REASSURE LIFE LIMITED

Company Registration Number: 01363932

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 Life 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 Practice ("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 is closed to new business and its base of life and pensions policies is in run off.

All Phoenix Group life company entities operate under the governance and risk management frameworks of the Group. The Company, Phoenix Life Limited, ReAssure Limited ("RAL"), 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 ReAssure 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 Company transacted a capital reduction of £50m following shareholder approval and supported by a solvency statement from the Board, increasing distributable reserves through a transfer from the Share Capital Account 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 27.

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 £165m (2023: £263m) and £152m (2023: £245m) 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 £119m were paid to the parent company during the year (2023: £Nil). 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 ReAssure Life Limited, 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 the Group earning 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 at 14.9 calendar days (2023: 15.7 days) compared to the industry average of 13.5 days (2023: 13.6 days).

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 44% (2023: 38%) which is higher than the industry average of 35% and the "Decumulation, Life and Pensions" category average of 40%.

[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 PRA policy manual.

Operations
During the year the Company has maintained a closed book of long-term life and pension and protection products.

Investment administration and custody services are primarily outsourced to HSBC Security Services.

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 requires each director of a company to act in the way he or she considers, 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 of the Act 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 of 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 M&A	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		
How has the Board engaged with and had oversight of stakeholder views during the year?		
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. 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		
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 Group plc. As a Phoenix Group company, our ultimate controlling party is Phoenix Group Holdings plc ("PGHP"). 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 Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("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?

Community	Investors	Government, trade bodies & regulators
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 which 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 payment of 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. 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

Community	Investors	Government, trade bodies & regulators
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 M&A	Enhance our operating model and culture

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 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.

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.

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.

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.

Key Board decision	Payment of cash remittance
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters 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 the proposal, the Board paid due regard to the long-term impact of the decision, specifically in the context of capital and liquidity affordability. In particular, the Board noted that payment of any cash remittance was contingent on the repayment by the Group to the Company of an intragroup loan balance. The

	Board also received a formal Chief Actuary opinion and 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 and noted that the proposals had taken into consideration the Company's Solvency II obligations.
Outcome	Following due consideration of the matters set out in Section 172, the Board approved the repayment of the intragroup loan balance and in turn payment of a cash remittance 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, ensuring that the Board is able 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 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 within approved risk appetites. We have 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 RMF is an integral part of the system of governance in the Group and Company and, in 2024, we adopted ways to further promote individual accountability. In 2025, we 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 we 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 a volatile 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 UK 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 our business together into an efficient single Group-wide operating model is dependent upon execution of the Group's migration, transformation and cost efficiency programmes. The Group has prioritised these "fixing the foundations" 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 arising from emerging technologies whilst ensuring we 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. The Company has an intra-group retrocession ("IGR") arrangement with a fellow Group company, RAL, which transfers all of the insurance and financial risk from the Company to RAL. The assessment of the Company's principal risks has been considered on a post-IGR basis and, as such, only five of the seven Group principal risks 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 27 of the financial statements.

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 26.

Sustainability Risk

1. **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 itscustomers. 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 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

2. **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

3. 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 write, 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

4. 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

5. 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 majority of the Company's market risk has been transferred to RAL through the Intra-Group Retrocession (IGR), and the Company continues to use a Funds Withheld account to manage its counterparty risk associated with RAL and the IGR. 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
8EFA4131ABD14C5...

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 01363932 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 ("AOP"), 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 a dividend payment 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 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, 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 cash remittance to the Group. As well as the Board, a number of Board Committees responsible for overseeing Audit, Risk, Nomination, 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 (MI) 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 any subsidiary of the Company. A summary update of any activity of the Company's subsidiary 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.

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 26 and 27 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 Cook	(appointed 1 May 2024)
I A Craston	
A Curran	(resigned 8 May 2025)
J S Gill	
R Harris	
T W Harris	
J R Lister	
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 regulation.

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 Life Limited

1 Our opinion is unmodified

We have audited the financial statements of ReAssure Life 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.

