REASSURE LIFE LIMITED

Company Registration Number: 01363932

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2023

Contents

Strategic report

The Directors present the Strategic report, their Report and the financial statements of ReAssure Life Limited ("RLL" or "the Company") for the year ended 31 December 2023.

The Company has transitioned from UK adopted international accounting standards to UK Generally Accepted Accounting Principles ("UK GAAP") when preparing the statutory accounts for year ended 31 December 2023, with a transition date of 1 January 2022. 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 financial statements of the Company for the year ended 31 December 2023 have been prepared in accordance with UK GAAP in conformity with the requirements of the Companies Act 2006.

Business review

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 Company is closed to new business and its base of life and pensions policies are in run off.

All Phoenix Group life company entities operate under the governance and risk management frameworks of the Group. Standard Life Assurance Limited, Phoenix Life Limited, Phoenix Life Assurance Limited, ReAssure Life Limited and ReAssure Limited ("RAL") (together the Life Companies) operate joint Boards of Directors, 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. The Group is the UK's largest long-term savings and retirement business. The main focus has traditionally been on closed life fund consolidation, and the Group specialises in the acquisition and management of closed life insurance and pension funds. Alongside this, the Group has open business which manufactures and underwrites new products and policies to support people saving for their futures. The Phoenix 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
During the year the Company completed the transfer out of all Swedish, Norwegian and German based policies to a new Irish incorporated entity, Phoenix Life Assurance Europe Designated Activity Company ("PLAEDAC") under a Part VII transfer. The Part VII transfer completed on 1st January 2023.

The Company has an Intra-group Retrocession agreement ("IGR") with RAL, which covers the non-linked business and the insurance component of the unit-linked business of RLL. Further details on the IGR are included in note 2 (j). As a result of this Part VII transfer, the part of the IGR with RAL which relates to the policies transferred to PLAEDAC has been recaptured. The Company paid £1m to RAL to terminate the contract.

For the RLL business, the liabilities and assets backing these for the unit-linked business have been transferred to PLAEDAC and the investment component has been reinsured back to the Company.

As part of a long term strategy to provide policyholders with a consistent customer experience across all group entities it was announced in February 2023 that the Company's policies, currently administered by the ReAssure in house administration system Alpha, will be transferred over a three year period to an administration system managed by outsource provider Diligenta.

Climate change: activity in the year and future developments
Climate change is one of the greatest global challenges faced today. As a purpose-led organisation, the Group believes that it has a responsibility to society to help address the climate emergency and play a leading role in supporting the transition to a net zero economy for the benefit of all its stakeholders. That is why the Group have committed to being net zero by 2050 across its investment portfolio, operations and supply chain, with stretching interim targets set for 2025 and 2030 to ensure that it remains on track. The Groups climate ambition is to optimise value for its customers and play a key role in delivering a net zero economy.

In May 2023 the Group published its inaugural Net Zero Transition Plan which marked an important step in its journey towards net zero. It outlines the actions being undertaken to become net zero by 2050 and to achieve its interim targets. The application of the Net Zero Transition Plan is set by Group but considers its subsidiary companies, including the Company, in its plan. The Company supports the Group view on climate having undertaken the first Taskforce for Climate related Financial Disclosure ("TCFD") entity climate report under the FCA Environmental, Social & Governance ("ESG") Sourcebook for the year ending 31 December 2023, released by the end of June 2024. During 2023, the Group also became a signatory to the UK Stewardship code and published its inaugural Stewardship Report. This report expands on climate change and looks to provide greater clarity on the Group's position towards ESG emerging themes.

In parallel with the Group's work to address climate change, the Group is on a journey to improve its understanding of its exposure to nature-related impacts, dependencies and risks, and to identify possible investment opportunities. The Group recognises that managing nature risk and opportunity is critical in ensuring its long-term sustainability as a business, and serving the best interests of its customers. In May 2023 the Group signed the Finance for Biodiversity Pledge and Foundation, which includes five commitments for signatories: collaboration and knowledge sharing, engaging with companies, assessing impact, setting targets and reporting publicly. The Group also joined Nature Action 100, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.

