to grow and develop the Group.	The Board monitors the performance of its OSPs to ensure Phoenix is able to provide the best customer outcomes to deliver its operational and financial targets. Positive relationships with OSPs are vital to the success of both parties.	The Group Board is responsible for setting cultural tone for all Group colleagues. However, the Board monitors engagement and other relevant colleague-related matters in recognition of their role in the ongoing success of the Company.

Key stakeholder groups continued		
Community	Investors	Government, trade bodies & regulators
The most significant way in which we impact the community is through the investment decisions we make. The Board understands the value of building trust and inspiring confidence through sustainable and responsible investment. The Group also encourages all colleagues to support our local communities through volunteering.	The Company's sole shareholder is ReAssure MidCo Limited. As a Phoenix Group company, our ultimate shareholder is Phoenix Group Holdings plc. The Board recognises the role it plays in driving growth to help the Group meet the needs of its customers.	The Company is regulated by the PRA and the FCA. The board acknowledges the importance of maintaining positive relationships with the Company's regulators to enable good outcomes for its customers.
Link to strategic priorities		
How has the Board engaged with and had oversight of stakeholder views during the year?		
The Board received regular reporting on its sustainable investments which is a core focus of its Board Investment Committee. The Board contributed towards development of the Group's Sustainability Strategy and Stewardship Policy for 2024 and beyond. The Board considered and provided feedback in relation to the Company's 2023 Climate Report, in particular with respect to simplifying such reporting in future.	The governance framework within the Board operates is designed to facilitate good information flows between and robust decision-making at all levels within the Group. During the year both the Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") were members of the Board, which further strengthened the link between the Company and the Group. Updates on the Group Board's activity were provided within their regular reporting. During the year, the Board approved the repayment of loans and a dividend to the Group.	The Board received updates on management's interactions with regulators and any feedback received from those bodies. The Board considered regular updates in relation to the Group's preparation for implementation of the next phase of the FCA's Consumer Duty for closed products, including an additional meeting focused solely on readiness ahead of the 1 August 2024 go live date. It also reviewed the outputs of the annual assessment of customer outcomes for the Company's open products. At the request of the regulators, certain Board directors have met with representatives on a formal basis. The Board received feedback on the external interactions with Government and trade / industry bodies by the Life Companies CEO and the CEO, Savings & Retirement. The FCA attended sessions with the Board during the year.
The Board's role in promoting positive stakeholder relationships		
The Board, through its Investment Committee, monitors investment performance against agreed strategy within the wider parameters of the Group's Sustainability Strategy.	The Board maintains strong links with the Group through regular reporting and interaction with the Group Board and its committees and vice versa.	As the guardian of the Company, (ensuring robust governance, controls and risk management) the Board is responsible for holding management to account for day to day compliance with regulation and legislation; ensuring transparent communication of such compliance to maintain trust in the Company and the Group.

Key board decisions

The pages that follow contain examples of key decisions of the Board, their alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome of those considerations. The examples shown are provided to demonstrate how the Directors of the Company have carried out their duties under Section 172.

Strategic priorities key		
Optimise our in-force business	Grow organically and through mergers and acquisitions	Enhance our operating model and culture

Example key Board decision	Estate Distribution
Link to strategic priorities	**How the Board reached its decision**
Optimise our in-force business; Grow organically and through mergers and acquisitions	**Consideration of section 172 matters** The Board considered a proposal in relation to estate distributions for several of the Company's with-profits funds for 2023. In doing so, it noted that the proposed distributions would support good customer outcomes. As part of the Board's deliberations, it considered the long-term impact of the distributions. It was noted that they would be undertaken by enhancing asset share at a rate that was expected to be sustainable for the remainder of each fund's run-off and that capital coverage would remain within agreed appetite. Furthermore, the distributions could be clawed back in any future stressed conditions, meaning that there was no material risk to making them to apply for 2023. The Board noted that the proposals had undergone Line 2 review and recognised that the distribution proposals were in line with the Principles and Practices of Financial Management, thereby ensuring high levels of business conduct were maintained.
Outcome	Following due consideration of the matters set out in Section 172, the Board approved the estate distributions for 2023.

Example key Board decision	Sale of investment in property unit trust
Link to strategic priorities	**How the Board reached its decision**
Optimise our in-force business	**Consideration of section 172 matters** The Board considered a proposal relating to the sale of the Company's holding in a property unit trust. In doing so, the Board recognised the benefit to the Company's with-profits policyholders into whose fund the proceeds of the sale would be placed. The sale also supported the long-term interests of the Company in terms of its wider strategy to sell down assets in a planned manner within a closed book of business. In terms of ensuring that the highest standards of business conduct were met, the Board noted that the sale proposal had undergone review by both the Chief With-Profits Actuary and Head of Policyholder Assets, both of whom had indicated their support.
Outcome	Following due consideration of the matters set out in Section 172, the Board approved the sale of its investment in the property unit trust.

Example key Board decision	Migration of annuity business to new administration platform
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters Approval was sought from the Board to migrate an initial tranche of c516,000 annuities onto a new administration platform. In considering the long-term consequences of the migration, the Board noted that the migration supported the wider Group ambition to bring all Phoenix customers onto a single administration platform as it continued to transform and simplify the business and deliver cost efficiencies. It also recognised that customers would benefit from the migration in terms of the service they received, since it would allow investment to be focused on a single customer view to deliver a joined up digital experience. The Board's assessment of the migration proposal included acknowledgement of the controls in place to carefully manage and mitigate risks associated with this activity. It also noted the status of business readiness ahead of the move, thereby ensuring the highest standards of business conduct were maintained.
Outcome	Following due consideration of the matters set out in Section 172, and recognising the well thought through and low-risk nature of the migration, the Board granted its approval to delegate authority to management to facilitate the final go-live decision.

Example key Board decision	Capital reduction
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters The Board received a proposal in respect of a reduction in the capital of the Company. It noted the long-term consequences of approving the proposal, in that it would support management of the Company's distributable reserves and simplify its equity position going forward. The Board also considered the Company's long-term solvency position in the round in the context of the capital reduction. It recognised that the proposed reduction had been subject to both balance sheet and cash flow testing, the outputs of which indicated that the Company would continue to be able to meet its obligations as they fell due in the year ahead. It also noted that the capital reduction supported the wider ambition set out in the 2025 business plan in terms of intra-Group dividend payments. In terms of delivering the highest standards of business conduct, the Board noted that whilst the proposed reduction changed the composition of the Company's capital and reserves, it did not impact UK GAAP profit or reported Solvency II surplus. Further assurance was received in the form of a dedicated Line 2 opinion which had reviewed the outputs of the solvency testing undertaken and had reached the conclusion that both the balance sheet and cash flow tests could be met as part of a solvency statement under section 643 of the Companies Act 2006.
Outcome	Following due consideration of the matters set out in Section 172, the Board approved the capital reduction and agreed to seek shareholder approval for the transaction to proceed.

Example key Board decision	Consumer Duty implementation for closed products
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters Alongside monitoring ongoing compliance with the FCA's Consumer Duty in respect of open products that was implemented in 2023, during 2024 the Board closely tracked the Company's progress toward achieving compliance with the same in respect of closed products. This included receiving regular update reports and attending a standalone education session on the progress of the Group's Consumer Duty programme. As a final step it considered evidence to support the Company's compliance with the Duty ahead of the 1 August 2024 go-live date.

	The Board reviewed work undertaken in relation each of the key dimensions of Consumer Duty, which included: how high priority actions had been addressed; how it would be embedded into business as usual activity; readiness of third party and outsourced service providers; a summary of an independent review of Customer Outcomes Monitoring; and a delivery roadmap for additional measures. It also sought specific assurance from management that appropriate funding was available to ensure delivery of product simplification activity associated with Consumer Duty compliance.
Outcome	Following due consideration of the matters set out in Section 172 and evidence presented, the Board approved a Defined Statement of Compliance in relation to closed book products and position against the specified target outcomes.

Example key Board decision	**2024 Sustainability Strategy**
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters During the year the Board considered proposals relating to the evolution of the Group's Sustainability Strategy for 2024 and beyond to reflect the changing landscape of the wider Group. As part of its consideration, the Board explored Phoenix's ambition across its ESG themes and the journey to meet those ambitions. It also reviewed priority themes for Planet, People, Human Rights, Diversity, Equity & Inclusion and good governance. It also provided challenge in relation to how the strategy's investment ambitions could be reconciled with the practicalities of commercial matters, as well as the complexity of customer engagement. It further sought to understand how the Group was differentiating itself from its peers and was addressing digital inclusion across its customer base.
Outcome	Following due consideration of the matters set out in Section 172, the Board confirmed its support for the proposed Sustainability Strategy, targets and plans at local level. Final approval for the overall strategy was then sought and received from the Group.

Example key Board decision	**Payment of dividends**
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters On two occasions during 2024, the Board received papers setting out in detail the Company's actual and projected solvency and liquidity position, to enable it to assess the resources available for distributions to the Group. When considering each proposal the Board paid due regard to the long-term impact of those decisions, specifically in the context of capital and liquidity affordability. The Board also received comprehensive Line 2 assurance from the Risk function as to the appropriateness of the proposals. The Board recognised the importance of being able to provide assurance to the PRA as to its sound and prudent management of the Company's business. The Board noted that the proposals for the first dividend payment in 2024 had been shared with the PRA and its observations on the matter responded to.
Outcome	Following due consideration of the matters set out in Section 172 on each occasion, the Board approved the payments of dividends to the Group.

Business relationships with customers
Customer matters are key for the Company and play a significant part of the rationale for decision-making that takes place. Board papers require authors to consider and provide detail relating to the potential impact of proposals on customers, enabling the Board to pay due regard to such matters.

Business relationships with Partners/Suppliers
The Service Companies within the Group are the principal leads on maintaining relationships with suppliers with respect to their contractual obligations. In accordance with the PRA's Supervisory Statement SS2/21, the Board has oversight of the relationship with OSPs with respect to their delivery of services to customers. The Board's schedule of matters reserved includes the responsibility for monitoring the performance of management service provider contracts (including services contracted with OSPs).

Energy and carbon reporting
Energy and Carbon usage information is disclosed in the Group's annual report and accounts and accordingly the Company has not reported on this in these individual financial statements.

Risk management

Risk management framework
The Company adopts the Phoenix Group's Risk Management Framework (RMF) and has a system of governance that embeds clear ownership of risk. The RMF supports the identification, measurement, assessment, management and reporting of risks against approved risk appetites. The Group has an established 'three lines of defence' model. Management (Line 1) is responsible for risk ownership and maintaining effective processes, procedures and controls; the Risk Function (Line 2) provides independent oversight and challenge; and Internal Audit (Line 3) provides objective assurance.

Periodic review of the Risk Management Framework is an integral part of the system of governance in the Group, and in 2024 the Group adopted ways to further promote individual accountability. In 2025, the Group will look for further opportunities to streamline and augment the framework, including technology solutions that might help further simplify its operation across the Group. Any changes the Group choose to make will be considerate of the 2024 Corporate Governance Code in helping the Board to assess the effectiveness of the RMF.

All Non-Executive Directors receive an induction to the RMF from the Group CRO as part of their onboarding. The components of the Group's RMF are outlined in the Strategic Report of the Group's Annual Report and Accounts 2024.

Risk Environment
The Group continues to operate in an uncertain risk environment with multiple external factors requiring navigation to enable the Group to deliver on its strategic priorities.

Adverse market movements can impact the Group's capital, solvency, profitability and liquidity position, and influence the certainty and timing of future cash flows and long-term investment performance for shareholders and customers. Regular monitoring of market risk exposures in accordance with the Group Market Risk Policy supported by a hedging strategy helps to reduce the sensitivity of the Solvency II balance sheet to market shocks.

Regional conflicts, an uncertain political landscape and increased global economic fragmentation increase the risk of disruption to global supply chains and impacts to financial markets and the economy. The Group's Stress and Scenario Testing programme continues to consider a range of adverse circumstances to inform the Group and its Life Companies of the actions needed to respond to external events and further enhance operational and financial resilience.

Bringing the business together into an efficient Group-wide operating model is dependent upon execution of the Group's migration, transformation and cost efficiency programmes. The Group has prioritised these initiatives, underpinned by strengthened governance to support controlled execution and delivery of intended benefits.

Severe disruption or failure of important business services exposes the Group to increased risk of harm to its strategic priorities, customer outcomes and if prolonged increased operating costs. The Group continues to implement measures to improve and embed operational resilience in-house and with its outsourced service providers and critical third-party suppliers. This includes exploring opportunities emerging technologies whilst ensuring the Group sustain appropriate focus on the Group's cyber defence capabilities.

Principal risks and uncertainties
A principal risk is a risk or combination of risks that could seriously affect the strategic objectives, future performance, or reputation of the Group, including risks that may threaten the Group's business model, solvency or liquidity.

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks of the Group which are outlined in the Strategic report of the Group's Annual Report and Accounts 2024. All seven Group principal risks are relevant to the Company and are outlined in the sections that follow.

During 2024, for the purposes of managing risks of the Company, including those impacting the Company's financial assets and financial liabilities, the Company considered the following Risk Universe categories: Financial Soundness; Market; Insurance; Credit; Customer; Sustainability; Operational; and Strategic. Sources of these risks, and an explanation of actions taken to manage risk exposures during the year, are outlined in more detail in note 33 of the financial statements.

The principal risk exposures for the Company relate to the non-profit business and reflect the wide range of products in the funds. The Company is particularly exposed to insurance risk and a number of financial risks arising from its underlying assets and liabilities, including movements in financial markets and property markets, changes in interest rates, widening of credit spreads and the risk of corporate defaults.

The WP funds are all strong financially (i.e. the assets within the funds are sufficient for meeting its liabilities and capital requirements without requiring capital support from the Company) and the risks, such as annuitant longevity and meeting policyholder guarantees, are unlikely to have a material adverse impact on the owners. Capital is held within the with-profits funds, with this capital belonging primarily to the with-profits policyholders. A risk appetite framework is in place to ensure that the level of risk in each fund is appropriate given the level of capital. In the event that the level of risk needs to be adjusted, various management actions may be taken such as more closely matching assets and liabilities or reinsuring mortality, morbidity or longevity risk.

The Company closely manages the risk of failure to maintain sufficient capital to provide appropriate security for policyholders and meet all regulatory capital requirements mandated by the PRA. The Capital Management Framework is detailed in note 32.

Strategic risk – Strategic execution

1. The Group's, including the Company, ability to meet its external obligations is adversely impacted by failure to execute key strategic change programmes

Impact	Mitigating actions
Execution of migrations, transformation and cost efficiency programmes is essential to bringing the business together into an efficient single Group-wide operating model. In some cases, the Group is reliant on its strategic partnerships with third parties to deliver these changes. These include, but are not limited to, investment management services from aberdeen group plc (formerly abrdn plc); custody and fund accounting services from HSBC plc and customer administration from TCS Diligenta. Failure to prioritise and have the right capability and capacity (internally or at the third party) to deliver and execute these programmes on time and within agreed costs could negatively impact benefits assumed in the Group's business plan. It could also cause significant disruption to the operation of necessary business processes and controls; and the Group is exposed to the risk of failing to deliver good outcomes for its customers, should failures occur in key programmes.	Throughout 2024, the Group has continued to enhance its Change Management Framework with strengthened governance to support the safe and controlled mobilisation and delivery of change. The Group has deprioritised some of its change initiatives to maintain focus on delivering the key programmes that support a single Group-wide operating model; and the Group have enhanced risk monitoring and contingency planning. The Supplier Management Model also has robust governance and engagement arrangements to manage relationships with the Group's strategic partners. This includes change prioritisation, capability and capacity planning. The Group continues to invest in its operating model to further strengthen the capability required to deliver and execute change effectively. Risk appetite, policies and standards for guarding against increased risk of potential harm to customer outcomes are embedded in the Risk Management Framework. As part of the work on Consumer Duty, this includes enhanced customer experience metrics and outcomes monitoring.

Strategic risk – Geopolitical instability

2. The Group, including the Company, is impacted by changes in customer behaviour, economic or political conditions including wider geopolitical instability

Impact	Mitigating actions
The Group's strategic priorities are adversely impacted by changing customer behaviours resulting from changes in the political landscape, employment trends and rising cost of living anxieties; and changing customer expectations on product simplicity and technology-based service solutions. The Group, and Company, is exposed to disruption from geopolitical instability that could impact the profitability of products, the value and quality of investments and resilience of the Group's operating model.	The Group, and Company, has a continuous programme of customer research, customer outcomes monitoring and fair value assessments that were augmented as part of the Group's response to Consumer Duty. The Company continues to explore innovative solutions to improve and simplify the customer experience. This includes partnering with innovative start-ups and providing user experience and technical delivery insight for product and service offerings.

Escalation of regional conflicts and increasing protectionist policies can result in increased cyber-attacks, drive inflationary pressures due to global policy changes and supply-chain disruption, and impact the macroeconomic environment which may impact the balance sheet and new business.	The Company continues to monitor activity in the global environment. It regularly explores the impacts of potential scenarios informed by its annual stress testing programme. This supports ongoing assessment of business model resilience and effectiveness of the potential courses of actions available to respond to events. Further information on operational resilience is provided in the resilience principal risk category below.

Sustainability risk

3. The Group, including the Company, fails to understand and respond to risks associated with climate change and other environmental, social and governance ('ESG') factors

Impact	**Mitigating actions**
The Group does not effectively manage material sustainability risks which could impede its ability to meet external commitments, including those in its Net Zero Transition Plan, and undermine its reputation. Climate risk is significant for both the Group and customers. To reduce the physical impacts of climate risk, the global economy needs to transition to a low carbon economy. Whilst the Group are on track to meet its 2025 targets under most scenarios, there is a risk of not meeting out 2030 targets. The Group is taking direct action but meeting its ambition to be a net zero business by 2050 is becoming increasingly dependent on action by governments and wider economy. Anti-climate headwinds in major economies are being monitored by Executive and Board Committees as they are likely to impact global progress in relation to climate change in the medium to long term, which makes the Group less certain about its ability to achieve its 2030 targets.	The Group has a clear sustainability strategy in place which The Group has a clear sustainability strategy in place which includes its response to climate change. This policy is reviewed and refreshed annually. Climate change risk is integrated in the Group's Risk Management Framework. The Company leverages qualitative and quantitative scenario analysis to assess its risk exposure and has put in place a set of key sustainability risk metrics which are regularly monitored. There is ongoing focus on climate risk assessment by research and professional bodies. The Company also engages in constructive dialogue with both investee companies and asset management partners. The Company continues to engage with policymakers and market participants to inform its approach and actively drive the wider system change needed to address systemic climate and sustainability risks. In the short term, anti-climate headwinds are not expected to materially impact the Company's management of investment portfolios as sustainability expectations are incorporated within investment management agreements.

Operational risk – Resilience

4. The Group, including the Company, or its partners are not sufficiently resilient

Impact	**Mitigating actions**
Severe disruption or failure in the provision of important business services, exposes the Group to increased risk of harm to strategic priorities, including delivering good customer outcomes. This increases the risk of reputational damage, regulatory censure and, if prolonged, increased operating costs. Such disruptions could occur in-house or at one or more of the Group's strategic partners or third parties on whom the Group, and Company, is reliant for services and can be triggered by a range of factors (such as cyber, geopolitical or environmental).	The Group's Supplier Management Model has robust governance and engagement arrangements to manage relationships with its strategic partners and suppliers; and its Operational Resilience Framework is designed to prevent intolerable harm and support compliance with the regulatory outcomes. The Company has implemented solutions to further protect customers from harm in the event of severe but plausible scenarios. The Company is also continually exploring ways to strengthen its cyber security, IT disaster, recovery capabilities and to better equip the incident response teams. The Company continues to work closely with its outsource partners, third and fourth party suppliers to ensure alignment of risk appetite on impact tolerances for operational resilience. The Company regularly reviews important business services to ensure the approved levels of resilience are maintained.

Operational risk – Regulatory and legislative environment

5. The Group, including the Company, is impacted by significant changes in the regulatory or legislative environment

Impact	Mitigating actions
Changes in the regulatory or legislative environment could impact the products the Group writes, its distribution channels and the Group's capital requirements. Material new regulatory change or late identification of new regulations can compromise execution of key change programmes essential to the Group's strategic priorities which could negatively impact customer outcomes, the balance sheet and cause reputational damage. Incoming Solvency UK looks to better align prudential regulations with the UK's regulatory objectives post-Brexit. The Group expects further post implementation guidance as the PRA evaluates the outcomes in 2025, the impact of the further guidance on the Balance Sheet is uncertain.	The Group operates a Regulatory Change Management Framework to ensure effective oversight of all regulatory developments. The Framework ensures that there is proactive horizon scanning, awareness of and ownership for any change required at an early stage; that an impact assessment is completed; and appropriate governance is in place to oversee the execution of the change. The Group, regularly engages with regulators and policymakers to listen and contribute to discussions on a wide range of matters, including those that could have market-wide and systemic risks. The Group will continue to monitor developments across the political and regulatory environment during 2025 and use its voice and experience to influence thinking. Sensitivity testing and scenario analysis of the Group's business model and balance sheet is used to consider potential strategies to respond to changes in regulations. In its 2023 Annual Report the Group recognised the significant undertaking to achieve compliance with IFRS17. During 2024 the Group continued its Finance transformation programme to further improve the IFRS17 processes and investment will continue in 2025.