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 FRS 103 *Insurance Contracts* 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 directors 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 matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was 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: £493 million) Refer to page 38 (accounting policy) and pages 49-51 (financial disclosures)	**Policy holder data** There is a risk that incomplete data is used in the calculation of insurance liabilities in relation to the protection business resulting from inaccurate conversion of aggregate data from the policy administration systems into model point files used to value the long-term business provisions in the actuarial models.	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. Our procedures to address the risk included: **Control design and implementation:** With the assistance of our IT audit specialists, testing design and implementation of controls over the completeness of data flows and data conversions from policy administration systems into the actuarial valuation models. **Test of detail:** ▪ Testing the completeness of data by reconciling the data from the policy administration systems to the model point files used in the actuarial models.

- Utilising data and analytics procedures to test the completeness of historical data by comparing the data used for reporting as at 31 December 2024 to the data used as at 31 December 2023 in relation to policies that were in force at the time.

Our results:

We found the resulting estimate of the valuation of long term business provisions 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 £3.5m, determined with reference to a benchmark of Company adjusted net assets, of which it represents 2%. We used a benchmark of net assets adjusted to add back the liability for the advanced claims amount under the Intra-Group Retrocession (IGR) arrangement. We selected adjusted net assets as the benchmark owing to it being the metric that aligns most closely with Own Funds which is a key focus for users.

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 £2.3m. We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements and driven by the level of change within the business and the potential for that to impact the control environment during the period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.16m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

In addition, we applied a higher materiality for certain balances relating to the unit-linked business in the balance sheet, income statement and related notes, in accordance with FRC Practice Note 20 The Audit of Insurers in the United Kingdom. This is because changes in these balances are offset by changes in related balances such that the impact on the profit attributable to the shareholder is eliminated. For unit linked assets and corresponding unit linked liabilities, we applied materiality of £55.9m determined with reference to a benchmark of total unit-linked assets, of which it represents 1.0%. Performance materiality was set at 65% of materiality which equates to £36.3m. We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements and 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 £2.5m, in addition to other identified misstatements that warranted reporting on qualitative grounds

The scope of the audit work performed was predominantly 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 was:

- Adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, interest rates and inflation which affect regulatory capital solvency coverage ratios and liquidity ratios.

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 directors' assessment of going concern.

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 and 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.

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 and Solvency 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.

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, revenue streams.

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, 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 21, 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.

Daniel Rutter

Daniel Rutter
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	110	119
Outward reinsurance premiums	4	(95)	(113)
Earned premiums, net of reinsurance		15	6
Investment income	5	418	360
Unrealised gains on investments	5	62	157
Other income	6	65	73
Claims paid:			
Gross amount		(104)	(105)
Reinsurers' share		39	61
Claims paid net of reinsurance		(65)	(44)
Change in provision for claims:			
Gross amount		-	2
Reinsurers' share		(3)	1
Change in provision for claims net of reinsurance		(3)	3
Claims incurred net of reinsurance		(68)	(41)
Change in long term business provision:			
Gross amount	22	72	(71)
Reinsurers' share	22	(72)	71
Change in long term business provision net of reinsurance		-	-
Change in technical provision for linked liabilities net of reinsurance		(391)	(452)
Change in technical provisions net of reinsurance		(391)	(452)
Net operating expenses	7	(31)	(32)
Investment expenses and charges	5	(1)	(1)
Tax charge on long term business	10	(36)	(36)
Balance on long-term business account		33	34

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		33	34
Tax credit on long term business	10	10	6
Balance on long term technical account before tax		43	40
Investment income	5	11	12
Profit on other activities		11	12
Profit on ordinary activities before tax		54	52
Tax charge on ordinary activities	10	(13)	(9)
Profit for the year		41	43

The notes on pages 32 to 59 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
Investments			
Other financial investments	13	506	543
		506	543
Assets held to cover linked liabilities	21	5,314	5,592
Reinsurers' share of technical provisions			
Long-term business provision	22	479	551
Claims outstanding		13	15
		492	566
Debtors			
Debtors arising out of reinsurance operations		16	14
Other debtors	16	6	17
		22	31
Other assets			
Cash at bank and in hand		1	3
		1	3
Prepayments and accrued income			
Deferred acquisition costs	18	5	10
Accrued income	19	2	4
		7	14
Total assets		6,342	6,749