The Company continues to disclose in line with the strategy, risk management, and governance framework set by the Group to ensure it can contribute and help support the Group to meet its Climate and Sustainability targets. More information can be found in the Group's Annual Report and Accounts and standalone Sustainability Report in line with the Task Force on Climate-related Financial Disclosures recommendations.

Regulatory developments
The UK government has launched a consultation into the Future Regulatory Framework for financial services, and separately into the Solvency II ("SII") regime. These reviews could lead to significant changes to the Company's regulatory environment, and could create both challenges and opportunities for its business. The Company continues to monitor changes in the regulatory environment and feedback on consultations both via the Group and industry bodies. Solvency II reform introduced changes in measurement, methodology and reporting requirements for year ended 31 December 2023 but further changes based on consultation feedback are not expected to take effect until year ended 31 December 2024. All changes are subject to parliamentary approval.

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

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

Capital resources
The Company's solvency position is an important measure of financial strength. As at 31 December 2023 the Company's estimated Solvency II own funds and excess of own funds over solvency capital requirement were £263m (2022: £241m) and £245m (2022: £219m) 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. No dividends were paid to the parent company during the year (2022: £Nil). The directors do not recommend the payment of a final dividend.

Speed of pension transfer payouts
This is a recognised industry measure, and the Pensions Transfer performance has contributed to Phoenix earning an accreditation with STAR, which is the industry initiative to improve pension transfers for customers. 2023 results show the STAR accreditation has improved year on year.

For 2023 as a whole the average speed of pension transfer payouts at 15.7 days (2022: 14.2 days), compared to the industry average of 13.6 days.

Financial ombudsman service ("FOS") overturn rate
This is an independent view of how the Company is handling complaints. The 2023 result for the Company was 38% (2022; 26%) which is consistent with the industry average of 37% and the "Decumulation, Life and Pensions" category average of 39%.

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:

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

Key stakeholder groups		
Customers	Suppliers	Colleagues
Our customers span a broad spectrum of products and services, across individual life, pensions and savings business. The Board recognises its responsibility and duty to oversee the success of the Company for all its customers.	We depend on our outsourced service providers ("OSPs") 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		
Optimise our in-force business; Grow organically and through mergers and acquisitions	Optimise our in-force business; Enhance our operating model and culture	Grow organically and through mergers and acquisitions; Enhance our operating model and culture
How has the Board has 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 development of a Customer Experience Dashboard, analysis on customer complaints and 'goneaway' customers • 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 considered reports from management in relation to implementation of an evolved customer-centric, operating model and drive to a consistent strategy for customers within existing products	• 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 the planned customer migration programmes • Through its Risk Committee, the Board continued to receive updates on the adherence to operational resilience requirements • Bespoke updates on specific OSPs were held during the course of 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

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

- The Board challenged management to ensure the customer was central to the narrative in the development of the Group Net Zero Transition Plan
- The Board was informed on the activity being undertaken to support customers impacted by the Cost of Living crisis

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 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 ReAssure Life 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

The most significant way in which we impact the community is through the investment decisions we make.

The Group also encourages all colleagues to support our local communities through volunteering.

The Board understands the value of building trust and inspiring confidence through sustainable and responsible investment.

Investors

Our 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.

Government, trade bodies & regulators

Our business 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 has engaged with and had oversight of stakeholder views during the year?