Operational Risk – People

6. The Group, including the Company, fails to retain or attract a diverse and engaged workforce with the skills needed to deliver its strategy

Impact	Mitigating actions
The Group requires talented, diverse and engaged people with the right skills and capability to deliver the strategy. In 2024 the Group transitioned to a new operating model aligned to business operations, supported by fully integrated finance, risk, human resources and change functions. Uncertainties emanating from this and any future refinements to the operating model, may increase the risk of unplanned losses in critical skills and corporate knowledge. There is a risk that it will be harder to recruit the right capability for specialised or business-critical roles in a competitive market. This could increase the risk of disruption to business and customer processes and could adversely impact the delivery of critical business change programmes (such as migrations or transformation).	There is ongoing monitoring of the capability and capacity required to support key programme delivery and to ensure the operating environment remains stable. To attract and retain colleagues from all backgrounds, the Group has created a shared sense of purpose and commitment to its strategy. The Group offers competitive terms and conditions, benefits, and flexibility to foster colleague engagement, which is monitored regularly through employee engagement surveys that track colleague sentiment and enable prompt intervention on areas of concern.

Financial markets risk

7. The Group, including the Company, is exposed to adverse movements in the value of assets or liabilities caused by economic forces, downgrades or counterparty failures

Impact	Mitigating actions
Adverse market movements, downgrades and deterioration in the creditworthiness, or default of investments, derivatives, reinsurers or banking counterparties can affect certainty and timing of future cash flows and long-term investment performance for the Company and its customers. It increases the risk of immediate financial loss, and/or reduced capital, solvency, and liquidity positions that could affect meeting the strategic priorities.	The Company has a well-defined risk appetite with appropriate risk limits and undertakes regular monitoring activities in relation to its market and credit risk exposures. It closely monitors and manages its excess capital position, and makes use of hedging, strategic asset allocation, portfolio trading and reinsurance to limit the risk sensitivity of the Solvency II balance sheet and surplus to market movements. The Company regularly monitors its counterparty exposures and has specific limits in place relating to individual counterparties, sector concentration, geographies and asset class. The Group operates a suite of controls over customer funds to ensure exposure to market risk is maintained within the customer's risk appetite. These controls include monitoring of investment manager and external fund performance, reviewing customer funds and making changes as required to manage market and investment risk.

On behalf of the Board

Signed by:
Paul Shakespeare
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Paul Shakespeare
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

13 June 2025

Directors' report

The Company is incorporated in England and Wales. Its registration number is 00754167 and its registered office is Windsor House, Telford Centre, Telford, TF3 4NB.

Corporate governance
The Company adheres to the PRA's Supervisory Statement SS5/16, which sets out the principles as to how a PRA-regulated firm, such as the Company, should govern itself if it is not a listed company and does not, therefore, fall within the remit of the UK Corporate Governance Code (the "Code").

Within the guidelines of SS5/16, PRA-regulated firms are expected to focus on twelve aspects of governance, many of which echo the framework provided by the Code. These twelve aspects of governance, whilst not being as formal as following the Code (which is applied by the Company's ultimate parent, Phoenix Group Holdings plc), provide a framework through which the Board is able to demonstrate that it runs the Company with sound governance at its heart.

This framework is assessed, reviewed and challenged by the Board on at least an annual basis with evidence focusing on the following points. The findings of the review for 2024 are set out below. For the avoidance of doubt, there have been no departures from these aspects of governance through the year:

Aspect of Governance	Demonstrated by
Setting Strategy	As noted in the Directors' duties section of the Strategic report which provides an overview of how the Directors have regard for their duty in respect of consequences of decisions in the long-term, an annual strategy day is held each June for the Board to debate and challenge the strategy for the Company and input to the overall Group strategy debate. The Chair of the Company (or designated representative) is invited to attend the Group strategy sessions to provide the Board's feedback. A more refined view, developed into an Annual Operating Plan, is created for review and sign off at the beginning of each year which maps out the ongoing strategic direction for the following 12 months and up to 5 years thereafter. Board agendas are prepared to ensure that the more strategic items have sufficient time for review and challenge. During the year, the Board gave considerable focus and challenge to the implementation of the FCA's New Consumer Duty in relation to its closed products. Associated with this, the Board had significant input into how customer outcomes were assessed via metrics designed to understand the extent to which customers: • Feel listened to • Are supported • Trust the business • Are able to understand and make informed decisions • Feel their needs are recognised • Feel secure about the future Further key matters discussed and challenged at the Board during the year were: liquidity headroom and the risks and opportunities associated with its management; the response to the PRA relating to its Supervisory Statement on Funded Reinsurance; overseeing the migration of a tranche of annuity business to a new administration platform; the Group's Sustainability Strategy; and approval of dividend payments to the Group.
Culture of risk awareness and ethical behaviour	The Company operates within the overall Group Risk Management Framework. As part of this, on an annual basis, the Board approves a series of risk appetite statements for articulation throughout the Company. The Group Risk Function has created and presented its assessment of Risk Culture within the business during the year to the Risk Committee. The dashboard considers 15 specific objectives across Purpose, Psychological Safety and Diversity & Inclusion, Governance & Controls and Leadership with assessments based on a variety of inputs, including colleague surveys and Board / Committee evaluations.

	In respect of remuneration, the Non-Executive Directors input into the proposed objectives and performance ratings for those individuals within the management team of the Company who are responsible for the day to day running of the business (typically direct reports of the CEO and their direct reports who are also Senior Management Function Holders). This ensures that these objectives promote an effective culture of risk awareness and ethical behaviour. In the same way, the Board was also engaged in the review of any bespoke remuneration plans for business units, and the targets to be included in the Group's Annual Incentive Plan with respect to customer performance, in advance of their consideration by the Group Remuneration Committee.
Risk appetite, risk management and internal controls	As described above, risk appetite statements are approved by the Board. Oversight of risks, risk management and internal controls is delegated for oversight by both the Board Audit Committee and Board Risk Committee in line with their terms of reference. Both the Head of Internal Audit and Chief Risk Officer ("CRO") have access to the Chair of the Board and the Audit Committee to raise any concerns directly. In addition, the CRO has direct access to the Chair of the Risk Committee. The operation of a three lines of defence model within the Company ensures that there is appropriate oversight, not only from the individual business unit but also from the Risk function providing risk oversight independent of management and the Internal Audit function providing independent verification of the adequacy and effectiveness of the internal controls and risk management processes in operation.
Board composition	Board skills and associated succession planning are subject to annual review to ensure there is an appropriate mix of skills among the Non-Executive Board members. Our Non-Executive Board members are considered to have the required knowledge to effectively challenge management and to undertake their duties appropriately. In 2024, one new Non-Executive Director was appointed, with Karin Cook joining the Board on 1 May 2024. Non-Executive Directors, Amanda Bowe and Nick Poyntz-Wright, retired on 30 April 2024 and 31 December 2024 respectively. During 2024 there were also a number of Executive Director changes. Pete Mayes, Rakesh Thakrar and Brid Meaney stepped down from the Board on 31 March 2024, 31 July 2024 and 19 August 2024 respectively. Arlene Cairns was appointed to the Board on 1 April 2024. As a result of these changes, at the end of 2024 the Board comprised 6 Non-Executive Directors (including the Chair) and 3 Executive Directors. Current Chair, John Lister, was considered independent on appointment to the role in 2021. There is a division of responsibility between the Non-Executive Chair, who is responsible for the leadership and effective operation of the Board, and the CEO, who is responsible to the Board for the overall management and operation of the Company.
Role of Executive and Non-Executive Directors	All appointment letters and associated role profiles for Non-Executive Directors specify the requirements of the role to include constructive challenge, scrutiny of management information and the integrity of financial information. The 'Matters Reserved' for the Board of the Company specifies those activities for which the Board has retained approval with agendas for each meeting reminding all directors of their responsibilities under Section 172. Board meetings, as evidenced through the Board Minutes produced, are an open forum for directors to be robust and challenge the proposals presented. Having a clear organisational structure allows for areas not covered by the Matters Reserved and which fall into the "day to day management" of the Company to be appropriately delegated through a structure of approved Delegations of Authority.

Knowledge and experience of Non-executive Directors	The experience of the Non-Executive Directors is wide across the life insurance industry and all have received a comprehensive induction on the business of the Company. A skills assessment is in place which identifies an individual's area of expertise such as accountancy, with-profits management, risk management, life and pensions and investments. This assessment demonstrates that our Non-Executive Directors have a substantial number of years' experience on the matters close to our Company. During the year, the Board is provided with regular education sessions to support any gaps in knowledge and to promote continuous professional development. During 2024, the Board received deep dives on the following topics: • Proposition Development Process • New Consumer Duty: Approach to Consumer Understanding and Support • Matching Adjustment Assumptions Attestation • IFRS17 • Capital Quality Methodology • Solvency II Reforms • Ongoing development of strategic pension partnership arrangements • Pensions & Savings
Board time and resource	The Board met for nine scheduled Board meetings in 2024, either in person or via video conference. A further six out of cycle meetings were held: two to consider the 2024 Annual Operating Plan; one to consider the Company's Solvency and Financial Condition Report and Solvency II Pillar 3 reporting prior to regulatory submission; one to approve the Company's annual financial statements; one to approve the 2024 half year Solvency II results; and one to consider payment of a dividend to the Group. As well as the Board, a number of Board Committees responsible for overseeing Audit, Risk, Nomination, With-Profits, Investment and Model Governance matters, have also been in operation during the course of the year. The Board Nomination Committee undertakes a review of the estimated time commitment required by a Non-Executive Director to support the Company's activities on an annual basis. For 2024 this was completed at its March meeting. Should a Non-Executive Director be considering an additional external commitment, this is reviewed by the Board Nomination Committee and Board in advance, during which time it is confirmed that the time commitment required will not impact their availability for Company matters.
Management information and transparency	Each Board meeting includes a formal CEO and other Company Officer reporting, together with other key MI reports (which includes Customer Treatment, Customer Complaints, Financial and Operational Capacity MI), as well as reports from the Board's committees. The Group CEO is also CEO of the Company, further strengthening the link, through management representation, between the Group and Life Boards.
Succession planning	The performance of the CEO and their direct reports is considered at least annually in private sessions facilitated by the Group HR Director with the Non-Executive Directors during which more informal discussions on succession planning may take place. During 2024 the Board Nomination Committee considered Non-Executive Director succession planning matters with particular reference to the forthcoming retirements of three Board Members in late 2024 and in 2025. This review incorporated a skills audit exercise to support long term succession planning. The Board formally reviewed its Succession Policy in November 2024.

Remuneration	Whilst the remuneration of executives is a matter for the Group and, specifically, the Group's Remuneration Committee, the Non-Executive Directors are provided with the information necessary to enable them to oversee the design and operation of the remuneration arrangements linked to the Company's strategic objectives. In addition, the Non-Executive Directors consider and opine on the performance outcomes of the individuals within the management team of the Company who are responsible for the day to day running of the business (typically direct reports of the CEO).
Subsidiary boards	Within the scope of Board updates, there is the flexibility to consider the activities of the Company's subsidiary companies. A summary update of any activity of the Company's subsidiaries is provided on a six-monthly basis where appropriate. The Group CEO is an executive director of both the Company and the Group, as was the Group CFO until he stepped down as a director of the Company during the year. In the case of each individual, conflicts of interest were assessed for each agenda item and, where appropriate, they were recused from decision making at the meeting. The Phoenix Life Companies (of which the Company is one) Board Matters Reserved clearly state those matters which are in the gift of the Board and those which require Group oversight, in support of balancing the obligations of the Company within the context of the wider Group.
Board committees	The terms of reference of the committees of the Board of the Company document the duties of the committees. Any matter which cannot be properly dealt with by the committee concerned or needs to be escalated is submitted to the Board for consideration. Board Committee terms of reference have been assessed against activity undertaken and amended during the course of the year, as appropriate, to ensure corporate governance arrangements remained aligned to the Group operating model.

Financial instruments
Details of the Company's financial risk management objectives and policies in respect of its use of financial instruments are included in note 33 to the financial statements.

Going concern
The Strategic report and Directors' report summarise the Company's activities, its financial performance and financial position together with any factors likely to affect its future development. In addition, they discuss the principal risks and uncertainties it faces. Notes 32 and 33 to the financial statements summarise the Company's capital management and risk objectives and policies together with its financial risks.

The Board has followed the UK Financial Reporting Council's "*Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)*" when performing their going concern assessment. To this end, the Board has undertaken a review of solvency, liquidity and cash flow projections under normal and stressed conditions.

The Annual Operating Plan ("AOP") sets out three year forecasts under base and stress scenario projections using a variety of stress scenarios and was approved by the Board on 21 November 2024.

The plausible downside scenario projections reflect the impact of market disruption over the forecast period, assuming a stress duration of one year from December 2024. The projection uses the below stress calibrations:

- 15bps increase in gilts spread rise
- 85bps increase in Credit – A rated 15 year
- 25bps increase in RPI inflation – 10 year
- GBP 5% up vs EUR on exchange GBP vs Euro
- GBP 10% up vs USD on exchange GBP vs USD
- One notch credit quality downgrade on 10% shareholder liquid / illiquid assets (excluding UK sovereign)
- 15% reduction in equities
- 10% reduction in Residential Property
- 17.5% reduction in Commercial Property

For the 3 year forecast period to which the downside scenario was applied, at all times the Company is anticipated to maintain sufficient headroom to meet its Capital Management Policy ("CMP") buffer over and above the SCR.

Stress testing has additionally been carried out against market down 1-in-10, severe downside and other non-economic scenarios. The projections demonstrated that excess capital over the CMP would remain in the Company under all scenarios at the scenario low points over the three year forecast period.

The Company's CMP is set annually and was last approved by the Board in October 2024. The Company's existing CMP buffer and calibrations remain robust and appropriate.

The Company is anticipated to be able to meet headroom of liquid assets over projected cash flows including internally imposed liquidity buffers under base conditions, and also under a combined 1 in 200 stress scenario, supporting cash generation in the going concern period assessed up to 30 June 2026. Liquidity is considered to be adequate to meet liabilities as they fall due.

As a result of this review, the Directors believe the Company has adequate resources to continue in operational existence over the going concern period assessed up to 30 June 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors
The names of those individuals who served as Directors of the Company during the year and who held office at the date of signature of this report are as follows:

A H Bowe	(resigned 30 April 2024)
A D Briggs	
A Cairns	(appointed 1 April 2024)
K A Cook	(appointed 1 May 2024)
I A Craston	
A Curran	(resigned 8 May 2025)
J Gill	
R Harris	
T W Harris	
J R Lister	(Chairman)
P K Mayes	(resigned 31 March 2024)
B M Meaney	(resigned 19 August 2024)
M J Muir	(appointed 1 January 2025)
N H Poyntz-Wright	(resigned 31 December 2024)
R K Thakrar	(resigned 31 July 2024)

Secretary
Pearl Group Secretariat Services Limited acted as Secretary throughout the year.

Matters disclosed in strategic report
The strategic report covers future developments and any dividends paid.

Disclosure of indemnity
Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Disclosure of information to auditor
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Auditor appointment
On 13 June 2024, Ernst & Young LLP resigned as auditors having reached the maximum period of service for an auditor of a Public Interest Entity under the mandatory auditor rotation requirements for another Life Company within the Group. In accordance with section 485 of the Companies Act 2006, KPMG LLP were appointed auditors to the Company for the year ended 31 December 2024, following a Group-wide selection process carried out in accordance with section 485B of the Companies Act 2006. The appointment of KPMG LLP as auditor of the Company was approved by the Board.

In accordance with section 487 of the Companies Act 2006, KPMG LLP will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

On behalf of the Board

Signed by:
Paul Shakespeare
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Paul Shakespeare
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary
13 June 2025

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements ("the financial statements") in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, including FRS 102 and FRS 103.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of ReAssure Limited

1 Our opinion is unmodified

We have audited the financial statements of ReAssure Limited ("the Company") for the year ended 31 December 2024 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, and the related notes, including the accounting policies in note 2, except the information being disclosed as unaudited in Note 33(t).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 7 October 2024. The period of total uninterrupted engagement is for the one financial year ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key Audit Matter	The risk	Our response
Valuation of long-term business provisions (2024: £16,711 million) *Refer to page 44 (accounting policy) and pages 63 to 68 (financial disclosures).*	**Subjective valuation** The valuation of long-term business provisions is an inherently subjective area, requiring management judgement in the setting of key assumptions. The longevity base and improvement assumptions, involve the greatest level of subjectivity. A small change in these assumptions can have a significant impact on the estimates of future cash flows. **Longevity assumptions** Longevity assumptions have two main components: mortality base assumptions and the rate of mortality improvements. The changing trends in longevity and emerging medical trends mean there is a high level of uncertainty in the assumptions. This uncertainty is heightened due to the potential medium and long-term impacts of COVID-19, pressures on the NHS and the economic outlook. There is also a high degree of expert judgement in the calibration of the Cause-of-Death model which management uses to derive the mortality improvement assumptions. **Discount rates used for certain annuity portfolios** The Company uses Solvency II discount rates for the valuation of long-term business provisions under UK GAAP, which comprise of a risk-free rate plus a Matching Adjustment for certain annuity portfolios. The Matching Adjustment is an adjustment to increase the discount rate used to calculate the long-term business provisions to reflect appropriate matching between the characteristics of the underlying asset portfolio and the annuity liability cashflows. There is a risk that errors in the calculation of the matching adjustment or the underlying asset data could result in material misstatements in the valuation of long-term business provisions. This is due to the complexity of the calculation and the reliance on complete and accurate asset data.	We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. We used our own actuarial specialists to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk included: **Control design and implementation:** Testing of the design and implementation of key controls over the valuation process, including the setting of assumptions, for long-term business provisions. **Methodology choice:** Assessing the appropriateness of the methodology for selecting assumptions by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of uncertain economic conditions on policyholder longevity. **Historical comparisons:** Evaluating the longevity base assumptions used in the valuation of the long-term business provisions by comparing to historic mortality experience. **Benchmarking assumptions:** Assessing longevity improvement assumptions against industry data on expected future mortality rate improvements and industry historical mortality improvement rates. **Test of detail:** • Performing a full independent recalculation of the Matching adjustment and resulting discount rates • For a sample of assets, validating the accuracy of the asset data used to project the cashflows used to derive the yield used in the calculation of the current discount rate and reprojecting these cash flows. • Tracing samples of policyholder data inputs into the actuarial valuation model to the underlying policy documents. • Testing the completeness of data used in the valuation of the long-term business provisions by reconciling the data from the policy administration system to the data used in the actuarial models. • By utilising data and analytics procedures, testing the accuracy of historical data input into the actuarial model by comparing the

Policyholder data

There is a risk that incomplete and inaccurate data is used in the calculation of long-term business provisions resulting from errors in the conversion of aggregate data from the policy administration systems into model point files used to value long-term business provisions in actuarial models.

Estimation uncertainty

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of long-term business provisions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

data used for reporting as at 31 December 2024 to the data used for reporting as at 31 December 2023 in relation to policies that were in force at that time.

Assessing transparency: Considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of long-term business provisions are compliant with the relevant accounting requirements.

Our results:

We found the resulting estimate of the valuation of long-term business provisions to be acceptable.