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	20	15	65
Profit and loss account		85	113
Total capital and reserves		100	178
Liabilities			
Technical provisions			
Long-term business provision	22	479	551
Claims outstanding		14	15
		493	566
Technical provisions for linked liabilities	22	5,258	5,565
Provisions for other risks			
Deferred taxation	17	55	48
		55	48
Deposits received from reinsurers		83	91
Creditors			
Creditors arising out of direct insurance operations		26	32
Creditors arising out of reinsurance operations		52	26
Other creditors including taxation and social security	23	196	136
		274	194
Other liabilities			
Contract liabilities	24	76	102
Accruals and deferred income	25	3	5
Total liabilities		6,242	6,571
Total equity and liabilities		6,342	6,749

The notes on pages 32 to 59 form an integral part of these financial statements.

The financial statements of ReAssure Life Limited (registered number 01363932) were approved by the Board of Directors and authorised for issue on 10 June 2025 and signed on its behalf by:

DocuSigned by:

AD52068E2615406...

Arlene Cairns
Director
13 June 2025

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

	Called up share capital	Profit and loss account	Total
	£m	£m	£m
Balance at 1 January 2024	65	113	178
Profit for the year	-	41	41
Total comprehensive income for the financial year	-	41	41
Share capital reduction	(50)	50	-
Dividends paid on ordinary shares (note 11)	-	(119)	(119)
Balance at 31 December 2024	15	85	100

	Called up share capital	Profit and loss account	Total
	£m	£m	£m
Balance at 1 January 2023	65	66	131
Profit for the year	-	43	43
Total comprehensive income for the financial year	-	43	43
Part VII transfer of business	-	4	4
Balance at 31 December 2023	65	113	178

Of the above, £85m (2023: £113m) is considered distributable.

The notes on pages 32 to 59 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 27 to 59 were authorised by the Board of Directors for issue on 10 June 2025.

The financial statements have been prepared on a historical cost basis except for investments in subsidiaries and associates 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 22. 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, including for linked liabilities.	Accounting for technical provisions, including for linked liabilities is discussed in more detail in accounting policy (o) with further detail of the key assumptions made in determining the technical provisions, including for linked liabilities included in the notes to the accounts. Estimates of the long term business provision and technical provisions for linked liabilities also impact the valuation of balances related to the IGR in place with fellow group company RAL. 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. The valuation of technical provisions, including for linked liabilities is sensitive to the assumptions which have been applied in their calculation.	22
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 (i). 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.	15
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. The Company currently has one strategic subsidiary (see note 12 for further details). Investment subsidiaries are held to generate capital or income growth through holding investments. The Company's investment in subsidiary held for investment purposes is recorded as part of unit trust and other pooled investments included within assets held to cover linked liabilities disclosed in note 21. 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 (h). Both types of subsidiary are held at fair value through profit or loss and are subject to the factors set out in the critical estimate above.	12

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. 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 27 provides further risk management disclosures in relation to financial risks including sensitivities in relation to credit and market risk.

Insurance and investment contract liabilities with DPF 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.

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, 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.

Reinsurance premiums

Outward reinsurance premiums are accounted for on a payable basis.

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 the following:

- 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; and
- release of deferred income reserve - front end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, is deferred through the creation of a deferred fee income liability (DFI) on the Statement of financial position and released to income as the services are provided.

Investment income and expense

Investment income comprises interest, dividends and foreign exchange 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.

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 reflect the cost of all claims arising during the period. 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.

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) Investments: Investment in group undertakings and participating interests

Investments in subsidiaries

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.

i) 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.