Community

- 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 2023 and beyond
- The Board provided feedback in relation to the Group's Net Zero Transition Plan published in 2023, in particular with respect to customer impacts
- The Board attended informal sessions with the Phoenix Insights team and the Director of Public Affairs

Investors

- 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
- The Group Chief Executive and Chief Financial Officer are both members of the Board, which further strengthens the link between the Company and its ultimate parent, PGHP. Both provide updates on the Group Board's activity within their regular reporting

Government, trade bodies & regulators

- 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 FCA's new Consumer Duty, including an in-depth education session
- 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

How has the Board has engaged with and had oversight of stakeholder views during the year? continued		
		• Both the PRA and FCA attended sessions with the Board during the year

The Board's role in promoting positive stakeholder relationships		
The Board, through its Investment Committee, monitors investment performance against agreed strategy within the wider parameters of the Group's Sustainability Strategy.	The Board maintains strong links with its ultimate parent, PGHP, 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 Phoenix.

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 of the Act.

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

Key Board decision	**Consumer Duty implementation for active products**
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters Throughout the year the Board closely monitored the Company's progress toward achieving compliance with the Financial Conduct Authority's (FCA's) Consumer Duty via regular update reports. This included a standalone education session on the progress of the Consumer Duty programme and dedicated consideration of Conduct Strategy reporting and the wider Group's approach to Fair Value. As a final step it considered evidence to support the Company's compliance. The Board reviewed activity undertaken in relation each of the key dimensions of Consumer Duty, which included: defining all terms of the Duty; documenting existing pricing practices and developing a Fair Value Framework; documenting foreseeable harm scenarios; undertaking a review of high-risk customer journeys; testing customer communications and developing a group-wide communications framework; updating existing policies and frameworks; and initiating actions to support cultural change. The output of a gap analysis exercise for reporting measures was received, whereby confirmation was provided around existing reporting measures and the delivery roadmap for additional measures. The Board also considered the Consumer Duty Programme's responses to the FCA's Dear CEO Letter and sample questions as a means of assessing readiness for meeting the deadline in relation to open products.
Outcome	Following due consideration of the matters set out in section 172 and evidence presented, the Board concluded that the Company had materially achieved compliance with the FCA's requirements of the Consumer Duty in relation to its open products.

Key Board decision	2023 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 framing of the Group's Sustainability Strategy for 2023 and beyond. As part of its consideration, the Board explored recommendations relating to the strategic framework, sustainability strategy organisation, investing in a sustainable future, engaging people in better financial futures and building a leading responsible business. It also received insight into the strategy's three pillars, which included the Net Zero Transition Plan, digital inclusion, financial wellness and ensuring that products supported longevity. The Board explored how funds might be deployed for investment and recognised the challenges around reconciling sustainability and nature. It also considered ways in which the business proposed to invest in its people and culture and support local communities through initiatives such as charity partnerships, volunteering and monetary donations amongst others. Of importance, given its responsibility for customers, the Board spent time gaining comfort on how the Sustainability Strategy and Net Zero Transition Plan would impact and thus be communicated to customers.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the Sustainability Strategy at local level, providing a non-objection for the overall strategy. Final approval for the overall strategy was then sought and received from the Company's ultimate parent, Phoenix Group Holdings plc.

Key Board decision	Outsourcing of customer operations to the TCS Diligenta BaNCS platform
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters In January 2023, the Board confirmed its decision to support the consolidation of the Company's operating model for customers onto the TCS Diligenta BaNCS platform. Whilst noting the expectation that the decision would simplify the operating model, improve resilience, reduce operating costs and also offer a consistent and enhanced customer experience, the Board spent time considering the effects on colleagues who would be impacted. In particular, the Board reviewed the communications strategy and ongoing colleague deployment options for the future.
Outcome	Following due consideration of the matters set out in section 172, the Board concluded that the decision to outsource customer operations to TCS Diligenta was in the best interests of its customers and for the long term benefit of the Company as a whole.

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 Company's Board, as part of the collective Life Companies' Board, has oversight of the relationship with outsourced service providers ("OSPs") with respect to their delivery of services to customers. The Life Companies' Board's schedule of matters reserved includes the responsibility for monitoring the performance of management service provider contracts (including services contracted with OSPs).