Key Audit Matter	The risk	Our response
Valuation of certain illiquid financial investments (2024: £2,270m) *Refer to pages 41-42 (accounting policy) and pages 54 to 58 (financial disclosures)*	**Subjective valuation** 5% of the investment portfolio as at 31 December 2024 was classified as Level **3** assets. Of this we consider the valuation of modelled debt securities backing long-term business provisions in the shareholder (rather than with profits or unit-linked) fund to involve the greatest level of subjectivity. The subjectivity of the asset valuations remains heightened due to the current economic conditions caused by the ongoing uncertainties as a result of higher inflation and higher market interest rates. For these positions a reliable third-party price from a recent market transaction is not readily available and therefore the application of expert judgement from management in the valuations adopted is required. The key assumption underlying the valuations for Modelled debt securities is the credit ratings that are not provided by external credit rating agencies. **Estimation uncertainty** The effect of these matters is that, as part of our risk assessment, we determined that the valuation of certain illiquid financial investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We used our own actuarial, valuation and credit specialists in order to assist us in performing procedures over methodology and assumptions in this area. Our procedures to address the risk included: **Test of controls:** • Control operation: Testing of the operating effectiveness of key controls over the credit rating process for modelled debt securities. **Our valuation expertise:** • Using our own valuation specialists to assess the suitability of the valuation and credit rating methodologies used by the Company, and to independently recalculate a sample of the credit ratings derived from credit rating models. **Methodology choice:** Assessing the appropriateness of the credit rating methodologies for modelled debt securities investments. **Assessing transparency:** Assessing whether the disclosures in relation to the valuation of illiquid financial investments are compliant with the relevant financial reporting requirements and that the sensitivities of the valuation to alternative assumptions are appropriately presented. **Our results:** We found the resulting estimate of the valuation of certain illiquid investments to be acceptable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £8.3 million, determined with reference to a benchmark of the Company's total net assets, of which it represents 2%. We selected Company net assets as the benchmark owing to it being the measure which aligns most closely to Solvency II Own Funds or Solvency II Capital Surplus. This is the primary consideration for shareholders, policyholders and regulators.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £5.4 million. We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements driven by the level of change within the business and the potential for that to impact the control environment during this period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.4 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied higher materiality for certain balances relating to the unit-linked and with-profits business in the statement of financial position, statement of comprehensive income and related notes, in accordance with the FRC Practice Note 20 'The Audit of Insurers in the United Kingdom'. This is because the changes in these balances are offset by changes in related balances such that the impact on the profit attributable to the shareholder is eliminated (in case of unit-linked asset) or significantly reduced (in case of with profit funds). The higher materiality amounts were as follows:

- For unit linked assets and corresponding unit linked liabilities we applied materiality of £320 million which represents 1% of the total unit linked assets balance.
  Performance materiality was set at 65% of materiality which equates to £208 million. We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements driven by the level of change within the business and the potential for that to impact the control environment during this period.
  We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding £14 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

- For unsupported with-profit fund assets and liabilities we applied materiality of £179 million which represents 1% of the total with-profits assets balance.
  Performance materiality was set at 65% of materiality which equates to £116 million. We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements, driven by the level of change within the business and the potential for that to impact the control environment during this period.

  We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding £8 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Company's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, interest rates and inflation, wider credit spreads, defaults and property price movements which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of the Company's illiquid financial investments and valuation of long-term business provisions.

We considered whether these risks could plausibly affect the liquidity and solvency in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the director' assessment of going concern, including the identified risks and related stress tests.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, and Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Inspecting correspondence with regulators to identify instances or suspected instances of fraud.
- Reviewing the audit misstatements from prior period to identify fraud risk factors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and exercise bias in accounting estimates and judgements such as the valuation of long-term business provisions and certain illiquid financial investments.

We do not believe there is a fraud risk related to revenue because there is limited management judgement involved in the recognition of and measurement of material revenue streams.

We identified a fraud risk related to long-term business provisions and certain illiquid financial investments. Further detail in respect of long-term business provisions and certain illiquid financial investments is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included but were not limited to those posted by unauthorised personnel, those posted to seldom used accounts and linked to an estimate, those posted to unusual accounts, and journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedure.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement relating to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate.

We identified the following areas as those most likely to have such effect: regulatory capital and liquidity requirements, conduct regulation and certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 23, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Anderson

James Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square, London, E14 5GL
13 June 2025

Statement of comprehensive income
for the year ended 31 December 2024

Long term business technical account	Notes	2024 £m	2023 £m
Gross premiums written	4	265	313
Outward reinsurance premiums	4	(541)	(566)
Earned premiums, net of reinsurance		(276)	(253)
Investment income	5	4,154	858
Unrealised (losses) / gains on investments	5	(847)	3,412
Other technical income	6	272	265
Claims paid:			
Gross amount		(2,339)	(2,500)
Reinsurers' share		567	594
Claims paid net of reinsurance		(1,772)	(1,906)
Change in provision for claims:			
Gross amount		(28)	7
Reinsurers' share		(3)	1
Change in provision for claims net of reinsurance		(31)	8
Claims incurred net of reinsurance		(1,803)	(1,899)
Change in long term business provision:			
Gross amount	27	808	987
Reinsurers' share	27	105	(263)
Change in long term business provision net of reinsurance		913	724
Change in technical provision for linked liabilities net of reinsurance		(1,861)	(2,311)
Change in technical provisions net of reinsurance		(948)	(1,587)
Net operating expenses	7	(250)	(243)
Investment expenses and charges	5	(60)	(69)
Other charges	8	(18)	(68)
Tax charge on long term business	11	(108)	(175)
Transfer to / (from) fund for future appropriation		10	(23)
Balance on long-term business account		126	218

Statement of comprehensive income

for the year ended 31 December 2024

Non-technical account	Notes	2024 £m	2023 £m
Balance on long term business technical account		126	218
Tax charge on long term business	11	6	42
Balance on long term technical account before tax		132	260
Investment income	5	25	18
Unrealised gains / (losses) on investments	5	4	(97)
Profit / (loss) on other activities		29	(79)
Profit on ordinary activities before tax		161	181
Tax on ordinary activities	11	(12)	(46)
Profit for the year		149	135
Other comprehensive income:			
Revaluation deficit on land and buildings		-	(1)
Other comprehensive income for the year, net of tax		-	(1)
Total comprehensive income for the year		149	134

The notes on pages 36 to 83 form an integral part of these financial statements.

Statement of financial position - assets
as at 31 December 2024

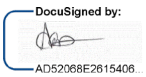
ASSETS	Notes	As at 31 December 2024 £m	As at 31 December 2023 £m
Intangible assets	13	321	364
Investments			
Land and buildings	14	310	333
Investments in group undertakings and participating interests	15	3,623	1,456
Other financial investments	16	14,491	18,696
		18,424	20,485
Assets held to cover linked liabilities	26	31,342	32,039
Reinsurers' share of technical provisions			
Long-term business provision	27	202	98
Claims outstanding		13	16
Technical provisions for unit-linked liabilities	27	376	387
		591	501
Debtors			
Debtors arising out of direct insurance operations - policyholders		96	108
Debtors arising out of reinsurance operations		1	-
Other debtors	20	467	474
		564	582
Other assets			
Cash at bank and in hand		41	38
Contract assets	22	77	102
		118	140
Accrued income	23	9	13
Total assets		51,369	54,124

Statement of financial position – equity and liabilities
as at 31 December 2024

EQUITY AND LIABILITIES	Notes	As at 31 December 2024 £m	As at 31 December 2023 £m
Capital and reserves			
Called up share capital	24	255	387
Share premium		-	134
Capital contribution reserve	25	-	683
Profit and loss account		152	163
Total capital and reserves		407	1,367
Liabilities			
Fund for future appropriations		410	420
Technical provisions			
Long-term business provision	27	16,711	18,235
Claims outstanding		253	262
		16,964	18,497
Technical provisions for linked liabilities	27	32,247	32,560
Provisions for other risks			
Deferred taxation		115	33
Other provisions	28	3	6
		118	39
Deposits received from reinsurers		53	52
Creditors			
Creditors arising out of direct insurance operations		107	96
Creditors arising out of reinsurance operations		43	43
Other creditors including taxation and social security		986	1,009
		1,136	1,148
Accruals	31	34	41
Total liabilities		50,962	52,757
Total equity and liabilities		51,369	54,124

The notes on pages 36 to 83 form an integral part of these financial statements.

The financial statements of ReAssure Limited (registered number 00754167) were approved by the Board and authorised for issue on 10 June 2025 and signed on its behalf by:



Arlene Cairns
Director

13 June 2025

Statement of changes in equity
for the year ended 31 December 2024

	Called up share capital	Share premium	Revaluation reserve	Capital contribution reserve	Profit and loss account	Total capital and reserves
	£m	£m	£m	£m	£m	£m
Balance at 1 January 2024	387	134	-	683	163	1,367
Profit for the year	-	-	-	-	149	149
Total comprehensive income for the year	-	-	-	-	149	149
Share capital reduction	(132)	(134)	-	(683)	949	-
Dividends paid on ordinary shares (note 12)	-	-	-	-	(1,109)	(1,109)
Balance at 31 December 2024	255	-	-	-	152	407

	Called up share capital	Share premium	Revaluation reserve	Capital contribution reserve	Profit and loss account	Total capital and reserves
	£m	£m	£m	£m	£m	£m
Balance at 1 January 2023	387	134	1	683	228	1,433
Profit for the year	-	-	-	-	135	135
Other comprehensive income for the financial year	-	-	(1)	-	-	(1)
Total comprehensive income for the financial year	-	-	(1)	-	135	134
Dividends paid on ordinary shares (note 12)	-	-	-	-	(200)	(200)
Balance at 31 December 2023	387	134	-	683	163	1,367

Of the above, £152m (2023: £812m) is considered distributable.

The notes on pages 36 to 83 form an integral part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation

The financial statements for the year ended 31 December 2024, set out on pages 31 to 83 were authorised by the Board for issue on 10 June 2025.

The financial statements have been prepared on a historical cost basis except for investment property, investments in subsidiaries and those financial assets and financial liabilities that have been measured at fair value.

Assets and liabilities are offset and the net amount reported in the Statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. An exception is the presentation of assets held to cover linked liabilities on the Statement of financial position. Unit linked funds contain both assets and non-technical provision related liabilities and as such the liabilities have been presented with the assets when reporting the total of assets held to cover linked liabilities on the Statement of financial position. Details of the amounts are given in note 26. Income and expenses are not offset in the Statement of comprehensive income unless required or permitted by a financial reporting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The financial statements are presented in sterling (£) rounded to the nearest £million except where otherwise stated.

These financial statements are separate financial statements and the exemption in section 400 of the Companies Act 2006 has been used not to present consolidated financial statements. The results of the Company are consolidated into the accounts of the Company's ultimate parent, Phoenix Group Holdings plc, a company incorporated in England and Wales. Copies of the Phoenix Group Holdings plc consolidated financial statements can be obtained from their company website, www.thephoenixgroup.com.

Going Concern
The Board has considered financial projections which demonstrate the ability of the Company to withstand market shocks in a range of scenarios, including very severe ones. In assessing the appropriateness of the going concern basis, the Board considered base case and stress scenario projections. The plausible downside scenario projected market stress reflecting tighter credit conditions, a deep recession driven by a further short-term increase in inflation, falls in equities, properties, increased interest rates and credit spreads, a UK sovereign downgrade and credit asset downgrades during 2025. The projections demonstrated that excess capital would remain in the Company under the plausible downside scenario, supporting cash generation in the going concern period to 30 June 2026, and that liquidity was adequate to meet liabilities as they fell due. Having carried out this assessment, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further detail is provided within the Directors' report.

Statement of compliance
The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") & Financial Reporting Standard 103 *Insurance Contracts* ("FRS 103") (together "UK GAAP") in conformity with the Companies Act 2006. The provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies also apply to the Company.

The Company is considered to be a qualifying entity under FRS 102 and has applied the exemptions available in respect of the following disclosures:

- Cashflow statement and related notes
- Key management personnel compensation
- Related party transactions between two or more wholly owned subsidiaries of Phoenix Group Holdings plc.

2. Accounting policies

a) Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Disclosures of judgements made by management in applying the Company's accounting policies include those that have the most significant effect on the amounts that are recognised in the Company's financial statements. Disclosures of estimates and associated assumptions include those that have a significant risk of resulting in a material change to the carrying value of assets and liabilities within the next year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the measurement of insurance and investment contract liabilities and determination of the fair value of financial assets and liabilities. Details of all critical accounting estimates and judgements are included below.

Financial statement area	Critical accounting estimates, judgements and assumptions	Related notes
Technical provisions	Technical provisions use economic assumptions as well as non-economic assumptions such as future expenses, longevity and mortality. Due to the level of annuities written by the Company, it is particularly exposed to longevity risk. At 31 December 2024, there were no adjustments made to the longevity assumptions to specifically allow for the impact of climate change on annuitant mortality. Economic assumptions are set taking into account market conditions as at the valuation date. Non-economic assumptions, such as future expenses, longevity and mortality are set based on past experience, market practice, regulations and expectations about future trends. Further details as to how assumptions are set is included in note 33. The valuation of technical provisions is sensitive to the assumptions which have been applied in their calculation. Details of the Company's sensitivity (unaudited) to annuitant longevity and other key insurance risks on a Solvency UK basis is set out within note (33). Accounting for technical provisions is discussed in more detail in accounting policy (p) with further detail of the key assumptions made in determining technical provisions included in the notes to the accounts.	27
Guarantees and options	The Company is required to estimate the value of future guarantees and options for the with profits contracts. These estimates are subject to uncertainty and may not represent the ultimate amounts paid out to satisfy claims by policyholders (even before allowing for future enhancements to distribute the surplus assets). However, this risk of estimation uncertainty is offset, due to the fact that in all reasonably foreseeable circumstances, any change in the estimates of the value of options and guarantees will result in an offsetting movement in either asset shares or the fund for future appropriations. Since the fund for future appropriations is presented as a liability, the total liabilities recognised for contracts within the with profits funds is not subject to significant estimation uncertainty. The measurement of investment contracts is mainly comprised of the value of the underlying units and is not subject to significant estimation uncertainty.	27
Fair value of financial assets and liabilities	The fair values of financial assets and liabilities are classified and accounted for as set out in accounting policy (k). Where possible, financial assets and liabilities are valued on the basis of listed market prices by reference to quoted market bid prices for assets and offer prices for liabilities, without any deduction for transaction costs. These are categorised as Level 1 financial instruments and do not involve estimates. If prices are not readily determinable, fair value is determined using valuation techniques including pricing models, discounted cash flow techniques or broker quotes. Financial instruments valued where valuation techniques are based on observable market data at the period end are categorised as Level 2 financial instruments. Financial instruments valued where valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 2 and Level 3 financial instruments therefore involve the use of estimates and the notes provide further disclosures on fair value hierarchy and assumptions used to determine fair values.	19
Investment property	The fair value of commercial investment property is based on valuations provided by external property valuation experts having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, having regard to the condition of the property and local market conditions. Property valuations are carried out in October of each year. These valuations are in accordance with the Royal Institute of Chartered Surveyors ("RICS") guidelines. Management makes an assessment on 31 December to determine if these valuations will be adopted and if any valuation adjustments are required.	14

Investment in subsidiaries	The Company has two categories of investment in subsidiaries: strategic subsidiaries and investment subsidiaries. Strategic subsidiaries are operating companies which support the Group and the Company's strategic objectives, as well as certain non-trading and dormant companies. Investment subsidiaries are held to generate capital or income growth through holding investments. The accounting for both types of subsidiaries, including determining whether the Company has control over its subsidiaries for investment purposes, is discussed in more detail in accounting policy (j). Where a subsidiary is classed as a subsidiary for investment purposes it is subject to fair value accounting and the factors set out in the critical estimate above.	16

How climate risk affects our accounting estimates and judgments
In preparation of these financial statements, the Company has considered the impact of climate change across a number of areas, predominantly in respect of the valuation of financial instruments, insurance and investment contract liabilities and intangible assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgments and estimates for the current period.

The majority of the Company's financial assets are held at fair value and use quoted market prices or observable market inputs in their valuation. The use of quoted market prices and market inputs to determine fair value reflects current information and market sentiment regarding the effect of climate risk. For the valuation of level 3 financial instruments, there are no material unobservable inputs in relation to climate risk. Note 33 provides further risk management disclosures in relation to financial risks including sensitivities in relation to credit and market risk.

Insurance and investment contract liabilities use economic assumptions taking into account market conditions at the valuation date as well as non-economic assumptions such as future expenses, longevity and mortality which are set based on past experience, market practice, regulations and expectations about future trends. Due to the level of annuities written by the Company, it is particularly exposed to longevity risk. While the impact of climate change on longevity assumptions has been considered, as at 31 December 2024 there are no adjustments made to the longevity assumptions to specifically allow for the impact of climate change on annuitant mortality. Further details as to how assumptions are set and of the sensitivity of the Company's results to annuitant longevity and other key insurance risks are set out in note 33.

The assessment of impairment for intangible assets is based on value in use calculations. Value in use represents the value of future cash flows and uses the Company's three-year annual operating plan and the expectation of long-term economic growth beyond this period. The three-year annual operating plan reflects management's current expectations on competitiveness and profitability and reflects the expected impacts of the process of moving towards a low-carbon economy. No impairment indicators were identified in relation to the impacts of climate related risks on the Company's competitiveness and profitability.

b) Non-technical account allocation
Income and expenses on certain items such as intercompany loans and investments in strategic subsidiaries are allocated to the non-technical account as they relate to Group financing and structure rather than long-term insurance business. All other items of income and expenses have been attributed to the technical account. The Company only contains long-term business as any other activities within the Group are managed in separate entities.

c) Income recognition
Gross premiums written
In respect of insurance contracts and investment contracts with discretionary participation features ("DPF"), premiums are accounted for on a receivable basis and exclude any taxes or duties based on premiums. Funds at retirement under individual pension contracts converted to annuities with the Company are, for accounting purposes, included in both claims incurred and premiums within gross premiums written.

The classification of insurance and investment contracts is covered in policy (p) below.

Reinsurance premiums
Outward reinsurance premiums are accounted for on a payable basis. Reinsured premiums include fixed monthly payments made under longevity swap arrangements.

Reinsurance premiums include amounts receivable as refunds of premiums in cases where the Company cancels arrangements for the reinsurance of risk to another insurer.

Fees and commissions
Fee and commission income is shown under other technical income in the Statement of comprehensive income and relates to investment contract income. Investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future

periods, then they are deferred and recognised over those periods. 'Front end' fees are charged on some non-participating investment contracts. Where the non-participating investment contract is measured at fair value, such fees which relate to the provision of investment management services are deferred and recognised as the services are provided.

Investment income and expense
Investment income comprises interest, dividends, rents receivable and realised gains and losses. These are recognised in the Statement of comprehensive income as follows:

- Interest income - as it accrues using the effective interest method.
- Dividend income - on the date the right to receive payments is established, which in the case of listed securities is the ex-dividend date.
- Rental income from investment property - on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Realised gains and losses are the difference between the net sale proceeds and the original cost.

Unrealised gains/ losses
Unrealised gains and losses in respect of long term business are included in the long term business technical account. Other unrealised gains and losses, including gains and losses on investments in subsidiaries held for strategic purposes, are included in the non-technical account.

Fair value gains and losses on financial assets designated at fair value through profit or loss are recognised as income or expense in the Statement of comprehensive income.

Unrealised gains and losses are the difference between the valuation at the period end and their valuation at the previous period end or purchase price, if acquired during the year.

d) Transfers of business
Where the Company participates in a transfer of insurance business scheme under Part VII of the Financial Services and Markets Act 2000 and the ultimate shareholders remain the same, the transaction constitutes a business combination as part of a Group reconstruction. On initial recognition, the transferred assets and liabilities are measured at the carrying value in the transferring company and the resulting gain or loss is included within equity.

e) Benefits, claims and expenses recognition
Gross benefits and claims
Claims on insurance contracts and investment contracts with DPF reflect the cost of all claims arising during the period, including policyholder bonuses allocated in anticipation of a bonus declaration. Claims payable on maturity are recognised when the claim becomes due for payment and claims payable on death are recognised on notification. Surrenders are accounted for at the earlier of the payment date or when the policy ceases to be included within insurance contract liabilities. Where claims are payable and the contract remains in force, the claim instalment is accounted for when due for payment. Claims payable include the costs of settlement.

***Reinsurance* claims**
Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract. Reinsured claims include variable monthly claim recoveries received under longevity swap arrangements.

Other charges
Interest payable is recognised as an expense in the Statement of comprehensive income as it accrues and is calculated by using the effective interest method.

f) Taxation
Income tax comprises current and deferred tax. Income tax is recognised as income or an expense in the Statement of comprehensive income except to the extent that it relates to items recognised as other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the Statement of financial position together with adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of timing differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The tax charge is analysed between tax that is payable in respect of policyholders' returns and tax that is payable on owners' returns. This allocation is calculated based on an assessment of the effective rate of tax that is applicable to owners for the year. Deferred tax assets and liabilities taxed at policyholder rates are not offset against deferred tax assets or liabilities taxed at shareholder rates due to restrictions in place in life tax legislation.

g) Dividends

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's owners. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

h) Intangible assets

Acquired in-force business

Insurance and investment contracts with DPF acquired in business combinations and portfolio transfers are measured at acquisition in accordance with the Company's accounting policies for such contracts. The difference between the value of the liability arising from those contracts and the fair value of the contractual rights acquired and obligations assumed is recognised in the financial statements as acquired in-force business. This acquired in-force business is amortised over the estimated life of the contracts on a basis which recognises the emergence of the economic benefits. The amortisation charge is recognised within net operating expenses in the Statement of comprehensive income.