Equities, variable & fixed rate income securities, certain loans and deposits, derivatives and unit trusts and other pooled investments are designated 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.

j) 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 RAL. The IGR covers the non-linked business and the insurance component of the unit-linked business. In respect of the non-linked business, the premium due from the Company to RAL is held within a restricted account recorded as Deposits received from reinsurers and recognised as a financial liability held at fair value through profit or loss. This restricted account operates as a collateral account for the non-linked element of the IGR. In respect of the insurance component of the unit linked business, RAL has paid an advanced claim amount to the Company. This amount is recorded in Contract liabilities line in the Statement of financial position and released to the Other technical income line of the Income Statement over the period in which the underlying cash-flows emerge, in line with the run-off of the business.

k) Deferred acquisition costs
For insurance contracts held in non-profit funds, acquisition costs comprise all direct and indirect costs arising from the conclusion of such contracts. Where these are incurred in the current year but expected to be recovered out of future margins, they are deferred as an explicit acquisition cost asset. The asset is amortised over the period in which the costs are expected to be recoverable out of margins from matching revenues from related policies and in accordance with the pattern of such margins. At the end of each accounting period, deferred acquisition costs for insurance contracts are reviewed for recoverability, by category, against future margins from the related policies in force at the period end.

For investment management contracts, incremental costs that are directly attributable to securing those contracts are deferred and recognised as an asset to the extent they are considered recoverable. Trail or renewal commission on non-participating investment contracts where the Company does not have an unconditional legal right to avoid payment, is deferred at inception of the contract and an offsetting liability for contingent commission is established. The asset is amortised over the life of the contracts as the related revenue is recognised.

Deferred acquisition cost amortisation is expensed within net operating expenses in the Long term business technical account.

l) 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.

m) 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.

n) 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.

o) Technical provisions
Long-term business provision – insurance contracts
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.

Technical provisions for linked liabilities
The technical provisions for linked liabilities include liabilities for unit-linked insurance contracts and unit-linked investment contracts (investment contracts without DPF).

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.

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.

Liability adequacy
At each reporting date, liability adequacy tests are performed at an entity level to assess whether the insurance contract 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.

Claims outstanding
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.

p) 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.

q) 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	110	119
	110	119

Direct business is analysed as follows:

	2024 £m	2023 £m
Non-participating contracts	62	64
Linked business (excluding investment contracts without DPF)	48	55
	110	119

Gross direct insurance premiums are derived from business in the UK.

Outward reinsurance premiums

Outward reinsurance premiums comprise:	2024 £m	2023 £m
Reinsurance premiums ceded under on-going reinsurance arrangements	95	113
	95	113

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	49	45	-	-
Dividend income	95	92	-	-
Income from group undertakings	6	-	11	12
Net realised gains on financial assets at FVTPL	268	223	-	-
Total investment income	418	360	11	12
Unrealised gains on investments:				
Financial instruments at FVTPL	56	157	-	-
Investment in subsidiaries	6	-	-	-
Net unrealised gains on investments	62	157	-	-
Investment expenses and charges	(1)	(1)	-	-
Total investment return	479	516	11	12

6. Other technical income

	2024 £m	2023 £m
Fee income from investment contracts without DPF	37	38
Amortisation of deferred income	2	3
Amortisation of contract liabilities	26	31
Other income from contracts with customers	-	1
Total other income	65	73

7. Net operating expenses

	2024 £m	2023 £m
Amortisation of deferred acquisition costs	5	5
Administration expenses	12	11
Commissions	14	16
Total net operating expenses	31	32

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. Directors’ remuneration

	2024 £000	2023 £000
Remuneration	600	692
Share option schemes and other long-term benefits	495	455
Contributions to money purchase pension schemes	5	3
Total Directors' remuneration	1,100	1,150

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	227	216
Share option schemes and other long-term benefits	232	232

The highest paid Director exercised share options during the year.

The Executive Directors are employed by either Phoenix Group Management Services (“PGMS”), Standard Life Assets and Employee Services Limited (“SLAESL”) or ReAssure UK Services Limited (“RUKSL”). 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.

9. Auditor's remuneration

	2024 £000	2023 £000
Audit of the Company's financial statements	1,200	1,226

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.