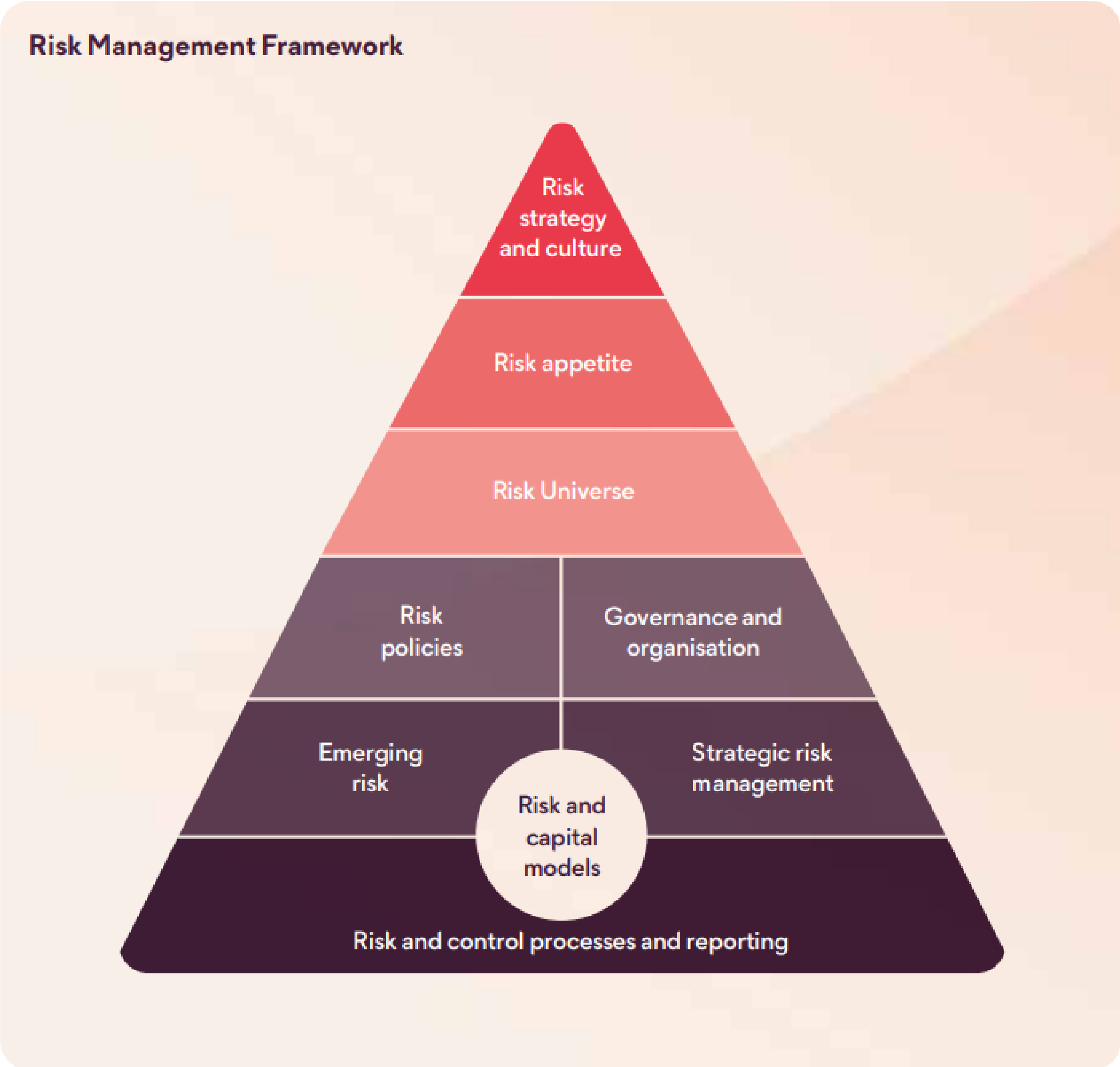
Energy and carbon reporting

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 Framework

The Company adopts the Phoenix Group's Risk Management Framework ("RMF"). The Group's RMF embeds proactive and effective risk management. It seeks to ensure that all material risks are identified, assessed, controlled, monitored and managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The Group's RMF is aligned to the principles and guidance in ISO 31000 Risk Management standards.