At each reporting date, the Company assesses whether there are any indications of impairment. When indications of impairment exist, an impairment test is carried out by comparing the carrying value of the asset with the estimate of the recoverable amount. When the recoverable amount is less than the carrying value, an impairment charge is recognised as an expense in the Statement of comprehensive income. Acquired in-force business is also considered in the liability adequacy test for each reporting period.

i) Investments: Land and buildings

Land and buildings

Land and buildings are initially recognised at cost and subsequently stated at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment. Fair value is determined annually by independent professional valuers, who are members of the Royal Institute of Chartered Surveyors (RICS) and is based on market evidence. Land and buildings are depreciated over their estimated useful life, which is 60 years. No depreciation is recognised where the expected residual value is in line with the current fair value.

An increase in fair value on land and buildings is recognised in other comprehensive income, except to the extent that it is a reversal of a fair value loss previously recognised in the Statement of comprehensive income. Fair value losses are recognised in other comprehensive income to the extent of any previously recognised gains held in the revaluation reserve; amounts exceeding this are recognised in the Statement of comprehensive income.

Investment property

Investment property is initially recognised at cost, including any directly attributable transaction costs. Subsequently investment property is measured at fair value. Fair value is the price that would be received to sell a property in an orderly transaction between market participants at the measurement date. Fair value is determined without any deduction for transaction costs that may be incurred on sale or disposal. Gains and losses arising from the change in fair value are recognised as income or an expense in the Statement of comprehensive income.

j) Investments: Investment in group undertakings and participating interests

Investments in group undertakings

The Company has two categories of investments in group undertakings: strategic subsidiaries and investment subsidiaries. Strategic subsidiaries are operating companies which support the Group and the Company's strategic objectives, as well as certain non-trading and dormant companies. Investment subsidiaries are held to generate capital or income growth through holding investments. Investments in shares in group undertakings are carried at fair value through profit or loss.

The Company has invested in a number of collective investment schemes and other types of investment where judgement is applied in determining whether the Company controls the activities of these entities. These entities are typically structured in such a way that owning the majority of the voting rights is not the conclusive factor in the determination of control.

The Company considers the scope of its decision-making authority, including the existence of substantive rights (such as power of veto, liquidation rights and the right to remove the fund manager) that give it the ability to direct the relevant activities of the investee. The assessment of whether rights are substantive rights, and the circumstances under which the Company has the practical ability to exercise them, requires the exercise of judgement. Where the Company is deemed to control such collective investment schemes they are classified as investment subsidiaries. Where the Company is deemed to exercise significant influence over such investments they are classified as associates. Where the Company has an investment in but not control over these types of entities, the investment is classified either as shares or participations in investment pools in the Statement of financial position.

Participating interests
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in, but not to control or jointly control, the financial and operating policy decisions of the investee. Investments in associates that are held for investment purposes are measured at fair value through profit or loss, as permitted by FRS 102. There are no investments in associates which are of a strategic nature.

k) Financial instruments
The Company has chosen to account for its financial instruments in accordance with FRS 102.11.2 (c) which applies the recognition and measurement provisions of International Financial Reporting Standards ("IFRS") 9 *Financial Instruments* (as adopted for use in the UK) with the disclosure requirements of FRS 102.11 and FRS 102.12.

Financial instruments cover a wide range of financial assets and liabilities, including other financial investments, cash at bank and in hand, certain other debtors, deposits received from reinsurers and certain other creditors.

Recognition & de-recognition
Financial assets
Purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. The Company derecognises a financial asset (or part of a group of similar financial assets) where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
Financial liabilities are recognised when due. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Classification & measurement
Financial assets
Financial assets are classified into one of the following measurement categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortised cost. Classification is made based on the objectives of the Company's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. Financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset, except for assets subsequently held at FVTPL where transaction costs are expensed.

Financial assets are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Subsequent to initial recognition, these financial assets (which includes non-derivative assets such as cash, debtors and certain loans and deposits) are carried at amortised cost, using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash, receivables and certain loans and deposits are non-derivative financial assets with fixed or determinable payments. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method.

Equities, variable & fixed rate income securities, certain loans and deposits, derivatives and unit trusts and other pooled investments are measured at FVTPL as they are managed and evaluated on a fair value basis. Net gains and losses, including interest and dividend income, are recognised in the Statement of comprehensive income.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

Financial liabilities
At initial recognition, financial liabilities are recognised at the fair value of the consideration received less directly attributable transaction costs (with the exception of liabilities at FVTPL for which all transaction costs are expensed).

Subsequent to initial recognition, financial liabilities (except for liabilities under investment contracts without DPF and other liabilities designated at FVTPL) are measured at amortised cost.

Financial liabilities are designated upon initial recognition at FVTPL where doing so results in more meaningful information because either:

- it eliminates or significantly reduces accounting mismatches that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated and managed on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investments is provided internally on that basis to the Group's key management personnel.

Impairment of financial assets
The Company assesses the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The measurement of credit impairment is based on an ECL model and considers whether there has been a significant increase in credit risk.

For those credit exposures for which credit risk has not increased significantly since initial recognition, the Company measures loss allowances at an amount equal to the total ECL resulting from default events that are possible within 12 months after the reporting date ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company measures and recognises an allowance at an amount equal to the ECL over the remaining life of the exposure, irrespective of the timing of the default ("Lifetime ECL"). If the financial asset becomes 'credit-impaired' (following significant financial difficulty of issuer/borrower, or a default/breach of a covenant), the Company will recognise a Lifetime ECL. ECLs are derived from unbiased and probability-weighted estimates of expected loss.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs, and subsequent remeasurements of the ECL, are recognised in the Statement of comprehensive income. For other receivables, the ECL rate is recalculated each reporting period with reference to the counterparties of each balance.

Fair value measurement
The fair value of financial instruments traded in active markets such as publicly traded securities and derivatives are based on quoted market prices at the period end. The quoted market price used for financial assets is the current bid price on the trade date. The fair value of investments that are not traded in an active market is determined using valuation techniques such as broker quotes, pricing models or discounted cash flow techniques. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions and market calibrated discount rates and interest rate assumptions for similar instruments.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values. The fair value of receivables and floating rate and overnight deposits with credit institutions is their carrying value. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques.

Collateral
It is the Company's practice to receive and pledge collateral in the form of cash or non-cash assets in respect of derivative contracts and reinsurance arrangements in order to reduce the credit risk of these transactions. The amount and type of collateral required where the Company receives collateral depends on an assessment of the credit risk of the counterparty, but is usually in the form of cash or marketable securities.

Collateral received in the form of cash, where the Company has contractual rights to receive the cash flows generated and is available to the Company for investment purposes, is recognised as a financial asset in the Statement of financial position with a corresponding financial liability for its repayment. The collateral repayable is recognised as 'obligations for repayment of collateral received' within 'other creditors including taxation and social security' and is measured at amortised cost, which in the case of cash is equivalent to cost. Non-cash collateral received is not recognised in the Statement of financial position, unless the counterparty defaults on its obligations under the relevant agreement.

Cash and non-cash collateral pledged where the Company retains the contractual rights to receive the cash flows generated is not derecognised from the Statement of financial position, unless the Company defaults on its obligations under the relevant agreement. Where the counterparty has contractual rights to receive the cash flows generated, cash and non-cash collateral pledged is derecognised from the Statement of financial position and a corresponding receivable is recognised for its return.

l) Reinsurance
Reinsurance ceded
The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Reinsurers' share of insurance contract liabilities are dependent on expected claims and benefits arising under the related reinsured policies.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment charge is recorded as an expense in the Statement of comprehensive income. The reinsurers' share of investment contract liabilities is measured on a basis that is consistent with the valuation of the liability to policyholders to which the reinsurance applies.

Gains or losses on purchasing reinsurance are recognised as income or an expense in the Statement of comprehensive income at the date of purchase and are not amortised. They are the difference between the premiums ceded to reinsurers and the related change in the reinsurers' share of insurance contract liabilities.

Reinsurance accepted

The Company accepts insurance risk under reinsurance contracts. Amounts paid to cedants at the inception of reinsurance contracts in respect of future profits on certain blocks of business are recognised as a reinsurance asset. Changes in the value of the reinsurance assets created from the acceptance of reinsurance are recognised as an expense in the Statement of comprehensive income, consistent with the expected emergence of the economic benefits from the underlying blocks of business.

At each reporting date, the Company assesses whether there are any indications of impairment. When indications of impairment exist, an impairment test is carried out by comparing the carrying value of the asset with the estimate of the recoverable amount. When the recoverable amount is less than the carrying value, an impairment charge is recognised as an expense in the Statement of comprehensive income. Reassurance assets are also considered in the liability adequacy test for each reporting period.

Intra-group retrocession arrangement ("IGR")

The Company has an IGR with RLL. The IGR covers the non-linked business and the insurance component of the unit-linked business of RLL. In respect of the non-linked business, the premium due to the Company from RLL is recorded within Insurance contract receivables in the Statement of financial position. In respect of the insurance component of the unit-linked business, the Company has paid an advanced claim amount to RLL. This amount is recorded as a Contract asset in the Statement of financial position and released to the Net operating expenses line of the Statement of comprehensive income over the period in which the underlying cash-flows emerge, in line with the run-off of the business.

m) Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits, money held at call and short notice with banks and any highly liquid investments with less than three months to maturity from the date of acquisition.

n) Share capital and capital contributions

The Company has issued ordinary shares which are classified as equity. Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the Statement of changes in equity. The capital contribution reserve is distributable subject to the availability of distributable reserves.

o) Classification of contracts

Contracts are classified as insurance contracts where the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain event adversely affects the policyholder.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

Some insurance and investment contracts contain a DPF. This feature entitles the policyholder to additional discretionary benefits as a supplement to guaranteed benefits. Investment contracts with a DPF are recognised, measured and presented as insurance contracts.

Longevity contracts which do not meet the definition of insurance contracts are classified as derivatives and are valued by models on actuarial bases.

Contracts with reinsurers are assessed to determine whether they contain significant insurance risk. Contracts that do not give rise to a significant transfer of insurance risk to the reinsurer are considered financial reinsurance and are accounted for and disclosed in a manner consistent with financial instruments.

p) Technical provisions

Long-term business provision – insurance contracts & investment contracts with DPF

Insurance contract liabilities for non-participating business, other than unit-linked insurance contracts, are calculated on the basis of current data and assumptions, using a gross premium method. Negative policy values are allowed for on individual policies:

- where there are no guaranteed surrender values; or
- in the periods where guaranteed surrender values do not apply even though guaranteed surrender values are applicable after a specified period of time.

For participating business, the liabilities under insurance contracts and investment contracts with DPF are calculated in accordance with the following methodology:

- liabilities to policyholders arising from the with-profits business are stated at the amount of the realistic value of the liabilities, adjusted to exclude the owners' share of projected future bonuses;
- acquisition costs are not deferred; and
- reinsurance recoveries are measured on a basis that is consistent with the valuation of the liability to policyholders to which the reinsurance applies.

The realistic liability for any contract is equal to the sum of the with-profits bonus reserve and the cost of future policy-related liabilities. The with-profits bonus reserve for an individual contract is determined by either a retrospective calculation of 'accumulated asset share' approach or by way of a prospective 'bonus reserve valuation' method. In calculating the realistic liabilities, account is taken of the future management actions consistent with those set out in the Principles and Practices of Financial Management ("PPFM").

The cost of future policy related liabilities is determined using a market consistent approach, mainly based on a stochastic model calibrated to market conditions at the end of the reporting period. Non market related assumptions (for example, persistency, mortality and expenses) are based on experience adjusted to take into account of future trends. Where policyholders have valuable guarantees, options or promises in respect of the with-profits business, these costs are generally calculated using a stochastic model. The principal assumptions are given in note 27.

Present value of future profits on non-participating business in the with-profits funds

For UK with-profits funds, an amount may be recognised for the present value of future profits ("PVFP") on non-participating business written in a with-profits fund where the determination of the value of liabilities in that with-profits fund takes account, directly or indirectly, of this value.

Where the PVFP can be shown to be due to policyholders this amount is recognised as a reduction in the liability rather than as an intangible asset, and is then apportioned between the amounts that have been taken into account in the measurement of liabilities and other amounts which are shown as an adjustment to the fund for future appropriations.

The value of PVFP is determined in a manner consistent with the measurement of liabilities. In particular, the methodology and assumptions involve adjustments to reflect risk and uncertainty, which are based on current estimates of future experience and current market yields and allow for market consistent valuation of any guarantees or options within the contracts. The value is also adjusted to remove the value of capital backing the non-profit business if this is included in the realistic calculation of PVFP. The principal assumptions used to calculate the PVFP are the same as those used in calculating the insurance contract liabilities given in note 27.

Technical provisions for linked liabilities

The technical provisions for linked liabilities include liabilities for unit-linked insurance contracts and unit-linked investment contracts.

Receipts and payments on investment contracts without DPF are accounted for using deposit accounting, under which the amounts collected and paid out are recognised in the Statement of financial position as an adjustment to the liability to the policyholder.

The valuation of liabilities on unit-linked contracts is based on the fair value of the related assets and liabilities. The financial liability is measured based on the carrying value of the assets and liabilities that are held to back the contract. The liability is the sum of the unit-linked liabilities plus an additional amount to cover the present value of the excess of future policy costs over future charges, where appropriate.

The Company has treaties in place with third party insurance companies to provide reinsurance in respect of liabilities that are linked to the performance of funds maintained by those companies. The contracts in question do not transfer significant insurance risk and therefore are classified as financial instruments and are valued at fair value through profit and loss. These contracts are disclosed under Reinsurers' share of technical provisions in the Statement of financial position.

Investment income attributable to, and the movements in the fair value of, technical provisions for linked liabilities are included in 'Change in technical provision for linked liabilities' as income or an expense in the long term business technical account.

Embedded derivatives
Embedded derivatives, including options to surrender insurance contracts, that meet the definition of insurance contracts or are closely related to the host insurance contract, are not separately measured. All other embedded derivatives are separated from the host contract and measured at fair value through profit or loss.

Liability adequacy
At each reporting date, liability adequacy tests are performed at an entity level to assess whether the insurance contract and investment contract with DPF liabilities are adequate. Current best estimates of future cash flows (contractual cash flows, related cash flows such as claims handling costs, and cash flows resulting from embedded options and guarantees) are compared to the carrying value of the liabilities. Any deficiency is charged as an expense to the Statement of comprehensive income.

Fund for future appropriations
The Fund for Future Appropriations ("FFA") is the unallocated surplus of the with-profits business and comprises the excess of assets over policyholder liabilities that have yet to be apportioned between policyholders and shareholders. The proportion of the excess of assets over policyholder liabilities already attributed to policyholders has been included within technical provisions. The FFA is recorded wholly as a liability with no allocation to equity. The annual excess or shortfall of income over expenditure within the with-profits funds, after declaration and attribution of the cost of bonuses to policyholders and shareholders, is transferred to or from the FFA each year through a charge or credit to the Statement of comprehensive income.

The with-profits funds are closed to new business and as required by FRS 103, the whole of the FFA has been classified as a separate liability.

If the realistic value of liabilities to policyholders exceeds the value of the assets in any with-profits fund, the FFA is valued at £nil.

Claims outstanding
Outstanding claims under insurance contracts and investment contracts with DPF are valued using a best estimate method under FRS 103. Outstanding claims under investment contracts without DPF are measured at full settlement value.

Reinsurers' share of technical provisions
The reinsurers' share of technical provisions is dependent on the expected claims and benefits arising under the related reinsured insurance contracts. They are measured on a consistent basis to underlying insurance contracts.

q) Borrowings
Interest-bearing borrowings are recognised initially at fair value less any attributable transaction costs. The difference between initial cost and the redemption value is amortised as income or an expense in the Statement of comprehensive income over the period of the borrowing using the effective interest method.

The loan with Equity Release Income Plan Limited Partnership ("ERIP LP") has been designated upon initial recognition at fair value through profit or loss and measured at fair value where doing so provides more meaningful information due to the reason stated above in the financial instruments accounting policy. Transaction costs relating to borrowings designated upon initial recognition at fair value through profit or loss are expensed as incurred.

r) Provisions and contingent liabilities
A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Company has a present legal or constructive obligation but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

s) Events after the reporting period
The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

3. New and amended accounting standards

The second periodic review of FRS 102 was completed in March 2024 and an updated version of the standard was issued in September 2024, with a principal effective date of 1 January 2026. The Periodic Review 2024 changes incorporate a new model of revenue recognition, a new model of lease accounting and various other incremental improvements and clarifications. The impact of such changes on the Company continues to be assessed and is not expected to be material.

4. Premiums

Gross premiums written	2024 £m	2023 £m
Direct	255	275
Reinsurance accepted	10	38
	265	313

Direct business is analysed as follows:

	2024 £m	2023 £m
Individual business	231	247
Group contracts	24	28
	255	275
Participating contracts	3	44
Non-participating contracts	156	159
Linked business (excluding investment contracts without DPF)	96	72
	255	275

All business is written in the UK.

Outward reinsurance premiums

Outward reinsurance premiums comprise:	2024 £m	2023 £m
Longevity swap payments	11	11
Reinsurance premiums ceded under on-going reinsurance arrangements	530	555
	541	566

5. Investment income and expense

	Technical account		Non-technical account	
	2024 £m	2023 £m	2024 £m	2023 £m
Interest income on financial assets at FVTPL	538	710	-	-
Dividend income	1,047	898	-	-
Rental income	81	78	-	-
Income from group undertakings	37	61	25	18
Net realised gains/(losses) on financial assets at FVTPL	2,451	(889)	-	-
Total investment income	4,154	858	25	18

Unrealised (losses)/gains on investments:				
Financial instruments	(983)	3,394	-	-
Land and buildings	(23)	(63)	-	-
Investment in subsidiaries	159	81	4	(97)
Net unrealised (losses)/gains on investments	(847)	3,412	4	(97)
Investment expenses and charges	(60)	(69)	-	-
Total investment return	3,247	4,201	29	(79)

6. Other technical income

	2024 £m	2023 £m
Fee income from investment contracts without DPF	270	259
Fees and commissions	2	2
Other income from contracts with customers	-	4
Total other income	272	265

7. Net operating expenses

	Notes	2024 £m	2023 £m
Administration expenses		28	15
Amortisation of contract assets	22	25	31
Amortisation of Acquired Value of In-Force Business ("AVIF")	13	43	49
Annual management expenses and transaction costs		135	132
Commissions		10	13
Other expenses		9	3
Total net operating expenses		250	243

Employee costs

The Company has no employees. Administrative services are provided by ReAssure UK Services Limited (“RUKSL”), a fellow group company. Costs incurred by RUKSL are charged to the Company through a Management Services Agreement (“MSA”) by way of a monthly service charge.

8. Other charges

	2024 £m	2023 £m
Interest expense:		
Financial liabilities at FVTPL	18	68
Total other charges	18	68

9. Directors’ remuneration

	2024 £000	2023 £000
Remuneration	877	828
Share option schemes and other long-term benefits	586	520
Contributions to money purchase pension schemes	8	3
Total Directors' remuneration	1,471	1,351

Directors remuneration comprises executive and non-executive Directors remuneration excluding pension contributions and awards under share option schemes and other long-term incentive schemes.

	2024 Number	2023 Number
Number of Directors accruing retirement benefits under:		
Money purchase pension scheme	2	3
Number of Directors who exercised share options during the year	5	2

	2024 £000	2023 £000
Highest paid Director's:		
Remuneration	248	216
Share option schemes and other long-term benefits	156	232
Contributions to money purchase pension schemes	2	-
	406	448

The highest paid Director exercised share options during the year.

The Executive Directors are employed by either ReAssure UK Services Limited ("RUKSL"), Pearl Group Management Services Limited ("PGMS"), or Pearl Group Services Limited ("PGS"). The Non-Executive Directors are not employed but provide their services via a letter of appointment. For the purposes of this note an apportionment of the total remuneration paid to the Directors of the Company by the Phoenix Group has been made based on an estimate of the services rendered to the Company.

10. Auditor's remuneration

	2024 £000	2023 £000
Audit of the Company's financial statements	2,300	2,342

During the financial year ended 31 December 2023, Ernst & Young LLP acted as the Company's external auditor, and on 13 June 2024 they resigned, having reached the maximum term allowed under the Companies Act section 494ZA for a Life Company within the Group. KPMG LLP were appointed by the Directors to fill the vacancy and acted as the Company's external auditor for the year ended 31 December 2024.

Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of Phoenix Group Holdings plc, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis.

11. Tax charge

Current year tax charge	Technical account		Non-technical account	
	2024	2023	2024	2023
	£m	£m	£m	£m
Current tax:				
UK Corporation tax	8	39	6	4
Overseas tax	9	15	-	-
	17	54	6	4
Adjustment in respect of prior years	9	(11)	-	-
Total current tax	26	43	6	4

Deferred tax:				
Origination and reversal of temporary	85	129	-	-
Adjustment in respect of prior years	(3)	3	-	-
Total deferred tax	82	132	-	-
Total tax charge	108	175	6	4
Attributable to:				
- policyholders	102	133	-	-
- owners	6	42	6	4
Total tax charge	108	175	6	4

The Organization for Economic Co-operation and Development ("OECD") introduced Global Anti-Base Erosion Model Rules ("Pillar Two") to ensure multinational enterprises pay a minimum level of tax (15%) on the income arising in each of the jurisdictions where they operate. During 2023, the UK has enacted tax legislation in respect of Pillar Two and the Company, as a subsidiary of the Group, was within the scope of the rules from 1 January 2024. No current tax relating to Pillar Two has been accrued in the Company's accounts for 2024 given the quantum of losses available within the Group.