10. Tax charge

Current year tax charge	Technical account		Non-technical account	
	2024	2023	2024	2023
	£m	£m	£m	£m
Current tax:				
UK Corporation tax	28	12	3	3
	28	12	3	3
Adjustment in respect of prior years	1	(9)	-	-
Total current tax charge	29	3	3	3
Deferred tax:				
Origination and reversal of temporary	8	25	-	-
Adjustment in respect of prior years	(1)	8	-	-
Total deferred tax	7	33	-	-
Total tax charge	36	36	3	3
Attributable to:				
- policyholders	26	30	-	-
- owners	10	6	3	3
Total tax charge	36	36	3	3

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	2023
	£m	£m
Profit before tax attributable to owners	54	52
Tax at standard UK rate of 25% (2023: 23.5%)	14	12
Adjustment to owner's tax in respect of prior years	1	1
Different basis of taxation for UK life insurance companies	(2)	(2)
Movement in recognition of deferred tax asset	-	(2)
Tax charge attributable to owners	13	9

11. Dividends on ordinary shares

	2024	2023
	£m	£m
Interim dividend at 823p per share (2023: No dividends on ordinary shares were paid.)	119	-

12. Investments: Investments in group undertakings and participating interests

ReAssure Life Pension Trustees Limited is a wholly owned subsidiary undertaking in the current and prior year which is incorporated in England and Wales. Its registered office address is Windsor House, Telford Centre, Telford, England, TF3 4NB.

Its principal activity is to act as a scheme trustee for self administered pension schemes, personal pension schemes, fully occupational pension schemes and free standing additional voluntary contribution schemes established by ReAssure Life Limited.

The value of the investment in ReAssure Life Pension Trustees Limited is (stated at net realisable value) £7,200 (2023: £7,200). Due to immateriality this is not shown separately on the Statement of financial position.

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.

Refer to note 30 for further information on the related undertakings of the Company.

13. Investments: Other financial investments

	Cost		Current value	
	2024	2023	2024	2023
	£m	£m	£m	£m
Fair value through profit and loss				
Fixed rate income securities	95	95	51	60
Unit trusts and other pooled investments	357	275	357	275
Amortised cost				
Loans to related parties – Parent	-	69	-	69
Loans to related parties – Other Group undertakings	80	130	98	138
Loans and deposits	-	1	-	1
Total other financial investments	532	570	506	543

	Current value	
	2024	2023
	£m	£m
Amounts included in the above relating to listed investments:		
Fixed rate income securities	51	60
Unit trusts and other pooled investments	357	275
	408	335

Loans to Group entities

On 16 December 2022, the Company issued a £130m loan to its ultimate parent company, PGHP with a maturity date of 15 December 2027. The interest rate has been set at SONIA + 149bps. Interest payments accrue from the date of the advance to the 30 June and 31 December. The advance together with all accrued interest is repayable in full on the maturity date. £50m of the loan principal was settled by a dividend on 17 December 2024.

On 31 December 2019, the Company issued a £69m loan to its parent company, ReAssure Group plc, with a maturity date of 30 June 2024. The interest rate has been set at SONIA + 50bps. Interest payments accrue from the date of the advance on a daily basis and are due quarterly in arrears.to the 31 March, 30 June, 30 September and 31 December. The advance together with all accrued interest is repayable in full on the maturity date. The £69m was settled via a dividend on 30 June 2024.

14. 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 related parties – Parent	-	-	69	-
Loans to related parties – Other group undertakings	98	98	138	138
Loans and deposits	-	-	1	1
Cash and cash equivalents	1	-	3	-
Other receivables	6	1	17	1
Assets held to cover linked liabilities	166	-	81	-
Financial assets at fair value through profit or loss				
Fixed rate income securities	51	51	60	60
Unit trusts and other pooled investments	357	-	275	-
Assets held to cover linked liabilities	5,148	-	5,511	-
	5,827	150	6,155	200

	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				
Other Creditors	196	-	136	-
Financial liabilities at fair value through profit or loss				
Investment contracts without DPF	4,907	-	5,209	-
Deposits received from reinsurers	83	82	91	91
	5,186	82	5,436	91

In the 2023 disclosure, deposits received from reinsurers was not separately disclosed and was instead included in the Deposits received from reinsurers line in the Statement of financial position. The Company is now disclosing deposits received from reinsurers within financial assets and liabilities in 2024 and the prior period comparative has been updated to ensure consistency with the current period disclosure.

£51m (2023: £60m) of debt securities are held in relation to the funds withheld account, which is within and under the Company's control to manage its exposure to RAL default risk.