The nine components of the Group's RMF are illustrated in the diagram below. Further details on each component are outlined in the Strategic Report of the Group's Annual Report and Accounts 2023.



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.

Geopolitical risk remains most prominent. Tensions in the Middle East have escalated and whilst the Group has low exposure to assets heavily influenced by the price of gas and oil it is closely monitoring impacts to inflation or interest rates which may occur from disruption to Red Sea shipping. The Group's Stress and Scenario testing programme continues to consider a range of adverse circumstances to help the Group and its Life Companies determine any actions needed to respond to economic pressures.

The regulatory change agenda continues to have potentially significant implications for the Group achieving its strategic priorities. The Group is supportive of the Solvency II Reforms and continues to engage in industry consultations as the draft regulations are refined. Progressing key tasks on the implementation plan for the FCA's New Consumer Duty is another key area of focus, well aligned to Group's purpose of helping customers achieve a life of possibilities. The Group supports the Sustainability Disclosure Requirements ("SDR") and investment labelling requirements, and the Group has mobilised a project to ensure its practices align within the new regulations. Additionally, work is underway to provide a response to the FCA following the Advice Guidance Boundary Review consultation paper. The Group recognises the importance of this review, which aligns well to the Group's purpose and strategy.

The Group continues to monitor developments across the political environment and to engage with political parties, regulators and industry bodies on reforms which could help people live better, longer lives. The Group remains alert to the risk of cyber-attack which could impact the Group or its strategic partners directly, or indirectly via impact to customers and colleagues should state infrastructure be targeted.

The Group continues to support customers on their journey to and through retirement and places significant focus on monitoring and managing sustainability risks, including climate change, to ensure ongoing resilience over the long-term to such risks.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are integrated with the principal risks of the Group. The Company has an IGR arrangement with a fellow Group company, RAL which transfers the majority of 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 seven of the thirteen Group principal risks are outlined in the sections that follow. Market risk has been excluded as the majority of this risk has been transferred to RAL through the IGR.

During 2023, 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; 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 25 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 Solvency II Directive and the PRA. The Capital Management Framework is detailed in note 24.

<u>Credit Risk</u>

1. **The Group, including the Company, is exposed to the risk of downgrade and/or failure of a significant counterparty**

Impact	Mitigation	Events in the year
Credit risk is the risk of downgrades and deterioration in the creditworthiness or default of investment, derivatives or banking counterparties. This could cause immediate financial loss or a reduction in future profits. It could also arise due to exposures to trading counterparties, such as reinsurers or service providers failing to meet all or part of their obligations. The majority of credit risk has been transferred to RAL under the IGR arrangement. However, the Company is exposed to the risk of default should RAL be unable to service its obligations under the contract.	Counterparty risk in relation to RAL is mitigated through the deposit from RAL which is held in the form of the Funds Withheld Account and the Advanced Claim Payment. Should default on the IGR occur, RLL would cease payments to RAL through the transfer of emerging profit.	The Company continues to use a Funds Withheld account to manage its counterparty risk associated with RAL and the IGR. Over 2023 the Group continued to undertake actions to increase the overall credit quality of its portfolio and mitigate the impact on risk capital of future downgrades. This positive progress is balanced by risks arising from geopolitical conflicts such as those in Ukraine and the Middle East, and supply chain disruptions arising from the risk of deterioration in the relationship between the USA and China. Uncertainties over the global economic outlook, persistent high inflation and higher for longer interest rates present an increased risk of defaults and downgrades. However, a UK sovereign downgrade is less probable than at the end of 2022, following both Moody's and S&P's revision of the UK credit rating's outlook from 'negative' to 'stable' during 2023. This has a positive impact on UK-related assets

		including Gilts, Housing Associations and Local Authority Loans. Despite the failure of a number of US regional banks and a regulator-facilitated merger of Credit Suisse with UBS in early 2023, the Group's view is that a full-blown banking crisis will not follow. In addition, the Company has limited exposure to banks with idiosyncratic risks.