The Company, as a proxy for policyholders in the UK, is required to pay taxes on investment income and net investment gains each year. Accordingly, the tax benefit or expense attributable to UK life assurance policyholder earnings is included in the income tax expense.

Reconciliation of tax charge

	2024 £m	2023 £m
Profit before tax attributable to owners	161	181
Tax at standard UK rate of 25% (2023: 23.5%)	41	42
Transfer pricing adjustments	(4)	(10)
Adjustment to owners' tax in respect of prior years	(2)	1
Impairment of valuation of subsidiaries	(4)	23
Foreign tax relief	(2)	(4)
Different basis of taxation for UK life insurance companies	(17)	(5)
Income not subject to tax	-	(1)
Tax charge attributable to owners	12	46

12. Dividends on ordinary shares

	2024 £m	2023 £m
Interim dividend at 435p per share (2023: 52p per share)	1,109	200

13. Intangible assets

	Acquired in-force business 2024 £m	2023 £m
Cost		
At 1 January and 31 December	571	571
Amortisation		
At 1 January	(207)	(158)
Amortisation charge for the year	(43)	(49)
At 31 December	(250)	(207)
Carrying amount		
At 31 December	321	364
Amount recoverable after 12 months	283	321

Acquired in-force business is amortised over the estimated life of the contracts on a basis which recognises the emergence of the economic benefits. The total average period over which the acquired in-force business is amortised is between 17 and 45 years. Annually, each AVIF asset is reviewed for impairment in accordance with the criteria outlined within note 2(h) above. There has been no impairment charge recorded in 2024 (2023: £nil).

14. Investments: Land and Buildings

	2024 £m	2023 £m
Current value		
Freeholds	236	252
Leaseholds with a term of over 50 years	74	67
Leaseholds with a term of less than 50 years	-	14
	310	333

Investment Property	2024 £m	2023 £m
Balance at 1 January	330	376
Additions (resulting from expenditure capitalised)	5	5
Disposals	(13)	(32)
Net loss from fair value adjustments	(15)	(19)
Balance at 31 December	307	330
	£m	£m
Investment property net book value based on historic cost	305	320

The property portfolio consists of a mix of commercial sectors, spread geographically throughout the UK.

Fair value measurement

The fair value measurement of investment property has been categorised as level 3 based on the inputs to the valuation techniques used.

Commercial investment property
The fair value of commercial investment property is based on valuations provided by external property valuation experts having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, having regard to the condition of the property and local market conditions. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors ("RICS") guidelines.

The valuations are predominantly produced using an income capitalisation approach. The income capitalisation approach is based on capitalising an annual net income stream using an appropriate yield. The annual net income is based on both current and estimated future net income. The yield and future net income used is determined by considering recent transactions involving properties with similar characteristics to the property being valued. Where it is not possible to use an income capitalisation approach, for example on property with no rental income, a market comparison approach is used by considering recent transactions involving properties with similar characteristics to the property being valued. In both approaches, where appropriate, adjustments will be made by the valuer to reflect differences between the characteristics of the property being valued and the recent market transactions considered.

The following table shows the valuation techniques used in measuring the fair value of each class of investment property and the significant non-observable inputs used:

Description	Valuation technique	Significant inputs	Unobservable input value	
			2024	2023
Commercial investment property	RICS valuation	Expected income per square foot	£27.97 weighted average	£27.99 weighted average
		Capitalisation rate	6.66% weighted average	6.70% weighted average

The Company's policy is to let investment properties to tenants through operating leases. Minimum future rentals to be received on non-cancellable operating leases of the Company's freehold and leasehold investment properties are as follows:

	2024	2023
	£m	£m
Less than 1 year	23	23
1 to 5 years	66	57
Over 5 years	43	40
Total	132	120

Land and buildings	2024	2023
	£m	£m
Valuation		
Balance at 1 January	3	4
Net loss from fair value adjustments	-	(1)
Balance at 31 December	3	3

Land and buildings net book value based on historic cost is £1m (2023: £1m).

The revaluation effective date is 30 November 2024. The methods and assumptions used to value land and buildings are the same as those for investment property.

15. Investments: Investments in group undertakings and participating interests

	Cost		Current Value	
	2024	2023	2024	2023
	£m	£m	£m	£m
Subsidiaries held for strategic purposes	217	217	119	115
Subsidiaries held for investment purposes	3,220	1,155	3,504	1,341
Total	3,437	1,372	3,623	1,456

Refer to note 36 for further information on the related undertakings of the Company.

The fair value measurements of the investment in subsidiaries held for investment purposes are classified in accordance with the principles in note 19, and information on the valuation methodology and hierarchy is given in that note.

The fair value for the investment in subsidiaries held for strategic purposes is determined with reference to their Solvency UK net asset value, which is considered to approximate to fair value. This is categorised as a Level 3 fair value.

16. Investments: Other financial investments

	Notes	Cost 2024 £m	Cost 2023 £m	Current value 2024 £m	Current value 2023 £m
Fair value through profit and loss					
Equities		979	1,914	1,144	2,239
Variable rate income securities		1,060	886	979	855
Fixed rate income securities		10,005	12,476	8,703	11,149
Derivative assets	17	42	66	133	147
Unit trusts and other pooled investments		3,416	4,638	3,530	3,785
Loans to related parties - Other Group undertakings		-	500	-	518
Amortised cost					
Loans to policyholders secured by insurance policies		9	10	2	3
Total other financial investments		15,511	20,490	14,491	18,696

	Current value 2024 £m	Current value 2023 £m
Amounts included in the above relating to listed investments:		
Equities	984	2,141
Variable rate income securities	979	649
Fixed rate income securities	6,558	9,076
Derivative assets	24	30
Unit trusts and other pooled investments	3,435	3,700
	11,980	15,596

Loans to Group entities

On 5 May 2023, the Company issued a £250m loan to its ultimate parent company, PGHP with a maturity date of 5 May 2028. The interest rate has been set at Sterling Overnight Index Average ("SONIA") + 1.62%. Interest payments are due on 30 June and 31 December. The loan was settled in December 2024 and converted into a dividend.

On 21 July 2023, the Company issued a £250m loan to its ultimate parent company, PGHP with a maturity date of 21 July 2028. The interest rate has been set at SONIA + 1.51%. Interest payments are due on 30 June and 31 December. The loan was settled in June 2024 and converted into a dividend.

17. Derivatives

The Company purchases derivative financial instruments in connection with the management of its insurance contract and investment contract liabilities based on the principles of reduction of risk and efficient portfolio management. The Company does not typically hold derivatives for the purpose of selling or repurchasing in the near term or with the objective of generating a profit from short-term fluctuations in price or margin. The Company also holds derivatives to hedge financial liabilities denominated in foreign currency. No derivative instruments have been designated in a hedging relationship.

The Company pledges and receives collateral in respect of its derivative positions. Further information is provided in note 18.

The fair values of derivative financial instruments are:

	2024 Assets £m	2024 Liabilities £m	2023 Assets £m	2023 Liabilities £m
Forward currency	2	9	9	4
Interest rate swaps	100	172	94	184
Cross currency swaps	6	83	14	97
Stock index futures	18	1	2	25
Fixed income futures	7	10	28	14
	133	275	147	324

18. Financial assets and liabilities

Expected settlement dates	Total	Amounts recoverable after 12 months	Total	Amounts recoverable after 12 months
	2024	2024	2023	2023
	£m	£m	£m	£m
Financial assets				
Financial assets at amortised cost				
Loans to policyholders secured by insurance policies	2	2	3	3
Assets held to cover linked liabilities	428	22	364	23
Financial assets at fair value through profit or loss				
Equities	1,145	-	2,238	-
Variable rate income securities	979	979	855	832
Fixed rate income securities	8,703	8,088	11,149	10,559
Derivative assets	133	106	147	103
Unit trusts and other pooled investments	3,530	-	3,785	-
Loans to related parties - Other Group undertakings	-	-	518	518
Assets held to cover linked liabilities	30,267	2,152	30,861	2,771
Reinsurers' share of investment contracts without DPF	376	-	387	-
	45,563	11,349	50,307	14,809

	Total	Amounts due for settlement after 12 months	Total	Amounts due for settlement after 12 months
	2024	2024	2023	2023
	£m	£m	£m	£m
Financial liabilities				
Financial liabilities at amortised cost				
Assets held to cover linked liabilities	162	-	78	-
Other Creditors	463	-	450	-
Financial liabilities at fair value through profit or loss				
Derivative liabilities	275	252	324	272
Investment contracts without DPF	28,573	-	29,028	-
Deposits received from reinsurers	53	47	52	47
Assets held to cover linked liabilities	33	-	14	-
Borrowings	234	-	234	-
	29,793	299	30,181	319

Due to the nature of equities, unit trusts and other pooled investments and reinsurers' share of investment contract liabilities, there is no fixed term associated with these items.

Offsetting financial assets and financial liabilities

The Company has no financial assets and financial liabilities that have been offset in the Statement of financial position as at 31 December 2024 (2023: none), with the exception of assets held to cover linked liabilities. Unit linked funds contain both assets and non-technical provision related liabilities and as such the liabilities have been presented with the assets when reporting the total of assets held to cover linked liabilities on the Statement of financial position. Details of the amounts are given in note 26.

The Company's over-the-counter ("OTC") derivatives are all subject to an International Swaps and Derivative Association master agreement, which is considered a master netting agreement. Such agreements do not meet the criteria for offsetting in the Statement of financial position as the Company has no current legally enforceable right to offset recognised financial instruments. Furthermore, certain related assets received as collateral under the netting arrangements will not be recognised in the Statement of financial position as the Company does not have permission to sell or re-pledge, except in the case of default.

Collateral
See accounting policies note 2 for a description of the circumstances in which assets are recognised or derecognised from the Statement of Financial Position.

At 31 December 2024

	OTC derivatives £m	Reinsurance £m
Collateral accepted		
Not recognised	1	601
Recognised assets	60	-
Recognised liabilities	(60)	-
Maximum exposure to credit risk	110	-
Risk mitigated by use of collateral	(47)	-
Remaining risk	63	-
Collateral pledged		
Pledged as collateral	257	62
In respect of liabilities of	278	137

At 31 December 2023

	OTC derivatives (Restated) £m	Reinsurance £m
Collateral accepted		
Not recognised	3	685
Recognised assets	80	-
Recognised liabilities	(80)	-
Maximum exposure to credit risk	130	-
Risk mitigated by use of collateral	(76)	-
Remaining risk	54	-
Collateral pledged		
Pledged as collateral	250	61
In respect of liabilities of	290	137

The Collateral accepted, not recognised OTC derivatives balance has been restated to correct a typographical error in the prior year financial statements. It was previously reported as £2,841m, however the correct balance was £3 million.

Credit risk on exchange traded derivative assets of £30m (2023: £50m) is mitigated through regular margining and the protection offered by the exchange.

19. Fair value

Determination of fair value and fair value hierarchy of financial instruments

Level 1 financial instruments
The fair value of financial instruments traded in active markets (such as exchange traded securities and derivatives) is based on quoted market prices at the period end provided by recognised pricing services. Market depth and bid-ask spreads are used to corroborate whether an active market exists for an instrument. Greater depth and narrower bid-ask spread indicates higher liquidity in the instrument and are classed as Level 1 inputs. For collective investment schemes, fair value is by reference to published bid prices.

Level 2 financial instruments
The fair values of financial instruments traded in active markets with less depth or wider bid-ask spreads which do not meet the classification as Level 1 inputs are classified as Level 2. The fair values of financial instruments not traded in active markets are determined using broker quotes or valuation techniques with observable market inputs.

Financial instruments valued using broker quotes are classified as Level 2, only where there is a sufficient range of available quotes. The fair value of over the counter derivatives is estimated using pricing models or discounted cash flow techniques. Collective investments schemes where the underlying assets are not priced using active market prices are determined to be Level 2 instruments. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flows are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

All the Company's Level 1 and Level 2 assets measured at fair value have been valued using standard market pricing sources.

Level 3 financial instruments
The Company's financial instruments determined by valuation techniques using non market observable inputs are based on a combination of independent third party evidence and internally developed models. In relation to investments in hedge funds and private equity investments, third party evidence in the form of net asset valuation statements are used as the basis for the valuation. Adjustments may be made to the net asset valuation where other evidence, for example recent sales of the underlying investments in the fund, indicates this is required. Securities that are valued using broker quotes which could not be corroborated across a sufficient range of quotes are considered as Level 3. For a number of investment vehicles and debt securities, standard valuation models are used, with inputs that may not be fully market observable. Where possible and appropriate, inputs into such models are based on market observable data. The fair value of loans and some borrowings with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

Transfers
For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the middle and end of each reporting period. Transfers identified are deemed to have taken place at the start of the reporting period.

Fair value hierarchy of financial instruments
Fair value hierarchy information for non-financial assets measured at fair value is included in note 14 for investment properties and land and buildings.

At 31 December 2024	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial assets measured at fair value				
Subsidiaries held for investment purposes	3,228	-	276	3,504
Subsidiaries held for strategic purposes	-	-	119	119
Derivatives	24	109	-	133
Equites	928	56	161	1,145
Variable rate income securities	817	162	-	979
Fixed rate income securities	5,380	1,053	2,270	8,703
Unit trusts and other pooled investments	3,435	95	-	3,530
Assets held to cover linked liabilities	29,281	843	143	30,267
Reinsurers' share of investment contracts without DPF	359	17	-	376
Total financial assets measured at fair value	43,452	2,335	2,969	48,756

	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial liabilities measured at fair value				
Derivatives	10	265	-	275
Investment contracts without DPF	-	28,573	-	28,573
Deposits received from reinsurers	-	-	53	53
Assets held to cover linked liabilities	19	14	-	33
Borrowings	-	234	-	234
Total financial liabilities measured at fair value	29	29,086	53	29,168

At 31 December 2023	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial assets measured at fair value				
Subsidiaries held for investment purposes	1,079	-	262	1,341
Subsidiaries held for strategic purposes	-	-	115	115
Derivatives	30	117	-	147
Equites	2,069	73	96	2,238
Variable rate income securities	607	42	206	855
Fixed rate income securities	8,451	451	2,247	11,149
Unit trusts and other pooled investments	3,674	111	-	3,785
Loans and deposits	-	518	-	518
Assets held to cover linked liabilities	30,210	586	65	30,861
Reinsurers' share of investment contracts without DPF	387	-	-	387
Total financial assets measured at fair value	46,507	1,898	2,991	51,396

	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial liabilities measured at fair value				
Derivatives	39	285	-	324
Investment contracts without DPF	-	29,028	-	29,028
Deposits received from reinsurers	-	-	52	52
Assets held to cover linked liabilities	10	4	-	14
Borrowings	-	234	-	234
Total financial liabilities measured at fair value	49	29,551	52	29,652

Financial instrument valuation methodology

Derivative financial assets and liabilities
OTC derivatives are measured at fair value using a range of valuation models including discounting future cash flows and option valuation techniques. The inputs are observable market data and OTC derivatives are therefore categorised as level 2 in the fair value hierarchy.

Exchange traded derivatives are valued using prices sourced from the relevant exchange. They are considered to be instruments quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

Equities, variable rate income securities, unit trusts and other pooled investments, assets held to cover linked liabilities and reinsurers share of investment contracts without discretionary participation features.
Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

The Company has limited exposure to unlisted equity securities via venture capital funds, where the Company receives valuations from the investment managers of the underlying funds. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

Unit trusts and other pooled investments, subsidiaries held for investment at FVTPL, and reinsurers' share of investment contract liabilities are valued in the same way as equities.

Debt securities
For debt securities, the Company has determined a hierarchy of pricing sources. The hierarchy consists of reputable external pricing providers who generally use observable market data. If prices are not available from these providers or are considered to be stale, the Company has established procedures to arrive at an internal assessment of the fair value. These procedures are based largely on inputs that are not based on observable market data. A further analysis by category of debt security is as follows:

Government, including provincial and municipal, and supranational institution bonds
These instruments are valued using prices received from external pricing providers who generally base the price on quotes received from a number of market participants. They are treated as level 1 or 2 instruments within the fair value hierarchy depending upon the nature of the underlying pricing information used for valuation purposes.

Corporate bonds (listed or quoted in an established over-the-counter market including asset backed securities)
These instruments are generally valued using prices received from external pricing providers who generally consolidate quotes received from a panel of banks into a composite price. As the market becomes less active the quotes provided by some banks may be based on modelled prices rather than on actual transactions. These sources are based largely on observable market data, and therefore these instruments are treated as level 2 instruments within the fair value hierarchy. When prices received from external pricing providers are based on a single broker indicative quote the instruments are treated as level 3 instruments.

The Company has an immaterial amount of listed instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale. These instruments are treated as level 3 instruments within the fair value hierarchy.

Other corporate bonds including unquoted bonds, commercial paper and certificates of deposit
These instruments are valued using models. For unquoted bonds the model uses inputs from comparable bonds and includes credit spreads which are obtained from brokers or estimated internally. Commercial paper and certificates of deposit are valued using standard valuation formulas. The classification of these instruments within the fair value hierarchy will be either level 2 or 3 depending upon the nature of the underlying pricing information used for valuation purposes.

Infrastructure Loans
The fair value of the infrastructure loans are estimated by external fund managers using discounted cash flow models which are based on discount curves and spread inputs that require management's judgement. Spread assumptions vary by manager but generally are based on a combination of publicly available spread information for comparable bonds, recent private transactions observed by the manager, and expert judgement. External valuations are verified internally using an in-house Independent Price Verification ("IPV") process. These instruments are classified as level 3 in the fair value hierarchy.

Commercial mortgages
The fair value of commercial mortgages are estimated by external fund managers using discounted cash flow models which are based on discount curves and spread inputs that require management's judgement. Spread assumptions vary by manager but generally are based on a combination of publicly available spread information for comparable bonds, recent private transactions observed by the manager, and expert judgement. External valuations are verified internally using an in-house IPV process. The classification of these instruments within the fair value hierarchy will be level 3 in the fair value hierarchy.

Investment contract liabilities
The fair value of the unit-linked liabilities is calculated to be equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities in which these funds are invested. The underlying assets and liabilities are predominately classified as level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable. Therefore, the liabilities are classified within level 2 of the fair value hierarchy. The liability is the sum of the unit-linked liabilities plus an additional amount to cover the present value of the excess of future policy costs over future charges.

Technical provision
The Company has not disclosed fair values for investment contracts with a DPF (disclosed within insurance contract liabilities) as fair value ranges for the DPF cannot be reliably estimated. There is no active market for these instruments which will be settled with policyholders in the normal course of business. The assumptions and methods used in the calculation of these liabilities, and the carrying values at the year end, are set out in the accounting policies and note 27.

Significant inputs for Level 2 instruments and instruments measured at amortised cost

Financial instrument	Valuation technique	Significant inputs
OTC Derivative assets and liabilities	Pricing models	N/A
Assets held to cover linked liabilities	Individual assets within this category are valued using the appliable valuation techniques and significant inputs for the relevant type of asset, as documented elsewhere within this table	
Financial assets		
Equity	Net asset value statements[1]	
Income securities	Quoted market prices	N/A
Loans and deposits at FVTPL	DCF model[2]	Discount rate
Unit trusts and other pooled investments	Quoted market prices	N/A
Loans and deposits at amortised cost	DCF model[2]	Discount rate
Financial liabilities		
Investment contract liabilities without DPF	DCF model[2]	Unit prices from internal pricing system or third party[3]
Borrowings at FVTPL	DCF model[2]	Discount rate
Borrowings at amortised cost	DCF model[2]	Discount rate

1. *Net asset value statements*: Net asset statements are provided by independent third parties, and therefore no significant non-observable input or sensitivity information has been prepared for those instruments valued on this basis.
2. *Discounted cash flow ("DCF") model:* Except where otherwise stated, the discount rate used is based on a risk-free curve and a credit spread. The spread is derived from a basket of comparable securities.
3. *Unit pricing system*: A system that calculates unit prices for internal funds from a fair value of assets and liabilities within each fund using market data.

Investment contract liabilities
The valuation of liabilities on unit-linked investment contracts is based on the fair value of the related assets and liabilities. The financial liability is measured based on the carrying value of the assets and liabilities that are held to back the contract.