Due to the nature of equities, collective investment schemes 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).

15. 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. The Company has no level 3 financial instruments based on the above policy in 2024 or 2023.

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

At 31 December 2024	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial assets measured at fair value				
Fixed rate income securities	51	-	-	51
Unit trusts and other pooled investments	357	-	-	357
Assets held to cover linked liabilities	5,049	99	-	5,148
Total financial assets measured at fair value	5,457	99	-	5,556

	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial liabilities measured at fair value				
Investment contracts without DPF	-	4,907	-	4,907
Total financial liabilities measured at fair value	-	4,907	-	4,907

At 31 December 2023	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial assets measured at fair value				
Fixed rate income securities	60	-	-	60
Unit trusts and other pooled investments	275	-	-	275
Assets held to cover linked liabilities	5,425	86	-	5,511
Total financial assets measured at fair value	5,760	86	-	5,846

	Level 1	Level 2	Level 3	Total fair value
	£m	£m	£m	£m
Financial liabilities measured at fair value				
Investment contracts without DPF	-	5,209	-	5,209
Total financial liabilities measured at fair value	-	5,209	-	5,209

Financial instrument valuation methodology

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 valuations received from investment managers of the underlying funds are reviewed and where appropriate adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting financial year. 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.

Collective investment schemes, 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.

For instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale, the Company performs its own assessment of the fair value of these instruments. This assessment is largely based on inputs that are not based on observable market data, principally single broker indicative quotes, and accordingly these instruments are treated as level 3 instruments within the fair value hierarchy. The Company has no level 3 financial instruments based on the above policy in 2024 or 2023.

Investment contract without DPF
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.

16. Debtors: Other debtors

	Notes	2024 £m	2023 £m
Amounts due from related parties - Group relief taxation		-	2
Amounts due from related parties - Other group undertakings		1	5
Other receivables		1	1
Current tax recoverable	17	4	9
		6	17
Amount recoverable after 12 months		1	1

17. Tax assets and liabilities

	2024 £m	2023 £m
Current Tax		
Current tax recoverable	4	9
Deferred Tax		
Deferred tax liabilities	(55)	(48)

Movement in deferred tax assets and liabilities

Year ended 31 December 2024	At 1 January £m	Recognised in the Statement of comprehensive income £m	At 31 December £m
Deferred acquisition costs and contract liabilities	(2)	1	(1)
Unrealised chargeable gains	(53)	(4)	(57)
Deferred acquisition expenses	5	(2)	3
Non-BLAGAB capital losses	2	(2)	-
	(48)	(7)	(55)

Year ended 31 December 2023	At 1 January £m	Recognised in the Statement of comprehensive income £m	At 31 December £m
Deferred acquisition costs and contract liabilities	(2)	-	(2)
Unrealised chargeable gains	(38)	(15)	(53)
Deferred acquisition expenses	8	(3)	5
Non-BLAGAB capital losses	6	(4)	2
Other	11	(11)	-
	(15)	(33)	(48)

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 2025 is £19m (2023: £14m). This primarily relates to reversing timing differences such as excess expenses, deferred acquisition costs and unrealised gains on investments.

("BLAGAB") in the table above is defined as basic life assurance and general annuity business.

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 loan relationship deficits that have a potential value of £0.4m (2023: £0.4m) which are not recognised, because based on forecasts, they are not expected to be utilised.

18. Prepayments and accrued income: Deferred acquisition costs

	2024 £m	2023 £m
At 1 January	10	15
Amortisation charge	(5)	(5)
At 31 December	5	10
Amount recoverable after 12 months	3	5
Related to contracts with customers: deferred acquisition costs on non-participating investment contracts	5	8

The deferred acquisition cost asset is amortised over the period in which the costs are expected to be recoverable.

19. Accrued income

	2024 £m	2023 £m
Accrued income	2	4

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

20. Capital and reserves: Called up share capital

	2024 £m	2024 Number	2023 £m	2023 Number
Issued and fully paid:				
Ordinary shares of £0.25 each	15	57,822,752	65	257,822,752

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 of Directors in its discretion out of legally available profits.