<u>Customer Risk</u>

2. The Group, including the Company, fails to deliver good outcomes for its customers and propositions that continue to meet their evolving needs

Impact	**Mitigation**	**Events in the year**
The Company is exposed to the risk that it fails to deliver good outcomes for its customers, leading to adverse customer experience and potential customer harm. This could also lead to reputational damage for the Company and/or financial losses. In addition, a failure to deliver propositions that meet the evolving needs of customers may result in the Company's failure to deliver its purpose of helping people secure a life of possibilities.	The Group's Conduct Risk Appetite, applicable to the Company, sets the boundaries within which the Group expects customer outcomes to be managed. The Group's Conduct Strategy, which overarches the Risk Universe and all risk policies, is designed to detect where the Group and the Company's customers are at risk of poor outcomes, minimise conduct risks, and respond with timely and appropriate mitigating actions. The Group, including the Company, has a suite of customer policies which set out key customer risks and the Control Objectives that determine the Key Controls required to mitigate them. The Company maintains a strong and open relationship with the FCA and other regulators, particularly on matters involving customer outcomes. The Company's Proposition Development Process ensures consideration of customer needs and conduct risk when developing propositions.	The FCA's Consumer Duty represents a step change in approach for the industry, re-enforcing a shift away from a rules-based regime to principles-based regulation. The Duty introduces an overarching requirement that firms, and their employees, must act to deliver good outcomes for retail customers. In response, the Company mobilised a programme of work to implement the changes required to achieve its interpretation of compliance in line with the key regulatory deadlines of end-April 2023, end-July 2023 and end-July 2024. Despite having met the first two deadlines, the Group's view is that the risk exposure around the Duty is elevated whilst the supervisory approach matures, and closed products are reviewed against the Duty's principles, most notably fair value, ahead of the end-July 2024 deadline. The Company has built on its' strong foundations, enhancing existing and creating new Group frameworks (which apply to the Company), processes and strategies to meet Duty requirements. This includes a Fair Value Framework designed to assess value in its broadest definition and refreshing the Conduct Strategy to embed and maintain the culture of the Company, informed by monitoring behaviours and customer outcomes. The FCA is raising the bar in terms of expectations on firms to ensure and evidence good outcomes are being achieved for their customers. The FCA continues to provide guidance to the industry to support firms' plans to embed the Duty within their businesses. It also recognises that its own understanding and development of guidance and supervisory approach will continue to evolve.

		The Company continues to monitor the impacts of the cost-of-living crisis on its customers. Proactive action to support customers, including those most vulnerable, is a priority. The Company is using customer behaviour research and analysis to provide customers with the support and help that they need. This has included improving all brand websites to provide general cost-of-living support, encouraging customers to get in touch for help and including links to external support websites.