Significant inputs and input values for Level 3 instruments

Description	Valuation technique	Significant inputs	Key unobservable input value	
			2024	**2023**
Income securities				
Commercial mortgages	DCF model[1]	Credit spread	237bps (weighted average)	251bps (weighted average)
Unquoted corporate bonds/ private placements	DCF model[1]	Credit spread	172bps (weighted average)	131bps (weighted average)
Local authority loans	DCF model[1]	Credit spread	143bps (weighted average)	128bps (weighted average)
Infrastructure loans	DCF model[1]	Credit spread	161bps (weighted average)	193bps (weighted average)
Equity	Net asset value statements[2]	N/A	N/A	N/A
Subsidiaries held for investment/ strategic purposes	Net asset value statements[2]	N/A	N/A	N/A
Assets held to cover linked liabilities	Individual assets within this category are valued using the appliable valuation techniques and significant inputs for the relevant type of asset, as documented elsewhere within this table			
Deposits received from reinsurers	DCF model[1]	Discount rate	N/A	N/A

1. *DCF model:* See above in level 2 instruments and instruments measured at amortised cost
2. *Net asset value statements*: See above in level 2 instruments and instruments measured at amortised cost

20. Debtors: Other debtors

	Notes	2024 £m	2023 £m
Initial margins		10	35
Collateral pledged		132	145
Amounts due from related parties - Group relief taxation		63	76
Amounts due from related parties - Other group undertakings		94	38
Investment broker balances		3	2
Other receivables		36	17
Current tax recoverable	21	129	161
		467	474

There are no amounts recoverable after 12 months (2023: nil)

21. Tax assets and liabilities

	2024 £m	2023 £m
Current Tax		
Current tax recoverable	129	161
Deferred Tax		
Deferred tax liabilities	(115)	(33)

Year ended 31 December 2024	At 1 January £m	Recognised in the Statement of comprehensive income £m	At 31 December £m
Expenses and deferred acquisition costs carried forward	94	(66)	28
Accelerated capital allowances	5	2	7
Unrealised gains on investments	(131)	(18)	(149)
Other	(1)	-	(1)
	(33)	(82)	(115)

Year ended 31 December 2023	At 1 January £m	Recognised in the Statement of comprehensive income £m	At 31 December £m
Capital losses	18	(18)	-
Expenses and deferred acquisition costs carried forward	175	(81)	94
Accelerated capital allowances	3	2	5
Transitional adjustment arising on movement to UK GAAP	2	(2)	-
Unrealised gains on investments	(98)	(33)	(131)
Other	(1)	-	(1)
	99	(132)	(33)

The standard rate of UK corporation tax for the accounting period is 25% (2023: 23.5%).

The net deferred tax liability expected to reverse in 2024 is £7m (2023: £29m). This primarily relates to reversing timing differences in respect of excess expenses, deferred acquisition costs and unrealised chargeable gains.

Separately, companies in the UK life insurance industry have challenged HMRC's position on the corporation tax treatment of overseas portfolio dividends from companies resident in the EU ("EU dividends") using a Group Litigation Order ("GLO"). The issue relates to whether the UK tax rules, which taxes EU dividends prior to 1 July 2009, was contrary to EU law given that dividends received from UK companies were exempt from tax. In 2009 UK tax law was changed with both overseas and UK dividends being treated as exempt from corporation tax. As a result of the business transfer from Legal & General ("L&G"), a current tax asset for the benefit of the Company's with-profits and unit linked funds was recognised totalling £55m in 2020.

During 2024, tax refunds totaling £11m were received and the value of the remaining tax reclaims were revised downwards by a further £11m. As at 31 December 2024, the current tax asset for the benefit of the Company's with-profits and unit linked funds is £33m.

Settlement of this issue is subject to ongoing litigation with, most recently, the Court of Appeal ruling in favour of HMRC in February 2025. An application requesting permission to appeal to the Supreme Court has been lodged in March 2025 and we are currently awaiting a decision on this.

There is also a technical matter which is currently being discussed with HMRC in relation to the L&G insurance business transfer to the Company. These discussions are not sufficiently progressed at this stage for recognition of any tax benefit arising.

Deferred tax recognition
Deferred tax assets and liabilities are netted off to the extent that legal offset is available under local tax law.

Deferred tax assets are recognised on tax losses carried forward only to the extent that realisation of the related tax benefit is probable. The value attributed to them takes into account the certainty or otherwise of their recoverability. Their recoverability is measured against anticipated taxable profits and gains based on business plans.

The Company has capital losses that have a potential value of £51m (2023: £51m) which are not recognised, because based on forecasts, they are not expected to be utilised.

The valuation of the capital losses is undertaken on the basis that no tax benefit arises in relation to the technical matter being discussed with HMRC in relation to the L&G insurance business transfer to the Company, mentioned above.

22. Other Assets: Contract assets

	2024 £m	2023 £m
At 1 January	102	133
Amortisation	(25)	(31)
At 31 December	77	102
Amount recoverable after 12 months	54	77

On 31 December 2019, ReAssure Group plc acquired RLL (formerly known as Old Mutual Life Assurance Limited) from Quilter plc. Upon the acquisition of RLL, an IGR arrangement was put in place, which transfers the vast majority of the shareholder risk and rewards of the RLL business into the Company in return for an advanced claim amount and reinsurance premium.

The IGR covers the insurance component of the unit linked business, including both UK and the non-UK business, net of external reinsurance recoveries.

The contract asset represents the advanced claim paid by the Company to RLL as per the IGR contract. The contract asset was calculated based on a pricing model agreed between RLL and the Company. The contract asset is amortised as the cash flows emerge on the underlying contracts.

23. Accrued Income

	2024 £m	2023 £m
Accrued income	9	13
Amount recoverable after 12 months	9	8

24. Capital and reserves: Called up share capital

	2024	2024	2023	2023
	£m	Number	£m	Number
Issued and fully paid:				
Ordinary shares of £1 each	255	255,000,000	387	387,000,000

The Company's Articles of Association contain a restriction on the number of shares that may be allotted.

The holders of the ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board in its discretion out of legally available profits.

Please see the Strategic report for further information on the share capital reduction.

25. Capital and reserves: Other reserves

	Capital contribution reserve	Revaluation reserve
	£m	£m
At 1 January 2024	683	-
Capital reduction	(683)	-
At 31 December 2024	-	-
At 1 January 2023	683	1
Revaluation	-	(1)
At 31 December 2023	683	-

Capital contribution reserve
The capital contribution reserve was repaid in 2024 as part of the £949m capital reduction that was approved by the Board on 21 November 2024.

Land and buildings revaluation reserve
The land and buildings revaluation reserve arose due to an increase in fair value subsequent to initial recognition. The fair value of land and buildings has now decreased below the fair value initially recognised, with the excess treated as an expense to the Statement of comprehensive income in 2024.

26. Assets held to cover linked liabilities

	Cost		Carrying value	
	2024	2023	2024	2023
	£m	£m	£m	£m
Assets held to cover linked liabilities	28,758	28,547	31,342	32,039

	2024	2023
	£m	£m
Assets held to cover linked liabilities:		
Financial assets	30,695	31,226
Financial liabilities	(162)	(78)
Non-financial items	809	891
	31,342	32,039
Financial Assets		
Financial assets at amortised cost		
Other debtors	115	87
Cash at bank and in hand	286	223
Accrued income and prepayments	27	55
Financial assets at fair value through profit and loss		
Equities	7,815	16,108
Variable rate income securities	76	217
Fixed rate income securities	2,665	3,050
Derivative assets	8	33
Unit trusts and other pooled investments	9,778	10,756
Subsidiaries held for investment purposes	9,925	697
	30,695	31,226
Financial Liabilities		
Financial liabilities at amortised cost		
Sundry creditors	(129)	(64)
Financial liabilities at fair value through profit and loss		
Derivative liabilities	(33)	(14)
	(162)	(78)
Non-financial items		
Investment Property	809	891
	809	891

27. Technical provisions

Technical provisions

	Long-term business provision £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m	Reinsurers share: linked liabilities £m
At 31 December 2024				
Insurance contracts	12,322	2,719	202	-
Investment contracts with DPF	4,318	1,026	-	-
Investment contracts without DPF	71	28,502	-	376
	16,711	32,247	202	376
At 31 December 2023				
Insurance contracts	13,236	2,776	98	-
Investment contracts with DPF	4,869	886	-	-
Investment contracts without DPF	130	28,898	-	387
	18,235	32,560	98	387

Movements in liabilities

	Long-term business provision £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m	Reinsurers share: linked liabilities £m
At 1 January 2024	18,235	32,560	98	387
Premiums	206	618	(541)	-
Claims	(1,990)	(3,600)	564	-
Other changes in liabilities	260	2,669	81	(11)
At 31 December 2024	16,711	32,247	202	376
Change in long-term business provision	(1,524)		104	
At 1 January 2023	19,222	32,592	361	394
Premiums	200	548	(566)	-
Claims	(1,173)	(3,840)	594	-
Other changes in liabilities	(14)	3,260	(291)	(7)
At 31 December 2023	18,235	32,560	98	387
Change in long-term business provision	(987)		(263)	

Included in other changes in liabilities are changes in assumptions and economic and non-economic experience.

Assumptions

Valuation of participating insurance and investment contracts

For participating business, which is with-profits business (insurance and investment contracts), the insurance contract liability is stated at the amount of the realistic value of the liabilities, adjusted to exclude the owners' share of future bonuses and the associated tax liability. This is a market consistent valuation, which involves placing a value on liabilities similar to the market value of assets with similar cash flow patterns.

For participating business the liabilities are determined stochastically using an appropriate number of risk neutral scenarios produced by an economic scenario generator calibrated to market conditions and swap yields as at the valuation date.

Valuation of non-participating insurance contracts

The non-participating insurance contract liabilities are determined using a gross premium valuation method.

Process used to determine assumptions
The approach to the valuation of insurance contracts in the financial statements is as follows:

- In determining the discount rate to be applied when calculating participating and non-participating insurance contract liabilities, the Company uses a risk free rate. A spread is applied to certain business.

- For non-participating insurance contract liabilities, the Company sets assumptions at management's best estimates and recognises an explicit margin for demographic risks.

Changes to assumptions
Due to changes in economic and non-economic factors, certain assumptions used in estimating insurance and investment contract liabilities have been revised. Therefore, the change in liabilities reflects actual performance over the year, changes in assumptions and, to a limited extent, improvements in modelling techniques. The impact of material changes during the year were as follows:

	Increase/ (decrease) in technical provisions 2024 £m	Increase/ (decrease) in technical provisions 2023 £m
Change in longevity assumptions	(19)	(54)
Change in expenses assumptions	(2)	(3)
Change in mortality assumptions	-	2
Change in other assumptions	(1)	(4)

Longevity and mortality assumptions
Longevity and mortality rates are based on published tables, adjusted appropriately to take account of changes in the underlying population mortality since the table was published, demographic differences between annuitants and the general population, company experience and forecast changes in future mortality. For both longevity and mortality base assumptions 2020 and 2021 data was excluded as it was distorted by the one-off effect of COVID-19 and is not deemed representative.

Reductions in reserves due to change in longevity assumptions reflect updating for the latest experience up to 2023 and refinements to future improvement assumptions informed by latest medical expert opinion.

Expense assumptions
Expenses are assumed to increase at the rate of increase in the Retail Price Index ("RPI") or Retail Price Index excluding mortgage payments plus typical fixed margins in accordance with the various Management Service Agreements ("MSAs") the Company has in place with outsourced service providers. For with-profits business the rate of RPI inflation is determined within each stochastic scenario. For other business it is based on the Bank of England inflation spot curve. For MSAs with contractual increases set by reference to national average earnings inflation, this is approximated as RPI inflation or RPI inflation plus 1%.

The reduction in reserves is due to lower future assumed project costs relative to year end 2023.

Persistency assumptions
The assumed rates for surrender and voluntary premium discontinuance depend primarily on the length of time a policy has been in force. Withdrawal rates are based on observed experience and adjusted when it is considered that future policyholder behaviour will be influenced by different considerations than in the past. In particular, it is assumed that withdrawal rates for unitised with-profits contracts will be higher on policy anniversaries on which Market Value Adjustments do not apply.

Other assumptions
Other assumption changes include changes to assumptions that do not fall into the above three categories. Simplifications and expert judgements have been used to assign items into the other assumptions category.

Sensitivities
Financial and insurance risk sensitivities are set out in note 33.

Policyholder options and guarantees
Some of the Company's products give potentially valuable guarantees, or give options to change policy benefits which can be exercised at the policyholders' discretion. These products are described below.

The Company's unit linked policies in general have no guarantees of significance, although a small number of policies benefit from a guaranteed minimum annuity rate at retirement. The cost of this is calculated using a similar approach as for the with profit policies. Non-profit policies have fixed guaranteed benefits, in the form either of a payment at or from a specified date in the future or a series of regular payments throughout life.

Most with-profits contracts give a guaranteed minimum payment on a specified date or range of dates or on death if before that date or dates. For pension contracts, the specified date is the policyholder's chosen retirement date or a range of dates around that date. For endowment contracts, it is the maturity date of the contract. For with-profits bonds it is often a specified anniversary of commencement, in some cases with further dates thereafter. Annual bonuses when added to with-profits contracts usually increase the guaranteed amount.

There are guaranteed surrender values on a small number of older contracts.

Some pension contracts include guaranteed annuity options (see deferred annuities below for details). The total amount provided in the with-profits funds in respect of the future costs of guaranteed annuity options are £90m (2023: £129m).

Discretionary participating bonus rate
The regular bonus rates assumed in each scenario are determined in accordance with the Company's PPFM. Final bonuses are assumed at a level such that maturity payments will equal asset shares subject to smoothing rules set out in the PPFM.

With-profits deferred annuities participate in profits only up to the date of retirement. At retirement, a guaranteed cash option allows the policyholder to commute the annuity benefit into cash on guaranteed terms.

Managing product risk
The following sections give an assessment of the risks associated with the Company's main life assurance products and the ways in which the Company manages those risks. The following tables provide a product analysis of the liabilities under insurance contracts, apportioned between 'technical liabilities' and 'linked liabilities' and reinsurers' share of insurance contract liabilities within the Statement of financial position.

2024	Technical Liabilities			Linked Liabilities		
	Insurance contracts	Investment contracts with DPF	Investment contracts without DPF	Insurance contracts	Investment contracts with DPF	Investment contracts without DPF
	£m	£m	£m	£m	£m	£m
With-profits funds						
Pensions						
Deferred annuities	1,693	297	36	-	-	-
Immediate annuities	475	-	-	-	-	-
Unitised with-profits	20	3,672	-	-	-	-
Total pensions	2,188	3,969	36	-	-	-
Life						
Immediate annuities	134	-	-	-	-	-
Unitised with-profits	2,164	349	-	-	-	-
Life with-profits	204	-	-	-	-	-
Total life	2,502	349	-	-	-	-
Other - Unit Linked	-	-	1	87	782	6,164
Other	54	-	-	-	-	-
Non-profit funds						
Deferred annuities	240	-	(2)	-	-	-
Immediate annuities	6,969	-	-	-	-	-
Protection	352	-	-	-	-	-
Unit-linked	18	-	36	2,632	244	22,338
Other	(1)	-	-	-	-	-
	12,322	4,318	71	2,719	1,026	28,502

2023	Technical Liabilities			Linked Liabilities		
	Insurance contracts	Investment contracts with DPF	Investment contracts without DPF	Insurance contracts	Investment contracts with DPF	Investment contracts without DPF
	£m	£m	£m	£m	£m	£m
With-profits funds						
Pensions						
Deferred annuities	1,511	550	36	-	-	-
Immediate annuities	487	-	-	-	-	-
Unitised with-profits	18	3,948	1	-	-	-
Total pensions	2,016	4,498	37	-	-	-
Life						
Immediate annuities	139	-	-	-	-	-
Unitised with-profits	2,356	346	-	-	-	-
Life with-profits	205	25	-	-	-	-
Total life	2,700	371	-	-	-	-
Other - Unit Linked	-	-	36	94	638	6,448
Other	65	-	-	-	-	-
Non-profit funds						
Deferred annuities	369	-	1	-	-	-
Immediate annuities	7,589	-	-	-	-	-
Protection	437	-	-	-	-	-
Unit-linked	60	-	56	2,682	248	22,450
Other	-	-	-	-	-	-
	13,236	4,869	130	2,776	886	28,898

2024

	Reinsurance	
	Insurance contracts	Investment contracts without DPF
	£m	£m
With-profits funds		
Life		
Life with-profits	4	-
Total life	4	-
Other - Unit Linked	-	95
Non-profit funds		
Immediate annuities	202	-
Unit-linked	(4)	281
	202	376

2023

	Reinsurance	
	Insurance contracts	Investment contracts without DPF
	£m	£m
With-profits funds		
Life		
Life with-profits	4	-
Total life	4	-
Other - Unit Linked	-	95
Non-profit funds		
Immediate annuities	94	-
Unit-linked	-	292
	98	387

With-profits fund (Unitised and Traditional)
The Company operates a number of with-profits funds in which the with-profits policyholders benefit from a discretionary annual bonus (guaranteed once added in most cases) and a discretionary final bonus. Non-profit business is also written in some of the with-profits funds and some of the funds may include investment contracts, immediate annuities and deferred annuities with Guaranteed Annuity Rates (“GAR”).

The investment strategy of each fund differs, but is broadly to invest in a mixture of debt securities, equities, property and other asset classes in such proportions as is appropriate to the investment risk exposure of the fund and its capital resources.

The Company has significant discretion regarding investment policy, bonus policy and early termination values. The process for exercising discretion in the management of the with-profits funds is set out in the PPFM for each with-profits fund and is overseen by With-Profits Committees. Advice is also taken from the with-profits actuary of each with-profits fund. Compliance with the PPFM is reviewed annually and reported to the PRA and policyholders.

The bonuses are designed to distribute to policyholders a fair share of the return on the assets in the with-profits funds together with other elements of the experience of the fund. The owners of the Company are entitled to receive approximately one-ninth of the cost of bonuses declared for some funds and £nil for others.

Unitised and traditional with-profits policies are exposed to equivalent risks, the main difference being that unitised with-profits policies purchase notional units in a with-profits fund whereas traditional with-profits policies do not. Benefit payments for unitised policies are then dependent on unit prices at the time of a claim, although charges may be applied. A unitised with-profits fund price is typically guaranteed not to fall and increases in line with any discretionary bonus payments over the course of one year.

Deferred annuities
Deferred annuity policies are written to provide either a cash benefit at retirement, which the policyholder can use to buy an annuity on the terms then applicable, or an annuity payable from retirement. The policies contain an element of guarantee expressed in the form that the contract is written in i.e. to provide cash or an annuity. Deferred annuity policies written to provide a cash benefit may also contain an option to convert the cash benefit to an annuity

benefit on guaranteed terms; these are known as GAR policies. Deferred annuity policies written to provide an annuity benefit may also contain an option to convert the annuity benefit into cash benefits on guaranteed terms; these are known as Guaranteed Cash Option ("GCO") policies.

The option provisions on GAR policies are particularly sensitive to downward movements in interest rates, increasing life expectancy and the proportion of customers exercising their option. Adverse movements in these factors could lead to a requirement to increase reserves which could adversely impact profit and potentially require additional capital. In order to address the interest rate risk (but not the risk of increasing life expectancy or changing customer behaviour with regard to exercise of the option), the Company has purchased derivatives that provide protection against an increase in liabilities and have thus reduced the sensitivity of profit to movements in interest rates.

The Company seeks to manage this risk in accordance with both the terms of the issued policies and the interests of customers, and has obtained external advice supporting the manner in which it operates the long-term funds in this respect.

Immediate annuities
This type of annuity is purchased with a single premium at the outset, and is paid to the policyholder for the remainder of their lifetime. Payments may also continue for the benefit of a surviving spouse or partner after the annuitant's death. Annuities may be level, or escalate at a fixed rate, or may escalate in line with a price index and may be payable for a minimum period irrespective of whether the policyholder remains alive.

The main risks associated with this product are longevity and investment risks. Longevity risk arises where the annuities are paid for the lifetime of the policyholder, and is managed through the initial pricing of the annuity and through reinsurance (appropriately collateralised) or transfer of existing liabilities. Annuities may also be a partial 'natural hedge' against losses incurred in protection business in the event of increased mortality (and vice versa) although the extent to which this occurs will depend on the similarity of the demographic profile of each book of business.

The pricing assumption for mortality risk is based on both historic internal information and externally generated information on mortality experience, including allowances for future mortality improvements. Pricing will also include a contingency margin for adverse deviations in assumptions.

Investment risk, which is made up of market and credit risk, depends on the extent to which the annuity payments under the contracts have been matched by suitable assets which is managed under the ALM framework. Asset/liability modelling is used to monitor this position on a regular basis.

Protection
These contracts are typically secured by the payment of a regular premium payable for a period of years providing benefits payable on certain events occurring within the period. The benefits may be a single lump sum or a series of payments and may be payable on death, serious illness or sickness.

The main risk associated with this product is the claims experience and this risk is managed through the initial pricing of the policy (based on actuarial principles), the use of reinsurance and a clear process for administering claims.