21. Assets held to cover linked liabilities

	Cost 2024 £m	Cost 2023 £m	Carrying value 2024 £m	Carrying value 2023 £m
Assets held to cover linked liabilities	3,860	4,210	5,314	5,592

	2024 £m	2023 £m
Assets held to cover linked liabilities:		
Financial assets	5,314	5,592

	2024 £m	2023 £m
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	71	35
Other debtors	94	45
Accrued income and prepayments	1	1
Financial assets at fair value through profit and loss		
Equities	73	77
Unit trusts and other pooled investments	5,075	5,434
	5,314	5,592

22. Technical provisions

Technical provisions

	Long-term business provision £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m
At 31 December 2024			
Insurance contracts	468	362	468
Investment contracts without DPF	11	4,896	11
	479	5,258	479
At 31 December 2023			
Insurance contracts	537	371	537
Investment contracts without DPF	14	5,194	14
	551	5,565	551

Movements in liabilities

	Long-term business provision £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m
At 1 January 2024	551	5,565	551
Premiums	73	114	(94)
Claims	(54)	(793)	36
Other changes in liabilities	(91)	372	(14)
At 31 December 2024	479	5,258	479
Change in long-term business provision	(72)	-	(72)
At 1 January 2023	480	5,749	480
Premiums	64	106	(113)
Claims	(35)	(717)	62
Other changes in liabilities	42	427	122
At 31 December 2023	551	5,565	551
Change in long-term business provision	71	-	71

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

Assumptions

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 non-participating insurance contract liabilities, the Company uses a risk free rate.

- 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

As a result of the IGR with RAL, any assumption changes throughout the year is nil (2023: nil).

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.

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 MSAs the Company has in place with outsourced service providers. 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%.

Persistency assumptions

The assumed rates for surrender and voluntary premium discontinuance in the non-participating business depend primarily on the length of time a policy has been in force.

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 £m	Investment contracts without DPF £m	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds				
Protection	468	-	-	-
Unit-linked	-	11	362	4,896
	468	11	362	4,896

2023	Technical Liabilities		Linked Liabilities	
	Insurance contracts £m	Investment contracts without DPF £m	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds				
Protection	522	-	-	-
Unit-linked	15	14	371	5,194
	537	14	371	5,194

2024	Reinsurance	
	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds		
Unit-linked	468	11
	468	11

2023	Reinsurance	
	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds		
Unit-linked	537	14
	537	14

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, however this is mitigated by the IGR with RAL.

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.

23. Creditors: Other creditors including taxation and social security

	2024 £m	2023 £m
Group relief taxation	13	-
Amounts due to related parties - Other group undertakings	91	47
Other creditors	92	89
	196	136

There are no amounts due for settlement after 12 months (2023: nil).

24. Contract liabilities

	2024 £m	2023 £m
At 1 January	102	133
Amortisation of contract liabilities	(26)	(31)
At 31 December	76	102
Amount due for settlement after 12 months	54	77

On 31 December 2019 an IGR arrangement was put in place, which transfers the vast majority of the shareholder risk and rewards of the business into ReAssure Limited 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 liability represents the advanced claim paid by Reassure Limited to the Company as per the IGR contract. The contract liability was calculated based on a pricing model agreed between ReAssure Limited and the Company.

The contract liability is amortised as the cash flows emerge on the underlying contracts.

25. Accruals and deferred income

	2024 £m	2023 £m
Deferred income reserve	3	5
Amount due for settlement after 12 months	2	3

The movement in the deferred income reserve is explained in note 6.

26. 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.

The SII surplus position at 31 December 2024 is presented in the Strategic report on page 3.

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.

27. 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 within approved risk appetites. We have 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, we adopted ways to further promote individual accountability. In 2025, we 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 we 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 our attitude to these risks.

Intra-Group Retrocession

The Company has an IGR arrangement with RAL, a fellow Group company, which transfers all of the insurance and financial risks from the Company to RAL. Given this, any sensitivity to profit resulting in movements of insurance and market risk variables would be reported as zero on a post-IGR basis.