28. Provisions for other risks: Other provisions

	Redress provision £m	Pricing error £m	Other £m	Total £m
At 1 January 2024	3	1	2	6
Additional provisions	1	-	-	1
Unused amounts released	-	(1)	(1)	(2)
Used during the year	(1)	-	(1)	(2)
Total at 31 December 2024	3	-	-	3
Amount due for settlement after 12 months	2	-	-	2

Redress provision
The redress provisions are for monies owed to customers due to various system and human errors which occurred on numerous dates during the period 2013 to 2020. These redress provisions were transferred to the Company on 7 September 2020 under the terms of the L&G Part VII transfer.

Pricing error
The pricing error provision is due to pricing errors on numerous funds which caused no rebate to be applied. During the period, the remainder of the remediation was paid out to customers.

29. Creditors: Other creditors including taxation and social security

	Notes	2024 £m	2023 £m
Borrowings	30	243	243
Derivative liabilities	17	275	324
Obligations for repayment of collateral received		60	68
Investment broker balances		3	17
Amount due to related parties - Other group undertakings		18	28
Investment sundry creditors		339	300
Other payables		48	29
		986	1,009
Amount due for settlement after 12 months		252	272

30. Borrowings

	2024 £m	2023 £m
Borrowings at amortised cost:		
Loan from ReAssure LL Limited	5	5
Loan from ReAssure PM Limited	4	4
Borrowings at FVTPL:		
Loan from ERIP LP	234	234
	243	243

The unsecured loan of £234m with ERIP LP attracts a commercial rate of interest. Interest rate is based on SONIA Solvency II curve. The Lender is at any time entitled, by written notice to the Borrower, to demand immediate repayment of all or part of the loan outstanding. The Company has the right but not the obligation to repay the principal amount subject to a maximum annual limit determined by the value of the property sales made by ERIP LP during the year.

The unsecured loans from ReAssure LL Limited and ReAssure PM Limited accrue no interest and are repayable on demand.

31. Accruals

	2024 £m	2023 £m
Accruals	34	41
	34	41
Amount due for settlement after 12 months	-	3

32. Capital Management

Capital Management Framework
The Company's Capital Management Framework is designed to achieve the following objectives:

- provide appropriate security for policyholders and meet all regulatory capital requirements whilst not retaining unnecessary excess capital;
- ensure sufficient liquidity to meet obligations to policyholders and other creditors; and
- meet the dividend expectations of owners.

The Company has met all of these objectives throughout the financial year. The framework comprises a suite of capital management policies that govern the allocation of capital throughout the Company to achieve the framework objectives under a range of stress conditions. The policy suite is defined with reference to policyholder security, creditor obligations, owner dividend policy and regulatory capital requirements.

The capital requirements of the Company are forecast on a periodic basis, and the requirements are assessed against the forecast available capital resources. In addition, internal rates of return achieved on capital invested are assessed against hurdle rates, which are intended to represent the minimum acceptable return given the risks associated with each investment. Capital plans are ultimately subject to approval by the Board.

Extractions of capital are required to be in line with the dividend policy approved by the Board. The dividend policy covers quantity of capital, quality of capital, and the amount of distributable reserves.

Solvency II ("SII") external capital requirement
Following the implementation of the SII directive effective from 1 January 2016, the Company's capital is managed on a SII basis.

A SII capital assessment involves valuation in line with SII principles of the Company's Own Funds and a risk-based assessment of the Company's Solvency Capital Requirement ("SCR"). The Company calculates its SCR on the standard formulae basis in accordance with the SII regulations. The Company is required to meet the SCR at each quarterly valuation date. SII surplus is the excess of Eligible Own Funds over the SCR.

Basic Own Funds represent the excess of assets over liabilities from the SII balance sheet adjusted to add back any relevant subordinated liabilities that meet the criteria to be treated as capital items. The Basic Own Funds are classified into three Tiers based on permanency and loss absorbency (Tier 1 being the highest quality and Tier 3 the lowest). Limits are imposed on the amount of each tier that can be held to cover the SCR.

Surplus funds in the with-profits funds are restricted and can only be included in Eligible Own Funds up to the value of the SCR they are used to support.

The SII surplus position at 31 December 2024 is presented in the Strategic report on page 4.

The Company did not breach the SCR at any time during the year.

Capital Policy
The capital policy is set by the Board and ensures there is sufficient capital to cover the SCR under stress conditions. It is monitored weekly by management and is reported each month at an executive and Board level.

The policy also ensures sufficient liquidity to meet creditor and dividend obligations. Volatility in the latter is monitored at the executive and Board level through stress and scenario testing. Where cash flow volatility is judged to be in excess of the Board's risk appetite, de-risking activities are undertaken.

The Company did not breach its capital policy at any time during the year.

33. Risk management

a) Overview

Risk Management Framework

The Group has a system of governance that embeds clear ownership of risk and has a Risk Management Framework ('RMF') that supports the identification, measurement, assessment, management and reporting of risks against approved risk appetites. The Group has an established 'three lines of defence' model. Management (Line 1) is responsible for risk ownership and maintaining effective processes, procedures and controls; the Risk Function (Line 2) provides independent oversight and challenge; and Internal Audit (Line 3) provides objective assurance.

Periodic review of the Risk Management Framework is an integral part of the system of governance in the Group and, in 2024, the Group adopted ways to further promote individual accountability. In 2025, the Group will look for further opportunities to streamline and augment the framework, including technology solutions that might help further simplify its operation across the Group. Any changes the Group choose to make will be considerate of the 2024 Corporate Governance Code in helping the Board to assess the effectiveness of the RMF.

An overview of the elements of the Group's RMF is included in the Group's 2024 Annual Report and Accounts.

Risk Universe

A key element of effective risk management is ensuring the business understands the risks it faces. The Group's Risk Universe summarises the risks to which the Group is exposed. The Risk Universe allows the Group to deploy a common risk taxonomy and language, allowing for meaningful comparison to be made across the business. The risk profile of each is an assessment of the impact and likelihood of those risks crystallising and the Group failing to achieve its strategic objectives. Changes in the risk profile are influenced by the commercial, economic and non-economic environment and are identified, measured, managed, monitored and reported through the Group's RMF processes.

There are three levels of Risk Universe categories; the highest is Level 1 and includes:

Level 1 category	Definition
Strategic risk	The risk of financial failure, or reputational loss, loss of earnings and/or value arising from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in business environment.
Financial soundness	The risk of financial failure, reputational loss, loss of earnings and/or value arising from a lack of liquidity, funding or capital, and/or the inappropriate recording, reporting and disclosure of financial, taxation, climate change and regulatory information.
Market risk	The risk of loss or of adverse changes in the financial situation resulting, directly or indirectly, from fluctuations in the level and the volatility of market prices of assets, liabilities and financial instruments.
Credit risk	The risk of loss or adverse change in the financial situation resulting from counterparty failure to meet financial obligations or fluctuations in the credit standing of issuers of securities, counterparties, or any debtors to which the Group is exposed.
Insurance risk	The risk of reductions in earnings and/or value, through financial or reputational loss, due to experience variations in the timing, frequency and severity of insured/underwritten events and to fluctuations in the timing and amount of claim settlements.
Customer risk	The risk of financial failure, reputational loss, loss of earnings and/or value arising from inappropriate or poor customer treatment (including poor advice).
Operational risk	The risk of reductions in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people related or external events.
Sustainability risk	The risk of financial failure, poor customer outcomes, loss of earnings and/or value arising from a failure to manage the impacts of environmental, social and governance matters on the Group's customers, financials and strategy (and vice versa).

The Company has also defined a more granular categorisation for Level 2 and Level 3 risks. This helps to further explain its attitude to these risks.

Intra-Group Retrocession

The Company has a reinsurance agreement with RLL, a fellow Group company, which transfers all the risks and rewards of RLL's insurance business to the Company.

The business reinsured consists primarily of unit linked pension business but also covers a portfolio of non-linked protection business. The reinsured business is within the Company's risk appetite and the ongoing risks are managed in accordance with the Group's RMF.

b) Climate risk

The Company is exposed to market and credit risk related to the transition to a low carbon economy, and the physical impacts resulting from climate change which could result in long-term market, credit, insurance, reputation, proposition and operational implications. As such, this risk is treated as a component of the cross-cutting Sustainability risk in the Group's Risk Universe.

Identification of climate related risks has been embedded into the Group's RMF, which applies to the Company. Significant progress has been made in recent years in developing risk metrics and establishing appropriate governance and risk management processes. The Group has adopted a proactive approach towards combatting climate change, with key net-zero targets. Further details on these targets and on managing the related climate change risks are provided in the Task Force for Climate-related Financial Disclosures ("TCFD") within the Group's Annual Report and Accounts.

c) Strategic risk

Strategic risks threaten the achievement of the Company and Group strategy through poor strategic decision-making, implementation or response to changing circumstances. The Company recognises that core strategic activity brings with it exposure to strategic risk. However, the Company seeks to proactively review, manage and control these exposures.

The Company's strategy and business plan are exposed to external events that could prevent or impact the achievement of the strategy; events relating to how the strategy and business plan are executed; and events that arise as a consequence of following the specific strategy chosen. The identification and assessment of strategic risks is an integrated part of the RMF. Strategic Risk should be considered in parallel with the Risk Universe as each of the risks within the Risk Universe can impact the Group and Company's strategy.

A Strategic Risk Policy is maintained and reported against regularly, with a particular focus on risk management, stakeholder management, corporate activity and overall reporting against the Company and Group's strategic ambitions.

d) Financial risks

The use of financial instruments naturally exposes the Company to the risks associated with them which comprise mainly financial soundness risk, market risk, and credit risk. Financial soundness is a broad risk category encompassing liquidity and funding risk, capital management risk and tax risk.

Responsibility for agreeing the financial risk profile rests with the Board, as advised by investment managers, internal committees and the actuarial function. In setting the risk profile, the Board will receive advice from the Chief Investment Officer, the With-Profits Actuaries and the Chief Actuary as to the potential implications of that risk profile on the probability of both realistic insolvency and of failing to meet the regulatory minimum capital requirement. The Chief Actuary will also advise the extent to which the investment risk assumed is consistent with the Company's commitment to help customers secure a life of possibilities, including meeting the FCA's expectations under Consumer Duty.

The Company's overall exposure to investment risk is monitored by appropriate committees, which agree policies for managing each type of risk on an ongoing basis, in line with the investment strategy developed to achieve investment returns in excess of amounts due in respect of insurance contracts. The effectiveness of the Company's Asset Liability Management ("ALM") framework relies on the matching of assets and liabilities arising from insurance and investment contracts, taking into account the types of benefits payable to policyholders under each type of contract. Separate portfolios of assets are maintained for with-profits business, which includes all of the Company's participating business, non-linked non-participating business and unit-linked business.

e) Financial Soundness: Liquidity and funding risk

Liquidity risk in its broadest sense can be defined as failure to maintain adequate levels of financial resources to meet obligations as they fall due. Funding risk relates to the potential inability to raise additional capital or liquidity when required in order to maintain the resilience of the balance sheet. The Company has exposure to liquidity risk as a result of any failure to meet its short-term cash flow requirements, to meet its obligations to policy liabilities the operating requirements of its subsidiaries and to meet margin calls under its hedging strategies.

The Board has defined a number of governance objectives and principles and the liquidity risk framework is designed to ensure that:

- Liquidity risk is managed in a manner consistent with the Board's strategic objectives, risk appetite and PPFM;
- Cash flows are appropriately managed and the reputation of the Company and the Group are safeguarded; and
- Appropriate information on liquidity risk is available to those making decisions.

The Company's liquidity risk management strategy is based on a risk appetite of less than a 1 in 200 chance of having insufficient liquid or tangible assets to meet financial obligations as they fall due and is supported by:

- Holding appropriate assets to meet liquidity buffers;
- Holding high quality liquid assets to support day to day operations;
- An effective stress testing framework to ensure survival horizons are met under different severe, but plausible scenarios;
- Effective liquidity portfolio management including Early Warning Indicators; and
- Liquidity risk contingency planning

Liquidity forecasts showing headroom against liquidity buffers across a range of time horizons is monitored across all funds and segregated liquidity pools on a monthly basis. In the event of a liquidity shortfall, either current or projected, this would be managed in line with the Contingency Liquidity Plan where the latest available contingent management actions would be considered. In addition, the Company performs regular reviews of its liquidity risks, monitors risk indicators, and performs stress testing on these risks to define minimum liquid asset requirements and assess resilience of available actions. This mitigates the risk that the Company does not have appropriate liquidity under severe stress conditions.

For annuity contracts, assets are held which are specifically chosen with the intention of matching the expected timing of annuity payments. The Company actively manages and monitors the performance of these assets against liability benchmarks and liquidity risk is minimised through the process of planned asset and liability matching.

For non-participating unit-linked contracts, a core portfolio of assets is maintained and invested in accordance with the mandates of the relevant unit-linked funds. Policyholder behaviour and the trading position of asset classes are actively monitored. The unit price and value of any associated contracts would reflect the proceeds of any sales of assets.

Investment contract policyholders have the option to terminate or transfer their contracts in part or in full at any time and to receive the surrender or transfer value of their policies. Although these liabilities are payable on demand, and are therefore included in the contractual maturity analysis as due within one year, the Company does not expect all these amounts to be paid out within one year of the reporting date. Such surrenders would be matched in practice, if necessary, by sales of underlying assets and mass lapses are considered within liquidity requirements. The Company can delay settling liabilities to unit-linked policyholders to ensure fairness between those remaining in the fund and those leaving the fund. The length of any such delay is dependent on the underlying financial assets.

A significant proportion of the Company's financial assets are held in gilts, cash, supranationals and investment grade securities, which the Company considers sufficient to meet the liabilities as they fall due.

As a result of the policies and processes established with the objective of managing exposure to liquidity risk, the Company expects to be able to manage liquidity risk on an ongoing basis, and throughout periods of market volatility.

f) Contractual maturities

The following table provides a maturity analysis showing the remaining contractual maturities of the Company's financial liabilities and associated interest. The contractual maturities of liabilities under insurance contracts are included based on the estimated timing of the discounted amounts recognised in the Statement of financial position, with the remaining financial liabilities included on an undiscounted basis, in accordance with the requirements of UK GAAP:

2024

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	Total £m
Insurance contracts	1,874	6,472	6,695	15,041
Investment contracts with DPF	584	2,176	2,584	5,344
Investment contracts without DPF	28,573	-	-	28,573
Deposits received from reinsurers	7	29	34	70
Derivative Liabilities	24	29	632	685
Creditors arising out of reinsurance operations	43	-	-	43
Creditors arising out of direct insurance operations	107	-	-	107
Borrowings	243	-	-	243
Other Creditors	453	-	-	453

2023

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	Total £m
Insurance contracts	2,055	5,879	8,078	16,012
Investment contracts with DPF	634	2,271	2,850	5,755
Investment contracts without DPF	29,028	-	-	29,028
Deposits received from reinsurers	7	31	37	75
Derivative Liabilities	52	13	578	643
Creditors arising out of reinsurance operations	43	-	-	43
Creditors arising out of direct insurance operations	96	-	-	96
Borrowings	243	-	-	243
Other Creditors	766	-	-	766

g) Financial Soundness: Capital management risk

Capital management risk is defined as the risk of reductions in earnings and / or value, through financial or reputational loss, due to a failure to maintain sufficient capital to provide appropriate security for policyholders and meet all regulatory capital requirements whilst not retaining unnecessary capital. The Company has exposure to capital management risk through the regulatory capital requirements mandated by the PRA. Note 32 gives more detail on how capital and capital management risk are managed.

h) Financial Soundness: Tax risk

Tax risk is defined as the risk of reductions in earnings and / or value, through financial or reputational loss, due to an unforeseen tax cost, or by the inappropriate reporting and disclosure of information in relation to taxation.

Potential causes of tax risk are: the Company making a material error in its tax reporting; incorrect calculation of tax provisions; failure to implement the optimum financial arrangements to underpin a commercial transaction; and incorrect operation of policyholder tax requirements.

There are tax consequences associated with other risks and these are considered as part of the evaluation of those risks. For example, a crystallisation of market risk may result in lower projected future profits which may in turn result in reduced deferred tax assets and reduced benefit from loss absorbing capacity of deferred taxes in the SCR.

Tax risk is managed by maintaining an appropriately staffed tax team who have the qualifications and experience to make judgements on tax issues, augmented by advice from external specialists where required. In addition, the Company has a formal tax risk policy, which sets out its risk appetite in relation to specific aspects of tax risk and that details the controls the Company has in place to manage those risks.

i) Market risk

Market risk is defined as the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The Company is mainly exposed to market risk as a result of:

- the mismatch between liability profiles and the related asset investment portfolios;
- the investment of assets held to meet regulatory capital and solvency requirements;
- the investment of surplus assets including owners' reserves yet to be distributed, surplus assets within the long-term funds and assets held to meet regulatory capital and solvency requirements; and
- the income flow of management charges from the invested assets of the business.

The Company manages the levels of market risk that it accepts through the operation of a Market Risk Policy, using a number of controls and techniques including:

- Defined lists of permitted securities and / or application of investment constraints and portfolio limits;
- Clearly defined investment benchmarks for policyholder and shareholder funds;
- Stochastic and deterministic asset / liability modelling;
- Active use of derivatives to improve the matching characteristics of assets and liabilities and to reduce the risk exposure of a portfolio; and
- Setting risk limits for main market risks and managing exposures against these appetites.

All operations comply with regulatory requirements relating to the taking of market risk.

Assets in the shareholder funds are managed against benchmarks that ensure they are diversified across a range of asset classes, instruments and geographies that are appropriate to the liabilities of the funds or are held to match the cash flows anticipated to arise in the business. A combination of limits by name of issuer, sector, geographical region and credit rating are used where relevant to reduce concentration risk among the assets held.

The assets of the participating business are principally managed to support the liabilities of the participating business and are appropriately diversified by both asset class and geography, considering:

- The economic liability and how this varies with market conditions;
- The need to invest assets supporting participating business in a manner consistent with the participating policyholders' reasonable expectations and PPFM; and
- The need to ensure that regulatory and capital requirements are met.

In practice, an element of market risk arises as a consequence of the need to balance these considerations, for example, in certain instances participating policyholders may expect that equity market risk will be taken on their behalf, and derivative instruments may be used to manage these risks.

Markets retain the potential to be volatile particularly given geopolitical instability, with escalation of regional conflicts and increasing protectionist policies able to result in increased inflationary pressures due to global policy changes and supply change disruption. More detail is covered within the Principal Risks section within the Group's Annual Report and Accounts.

j) Market Risk: Interest rate and inflation risk

Interest rate (and inflation) risk is the risk that changes in long term interest rates or inflation rates (or the volatilities of these rates) could lead to reduction in asset values relative to liabilities that may result in losses for policyholders and shareholders.

The main financial assets held by the Company that give rise to interest rate risk are debt securities, loans and deposits, and cash at bank and in hand. Insurance and investment contract liabilities exposed to interest rate risk principally comprise non-unit-linked liabilities. Other financial liabilities subject to interest rate risk include derivative financial instruments and borrowings.

The Company is required to manage its interest rate exposures in line with the Company's qualitative risk appetite statements, quantitative risk metrics and any additional hedging benchmarks. Interest rate risk is managed by matching assets and liabilities where practicable and by entering into derivative arrangements for hedging purposes where appropriate. This is particularly the case for the non-profit funds. The market risks arising from participating business are born primarily by the with-profits policyholders. Market risk exposures, including the exposure to interest rate risk, are set with the aims of (i) ensuring that the with-profits funds are strong enough to honour guarantees and to smooth investment returns, and (ii) to optimise the risks and returns for with-profits policyholders, taking into account previous undertakings made to policyholders as well as legal and regulatory requirements. In practice, the Company maintains an appropriate mix of debt securities according to the underlying insurance or investment contracts and will review this at regular intervals to ensure that overall exposure is kept within the risk profile agreed for each particular fund. This also requires the maturity profile of these assets to be managed in line with the liabilities to policyholders.

With-profits business and non-participating business within the with-profits funds are exposed to interest rate risk as guaranteed liabilities are valued relative to market interest rates and investments include debt securities and derivatives. For with-profits business the profit or loss arising from mismatches between such assets and liabilities is largely offset by increased or reduced discretionary policyholder benefits.

The matching of movements in liabilities and hedging assets under several stresses is used to minimise the interest rate risk that arises from mismatches between participating contract liabilities and the assets backing those liabilities. Cash flow matching is used to minimise the interest rate risk that arises in the participating business from mismatches between non-participating insurance contract liabilities and the assets backing those liabilities. A combination of debt securities and derivative financial instruments are held to assist in the management of interest rate sensitivity arising in respect of the cost of guarantees.

A sensitivity analysis for interest rate risk is presented in section (t) below.

k) Market Risk: Currency risk

Currency risk is the risk that changes in the value of currencies could lead to reductions in asset values that may result in losses for policyholders and shareholders.