Interest rate risk arises from exposure via intra-group loans (as detailed in note 14). In 2022 the Company made a £130m intra-group loan to PGHP, the risk relates to uncertainty in the accrued interest it will receive on repayment of the principal, which is subject to an interest rate of SONIA + 149bps. As at 31st December 2024, following a principal repayment of £50m, the principal has accrued to £97.6m (2023: £138.2m).

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 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 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 or to meet its obligations to policy liabilities.

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.

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.

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	68	243	519	830
Investment contracts without DPF	4,907	-	-	4,907
Deposits received from reinsurers	-	3	80	83
Creditors arising out of reinsurance operations	52	-	-	52
Creditors arising out of direct insurance operations	26	-	-	26
Other Creditors	196	-	-	196

2023

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	Total £m
Insurance contracts	66	194	648	908
Investment contracts without DPF	5,209	-	-	5,209
Deposits received from reinsurers	-	2	89	91
Creditors arising out of reinsurance operations	26	-	-	26
Creditors arising out of direct insurance operations	32	-	-	32
Other Creditors	136	-	-	136

g) Financial Soundness: Capital management risk

Capital management risk is defined as the risk of reductions in earnings and / or value, through financial or reputation 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 26 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 which 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
- the income flow of management charges from the invested assets of the business.

All of the Company's market risk has been transferred to RAL through the IGR. The Company is exposed to interest rate risk via an intra-group loan to the Group of £97.6m. The Company monitors this risk by considering the sensitivity of the assets and liabilities to changes in interest rates.

j) 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.

The Company's IGR arrangement with RAL exposes it to the risk of default in the event that RAL becomes unable to service its obligations under the contract. This is mitigated through the deposit from RAL which is held in the form of a Funds Withheld account. This is within and under its control to manage its exposure to RAL credit risk. The amount held in this fund is adjusted on a quarterly basis to reflect the Solvency UK non-linked best estimate liabilities for the business under the IGR.

Credit risk also arises from exposures via the intra-group loans, which exposes the Company to the risk of default or credit rating downgrade.

As credit risk exposures from the issuance of insurance and investment contracts and from external counterparties are transferred to RAL under the IGR, the Company has no additional credit risk exposures.

k) 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 following table sets out the Company's aggregate credit exposure to different credit assets for those counterparties that are rated by a CRA. Credit assets and their issuers are rated by CRA's based on their credit worthiness. The Company aims to mainly invest in Investment Grade assets.

2024

	AA £m	A £m	Non-Rated £m	Total £m
Loans and deposits	-	-	98	98
Debt securities	51	-	-	51
Reinsurers' share of technical provisions	-	-	479	479
Cash at bank and in hand	-	1	-	1
	51	1	577	629

2023

	AA £m	A £m	Non-Rated £m	Total £m
Loans and deposits	-	-	208	208
Debt securities	60	-	-	60
Reinsurers' share of technical provisions	-	-	551	551
Cash at bank and in hand	-	3	-	3
	60	3	759	822

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

l) 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. This includes fluctuations in profits due to customer behaviour.

All Insurance Risk within the Company has been transferred, either through external reinsurance arrangements or through the IGR that is in place with RAL.

m) 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 its 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.

n) 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") and suppliers;
- 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.

The IGR transfers the vast majority of operational risk within the Company to RAL. Some elements of risk remain including ex-gratia payments in excess of £0.5m and regulatory fines, which remain funded from Company resources.

28. Commitments

There are no financial and capital commitments as at 31 December 2024 (2023: none).

29. 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.

30. Listing of subsidiaries

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

Company Name	Country of incorporation and principal place of operation	Type and % of holding	Address
Quilter Investors Limited Global Dynamic Equity Acc A	England and Wales	OEIC, 84.53%	1

The Company's investment in subsidiary held for investment purposes is recorded as part of unit trust and other pooled investments included within assets held to cover linked liabilities disclosed in note 21.

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

Registered office addresses

1. Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom

31. Ultimate parent and ultimate controlling party

The Company's immediate parent is ReAssure Group plc 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 consolidate financial statements can be obtained from their company website, www.thephoenixgroup.com

32. Events after the reporting period

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