The Company's financial assets are generally denominated in the same currencies as its insurance and investment liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment liabilities are expected to be settled and, indirectly, from the earnings of UK companies arising abroad. This exposure is managed through the use of derivatives.
The Company is exposed to currency risk fluctuations impacting the income flow of management charges from the invested assets of unit-linked funds. This is primarily managed against risk appetites through the use of derivatives.

Certain with-profits funds have an exposure to overseas assets that is not driven by liability considerations. The purpose of this exposure is to reduce overall risk whilst maximising returns by diversification. This exposure is limited and managed through investment mandates that are subject to the oversight of the Enterprise Asset Management Committee and Board Investment Committee.

l) Market Risk: Equity and property price risk

The Company is exposed to the risk of reductions in the valuation of equities (or changes in the volatility) or property investments that could result in reductions in asset values and losses for policyholders or shareholders. In this context, equity assets should be taken to include shares, equity derivatives, equity collectives and unlisted equities. Property assets include direct property investment, shares in property companies, property collectives and structured property assets.

Equity and property price risk is primarily borne in respect of assets held in with-profits funds and unit-linked funds. For unit-linked funds this risk is borne by policyholders and asset movements directly impact unit prices and hence policy values. For with-profits funds policyholders' future bonuses will be impacted by the investment returns achieved and hence the price risk. In addition, some equity investments are held in respect of owners' funds.

The Company's objective in holding these assets is to earn higher long-term returns by investing in a diverse portfolio of high quality equities and properties.

Equity and property price risk is managed through the agreement and monitoring of financial risk profiles that are appropriate for maintaining adequate regulatory capital and Consumer Duty. Exposures to equity securities are primarily controlled through the use of investment mandates including constraints based on appropriate equity indices. Portfolio characteristics are analysed regularly and price risks are actively managed in line with investment mandates. The Company's holdings are diversified across industries, and concentrations in any one company or industry are limited. For the participating business, exposures are also partially hedged through the use of derivatives. Exposures to property holdings are primarily controlled through the use of portfolio limits that specify the proportion of the value of the total property portfolio represented by any one property or group of properties, geographic area, or property type.

The Company as a whole is exposed to price risk fluctuations impacting the income flow of management charges from the invested assets of all funds. This is primarily managed through the use of derivatives.

A sensitivity analysis for equity and property price risk is presented in section (t) below.

m) Strategic Financing risk

The Company holds strategic financing investments as part of their wider diversified portfolios. The risks are managed in accordance with the ALM framework, taking into account the ALM targets and risk appetite of the funds in question. Investments are chosen in line with the Companies sustainable investment philosophy and in compliance with the Prudent Person Principle.

Some of the Group's pension schemes have exposure to Strategic Financing risk. These exposures may be material in the context of the scheme, however this is not material to the Company as a whole. Risk exposures are managed via each Scheme's investment strategy, as agreed by the trustees of each scheme.

The ongoing effectiveness of market risk mitigation is monitored on a regular basis by the Enterprise Asset and Liability Committee ('ALCo').

n) Policyholder Investment Outcomes risk

The Company provides unit-linked investment propositions where policyholder assets are exposed to market risk. The Company operates a suite of controls over customer funds to ensure exposure to market risk is maintained within the customer's risk appetite. These controls include monitoring of investment manager and external fund performance, reviewing customer funds and making changes as required to manage market and investment risk.

o) Credit risk

Credit risk is defined as the risk of loss of adverse change in the financial situation resulting from counterparty failure to meet financial obligation or fluctuations in the credit standing of issuers of securities, counterparties, or any debtors to which the Company is exposed.

There are two principal sources of credit risk for the Company:

- Credit risk which results from direct investment activities, including investments in debt securities, derivative counterparties, collective investment schemes, hedge funds and the placing of cash deposits; and
- Credit risk which results indirectly from activities undertaken in the normal course of business. Such activities include premium payments, outsourcing contracts, reinsurance agreements, and the lending of securities.

The amount disclosed in the Statement of financial position in respect of all financial assets, together with rights secured under unrecognised collateral arrangements, but excluding those that back unit-linked liabilities, represents the Company's maximum exposure to credit risk.

Credit risk management
Credit risk is managed by the monitoring of aggregate Company exposures to individual counterparties and by appropriate credit risk diversification (including by industry, credit rating, asset class and country). The Company manages the level of credit risk it accepts through an established Group Credit Risk Policy and Group Credit Limit and Counterparty Framework that includes the use of credit risk tolerances and limits. Additional controls for illiquid asset concentration risk are set out via specific risk limits within the framework. Credit risk on derivatives and securities lending is mitigated through the use of collateral with appropriate haircuts.

The Company operates an Asset Management Risk Committee, Ratings Committee and Portfolio Credit Committee to monitor and control oversight of externally rated and internally rated assets. A variety of methods are used to validate the appropriateness of credit assessment from external institutions and fund managers. Internally rated assets are those that do not have a public rating from an external credit rating agency ("CRA"), or from external asset managers (where the methodology and framework is assessed by Line 2 as being CRA comparable). These Committees review the policies, processes and practices to ensure the appropriateness of the internal ratings assigned to asset classes, in line with regulatory requirements.

The Company maintains accurate and consistent risk ratings across its asset portfolio. This enables management to focus on the applicable risks and to compare credit exposures across all lines of business, geographical regions and products. The rating framework is supported by a variety of financial analytics combined with market information to provide the main inputs for the measurement of counterparty risk. All risk ratings are tailored to the various categories of assets and are assessed and updated regularly. Significant exposures and breaches are reported to the Board and to the Investment Committee.

The Company has increased exposure to an array of illiquid credit assets such as local authority loans, social housing, infrastructure and commercial real estate with the aim of achieving greater diversification and investment returns, consistent with the Strategic Asset Allocation approved by the Board.

The impact of non-government debt securities and, inter alia, the change in market credit spreads during the year are fully reflected in the values shown in these financial statements. Credit spreads are the excess of corporate bond yields over the risk free rate to reflect the higher level of risk and return. Similarly, the value of derivatives that the Company holds takes into account the full changes in swap spreads.

The shareholders' exposure to credit risk arising from investments held in the with-profits funds is similar in purpose to that disclosed for market risk exposures in section (i).

Concentration of credit risk
Concentration of credit risk might exist where the Company has significant exposure to an individual counterparty or a group of counterparties with similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The Company's counterparty risk is monitored by the Group Credit Limit and Counterparty Framework contained within Group Credit Risk Policy and further provided in investment management agreements, overlaid by regulatory requirements. Counterparty risk in respect of OTC derivative counterparties is monitored using a Potential Future Value exposure metric.

The Company is also exposed to concentration of credit risk with outsourced service providers. This is due to the nature of the outsourced services market. The Company operates a policy to manage outsourcer service counterparty exposures and the impact from default is reviewed regularly by executive committees as well as through stress and scenario testing.

Reinsurance
The Company is exposed to credit risk as a result of insurance risk transfer contracts with reinsurers. The Company's policy is to place reinsurance only with highly rated counterparties. The Company is restricted from assuming concentrations of risk with individual external reinsurers by specifying limits on ceding and the minimum conditions for acceptance and retention of reinsurers, however due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings, some concentration risk does arise. The Company manages its exposure to reinsurance credit risk through collateralisation where appropriate and regular monitoring of exposures at the Reinsurance Management Committee and other credit focused committees.

Collateral
The credit risk exposure of the Company is mitigated, in certain circumstances, by entering into collateral agreements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. The use of collateral is governed by formal contractual agreements between the parties.

Collateral is mainly obtained in respect of reinsurance and OTC derivatives. Management monitors the market value of the collateral received, requests additional collateral when needed and performs an impairment valuation when impairment indicators exist.

Information on the values of collateral held and pledged are given in note 18.

p) Quality of credit assets

An indication of the Company's exposure to credit risk is the quality of the investments and counterparties with which it transacts. The table below sets out the Company's exposure to different credit assets for those counterparties that are rated by a Credit Rating Agency (CRA). Credit assets and their issuers are rated by CRA's based on their credit worthiness. The Company aims to invest in Investment Grade assets.

2024

	AAA	AA	A	BBB	BB and below	Non-Rated	Total
	£m	£m	£m	£m	£m	£m	£m
Loans and deposits	-	-	-	-	-	2	2
Derivative assets	-	101	8	-	-	24	133
Debt securities	767	3,547	2,988	2,234	121	25	9,682
Reinsurers' share of technical provisions	-	(119)	321	-	-	-	202
Cash at bank and in hand	-	-	40	-	-	1	41
	767	3,529	3,357	2,234	121	52	10,060

2023

	AAA	AA	A	BBB	BB and below	Non-Rated	Total
	£m	£m	£m	£m	£m	£m	£m
Loans and deposits	-	-	-	-	-	521	521
Derivative assets	-	-	-	-	-	147	147
Debt securities	851	3,586	3,873	3,478	183	33	12,004
Reinsurers' share of technical provisions	-	377	(279)	-	-	-	98
Cash at bank and in hand	-	-	38	-	-	-	38
	851	3,963	3,632	3,478	183	701	12,808

The Company had no material assets which were impaired or past due (2023: £nil).

To achieve better diversification of credit risk and enhance returns, the Company invests in private debt assets which are more illiquid than standard corporate bonds and generally not rated by a CRA. The monitoring and control oversight of internally rated assets is discussed in more detail in section (o).

The following table provides information regarding the aggregate credit exposure of internally rated assets:

2024

	AAA	AA	A	BBB	BB and below	Total
	£m	£m	£m	£m	£m	£m
Debt securities	-	78	203	810	91	1,182

2023

	AAA	AA	A	BBB	BB and below	Total
	£m	£m	£m	£m	£m	£m
Debt securities	-	394	576	1,350	130	2,450

Credit ratings have not been disclosed in the above tables for holdings in collective investment schemes. The credit quality of the underlying debt securities within these vehicles is managed by the safeguards built into the investment mandates for these vehicles.

Credit ratings have not been disclosed in the above tables for the assets of the unit-linked funds since the shareholder is not directly exposed to credit risks from these assets. Included in unit-linked funds are assets which are held as reinsured external fund links. Under certain circumstances, the shareholder may be exposed to losses relating to the default of the reinsured external fund link. These exposures are actively monitored and managed by the Company and the Company considers the circumstances under which losses may arise to be very remote.

For reinsurance assets, where the counterparty is part of a group and a rating only exists for the parent of the group, then the rating of the parent company has been used where appropriate.

q) Insurance risk

Insurance risk is defined as the risk of reductions in earnings and / or value, through financial or reputational loss, due to experience variations in the timing, frequency and severity of insured / underwritten events and to fluctuations in the timing and amount of claim settlements.

The Company is exposed to the following elements of insurance risk:

- Longevity risk – lower than expected number of deaths experienced on annuity products or greater than expected improvements in annuitant mortality
- Mortality risk – higher than expected death claims on assurance products, or lower than expected improvements in mortality.
- Morbidity / Disability risk – higher than expected number of inceptions on critical illness or income protection policies, or lower than expected termination rates on income protection policies.
- Persistency risk – adverse movement in surrender rates, Guaranteed Annuity Option ("GAO") surrender rates, GAO take-up rates, policyholder retirement dates, propensity to commute benefits, transfer out rates or the occurrence of a mass lapse event.
- Expense risk – unexpected timing or value of expenses incurred

Objectives and policies for mitigating insurance risk

Insurance risks are managed by monitoring the Company's exposure against pre-defined appetite limits. If a risk is moving out of appetite, the Company can choose to mitigate it via reinsurance in the case of longevity, mortality and morbidity risks, or by taking other risk reducing actions.

This is supported by additional methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing. Assumptions that are deemed to be financially significant are reviewed at least annually for pricing and reporting purposes.

For expense risk, RUKSL, a Service company within the Group incur the cost of policy management services and typically charges the Company a fixed per policy charge, thereby reducing some of the expense risk exposure borne by the Company.

The profitability of the run-off of the Company's legacy business depends to a significant extent on the values of claims paid in the future relative to the assets accumulated to the date of claim. Typically, over the lifetime of a contract, premiums and investment returns exceed claim costs in the early years and it is necessary to set aside these amounts to meet future obligations. The amount of such future obligations is assessed on actuarial principles by reference to assumptions about the development of financial and insurance risks.

It is therefore necessary for the Board to make decisions, based on actuarial advice, which ensure an appropriate accumulation of assets relative to liabilities. These decisions include investment policy, bonus policy and, where discretion exists, the level of payments on early termination.

The Company's liabilities under insurance contracts are detailed in note 27, which also covers the risks arising on specific contracts and how these are mitigated.

A sensitivity analysis for insurance risk is presented in section (t) below.

r) Customer risk

Customer risk is defined as the risk of financial failure, reputational loss, loss of earnings, and / or value arising from inappropriate or poor customer treatment (including poor advice). It can arise as a result of:

- Customer Outcomes: The risk that our decisions, actions or behaviours individually or collectively result in a failure to act to deliver good outcomes for our customers.
- Customer Transformation: The risk that the design, governance, and oversight of Strategic Customer Transformation Activity in retained functions and service providers fails to deliver on reasonable customer expectations, taking account of the Phoenix Group customer treatment risk appetites and regulatory requirements.

The Group has both a Conduct Risk appetite, to focus on behaviours within the business, and a Customer Risk appetite to focus on achieving good customer outcomes (both of which apply to the Company). The behaviours and standards all colleagues are expected to achieve are detailed in our Group Code of Conduct. For our customers, what represents a good outcome is articulated in our Customer Standards and supporting Business Unit processes.

In addition, the Group Conduct Strategy, which overarches the Risk Universe and all risk policies, is designed to help the Group meet its aim of helping people secure a lifetime of possibilities. It seeks to do this by putting customers at the heart of our strategy and decision making, achieving good customer outcomes and preventing foreseeable harm.

The Company also has a suite of customer polices which set out the key customer risks and control objectives in place to mitigate them. The customer risks for the Group, and of the Company, are regularly reported to management oversight committees.

s) Operational risk

Operational risk is defined as the risk of reductions in earnings and / or value, through financial or reputation loss, from inadequate or failed internal processes and systems, or from people related or external events.

Operational risk arises due to failures in one or more of the following aspects of the Company's business:

- indirect exposures through our outsourcing service providers ("OSPs") andsuppliers;
- direct exposures through internal practices, actions or omissions;
- external threats from individuals or groups focused on malicious or criminal activities, or on external events occurring which are not within the Company's control; and
- negligence, malpractice or failure of colleagues, or suppliers to follow good practice in delivering operational processes and practices.

It is accepted that it is neither possible, appropriate nor cost effective to eliminate all operational risks from the Company as operational risk is inherent in any operating environment particularly given the regulatory framework under which the Company operates. As such, the Company will tolerate a degree of operational risk subject to appropriate and proportionate levels of control around the identification, management and reporting of such risks.

The Company also has a set of operational risk policies that set out the nature of the risk exposure and minimum control standards in place to control the risk.

t) Financial and insurance risk sensitivities

The Company is managed and decisions are made on a Solvency UK basis. Therefore, the tables that follow illustrate the sensitivity, on a Solvency UK basis, to variations in the key assumptions made in relation to the Company's most significant financial and insurance risk exposures. The values have, in all cases, been determined by varying the relevant assumption as at the reporting date and considering the consequential impacts assuming other assumptions remain unchanged and are for a full financial year, net of tax. The sensitivities have been performed against an unaudited Solvency UK base position of £1,700m (2023: £2,488m), being own funds and shareholder interest in the fund for some with-profits funds.

Insurance liabilities are sensitive to changes in risk variables, such as prevailing market interest rates, credit spreads and equity prices, since these variations alter the value of the financial assets held to meet obligations arising from insurance contracts and changes in investment conditions also have an impact on the value of insurance liabilities themselves. Additionally, insurance liabilities are sensitive to the assumptions which have been applied in their calculation. Sometimes allowance must also be made for the effect on future assumptions of management or policyholder actions in certain economic scenarios. The most significant non-economic sensitivities arise from mortality, longevity and lapse risk.

Unaudited sensitivities on a Solvency UK basis

	2024 £m	2023 £m
Financial sensitivities		
Variable widening of credit spreads	(274)	(394)
Variable increase in interest rates	(62)	(42)
Variable decrease in interest rates	61	53
39% decrease in Type 1 equity	(89)	(41)
49% decrease in Type 2 equity	(78)	(115)
25% decrease in property prices	(13)	(14)
Insurance sensitivities		
15% increase in assurance mortality	(67)	(62)
20% increase in annuitant longevity	(175)	(202)
50% increase in lapse rates	(242)	(255)
50% decrease in lapse rates	(37)	(48)

Limitations

The financial impact of certain risks is non-linear and consequently the sensitivity of other events may differ from expectations based on those presented above. Correlations between the different risks and / or other factors may mean that experience would differ from that expected if more than one risk event occurred simultaneously. The analysis has been assessed as at the reporting date. The results of the mortality sensitivity analysis have been based on instantaneous change in the mortality assumption at all ages, rather than considering gradual changes in mortality rates.

34. Commitments

	2024 £m	2023 £m
To subscribe to private equity funds and other unlisted assets	541	325
To purchase, construct or develop investment property	-	6
For repairs, maintenance or enhancements of investment property	9	4
	550	335

35. Related party transactions

The Company has taken advantage of the exemption under FRS 102 *Related Party Disclosures* from disclosing transactions with other wholly owned subsidiary undertakings of the Phoenix plc group. The Company has no related parties that are not wholly owned subsidiary undertakings of the Phoenix plc group.

36. Listing of subsidiaries

The subsidiaries of the Company held for strategic purposes are as follows:

Company name	Country of incorporation and principal place of operation	Type and % of holding	Address
Direct subsidiaries			
Namulas Pension Trustees Limited	England and Wales	Ordinary Shares, 100%	1
Gresham Life Assurance Society Limited	England and Wales	Ordinary Shares, 100%	1
ReAssure Trustees Limited	England and Wales	Ordinary Shares, 100%	1
ReAssure LL Limited	England and Wales	Ordinary Shares, 100%	1
ReAssure PM Limited	England and Wales	Ordinary Shares, 100%	1
103 Wardour Street Retail Company	England and Wales	Ordinary Shares, 100%	1
Phoenix Life Assurance Europe	Republic of Ireland	Designated Activity Company, 100%	2

The commercial property entity listed above (103 Wardour Street Retail Investment Company Limited) transferred to the Company on the date of the L&G Part VII transfer. The net asset value of the commercial property entity is reported as a collective investment scheme in the Company's Statement of financial position. This is because the objective of this entity is solely to oversee the management of specific policyholder assets (which support related policyholder liabilities). Whilst the Company receives some income arising from the holding, management and disposal of the policyholder assets within this entity, it does not have responsibility for the day to day control of these assets.

The subsidiaries of the Company held for investment purposes and measured at fair value are as follows:

Fund Name	Country of incorporation and principal place of operation	Type and % of holding	Address
Legal & General European Equity Income Fund	England and Wales	Unit Trust 86.7%	3
iShares 350 UK Equity Index Fund	England and Wales	OEIC 98.7%	4
HSBC Investment Funds – Balanced Fund	England and Wales	OEIC 78.2%	5
Phoenix Highvista Venture Capital Partners LP Life Fund	United States of America	Limited Partnership 80.0%	7
Phoenix Highvista Venture Capital Partners LP Pension Fund	United States of America	Limited Partnership 80.0%	7

All investments in unit trusts are held in Authorised unit trusts.

Registered office addresses

1. Windsor House, Telford Centre, Telford, Shropshire, TF3 4NB, United Kingdom
2. 90 St. Stephen's Green, Dublin, D02 F653, Ireland
3. One Coleman Street, London, EC2R 5AA, United Kingdom
4. 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom
5. 8 Canada Square, London, E14 5HQ, United Kingdom
6. 1 Wythall Green Way, Wythall, Birmingham, B47 6WG, United Kingdom
7. 200 Clarendon Street 50th Floor, Boston, MA 02116, United States of America

Limited partnership which the Company controls

The Company has invested £1,000 of permanent capital into a special purpose entity, ERIP LP, a property management partnership registered in the United Kingdom, which represents 50% of the permanent capital of the partnership. At inception the Company also transferred property assets of £350m into ERIP LP. Under the partnership agreement it is entitled to 99.5% of the partnership's profits and losses.

The carrying value of the Company's investment in ERIP LP is shown in the table below:

	2024	2023
	£m	£m
ERIP Limited Partnership	276	262

37. Ultimate parent and ultimate controlling party

The Company's immediate parent is Reassure MidCo Limited and its ultimate parent and ultimate controlling party is Phoenix Group Holdings plc, a company incorporated in England and Wales. Copies of the Phoenix Group Holdings plc consolidated financial statements can be obtained from their company website, www.thephoenixgroup.com.

38. Events after the reporting period

The Directors are not aware of any significant post balance sheet events that require disclosure within these financial statements.