<u>Operational Risk - Regulatory, legislative or political</u>

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

Impact	**Mitigation**	**Events in the year**
Changes in regulation could lead to non-compliance with new requirements that could impact the quality of customer outcomes, lead to regulatory sanction, impact financial performance or cause reputational damage. These could require changes to working practices and have an adverse impact on resources and financial performance. Political uncertainty or changes in the government could see changes in policy that could impact the industry in which we operate.	The Company undertakes proactive horizon scanning to understand potential changes to the regulatory and legislative landscape. This allows the Company to understand the potential impact of these changes to amend working practices to meet the new requirements by the deadline. The Group engages with many political parties and industry bodies to foster collaboration and inspire change which supports the Group's purpose of helping customers secure a life of possibilities.	In June 2023, HM Treasury published draft legislation related to the Solvency II reforms, indicating the reform implementation would be staged with some reforms coming into force on 31 December 2023 and the remainder on 30 June 2024. The PRA has since issued two of three anticipated consultations on the rules to implement those reforms in H2 2023, and its near final policy to go live at year-end 2024, relating to Internal Models, Transitional measures on Technical Provisions and Group supervision. Internal teams are reviewing the detail to assess what actions are needed to ensure the Group is compliant with the new rules. The Group supports the PRA and HM Treasury's objectives to reform the regulations to better suit the UK market whilst maintaining appropriate safeguards for policyholders. The financial impact of the reforms will depend on the exact detail of the final legislation. The relatively short time period between the PRA final Policy Statement and the implementation date of the new rules contributes to the status of this risk. The Group will therefore remain actively involved in industry lobbying on Solvency II and is preparing as much as possible ahead of time to ensure compliance with new rules at the point of implementation. The Group views the FCA's Consumer Duty as well aligned to its strategic priority of helping people secure a life of possibilities and, from 31 July 2023, the Group is materially compliant with the Duty for its open products. Focus remains on reviewing customer journeys and Fair Value

assessments for closed products to achieve compliance with the Duty's principles for these products ahead of the 31 July 2024 deadline.

In November 2023 the FCA issued SDR and investment labelling requirements which aim to inform and protect consumers and improve trust in the market for sustainable investments. The Group supports FCA's aims noting that terminology used and a lack of consistency between providers makes it difficult for consumers to navigate. The Group has mobilised a project to ensure its practices align with the new regulation.

In December 2023, the FCA issued the Advice Guidance Boundary Review consultation paper. The consultation could lead to a significant change in the way that people who cannot access advice are supported in the industry and the Group is actively engaging with the FCA on the topic.

Operational Risk – Operational Resilience

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

Impact	Mitigation	Events in the year
The Company is exposed to the risk of causing intolerable levels of disruption to its customers and stakeholders if it cannot maintain the provision of important business services when faced with a major operational disruption. This could occur either in-house or within the Company's primary and downstream outsourcer partners, and be triggered by a range of environmental and climatic factors such as the cost-of-living crisis and adverse weather phenomena. The Company regularly conducts customer migrations as part of transition activities in delivering against its strategic objectives. In doing so, it faces the risk of interruption to its customer services, which may result in the failure to deliver expected customer outcomes. Regulatory requirements for operational resilience, and a timetable to achieve full compliance, were published in March 2021. Whilst the specific	The Group's Operational Resilience Framework, which applies to the Company, enhances the protection of customers and stakeholders. It is designed to prevent intolerable harm and supports compliance with the regulations. The Company continues to work closely with its outsourcer partners to ensure that the level of resilience delivered is aligned to the Company's impact tolerances. The Group, including the Company, has already taken some action, through previous strategic transformation activity, to reduce exposure to technological redundancy and key person dependency risk, increasing the resilience of its customer service. It continues to do so where further exposure is identified. The Company regularly reviews important business service MI to ensure appropriate action is taken to rectify and prevent customer harm. The Group is working to further strengthen and enhance the overall resilience of the Group	The Group has a significant change and customer migration agenda over the next three to five years, effective completion of which is required to deliver planned strengthening of its operational resilience both internally and with some material outsourced service providers. This exposes the Group to increased risk. However, this is mitigated through strengthened Operational Resilience and Change Management Frameworks, where the risk of late delivery is actively managed by both the relevant change programme and separate operational resilience remediation governance and reporting. The quantum of strategic customer transformation activity requires subject matter expertise to execute successfully. The Group's operational resilience, internally and with material third-parties, would be impacted by a large-scale loss of colleagues, for example due to illness or incapacity such as Influenza, in the UK or globally. Such impacts are difficult to mitigate in the short-term, however the Group and material suppliers made substantial investments in remote working capability to manage the impacts of COVID-19, which would be expected

requirement to work within set impact tolerances takes effect in March 2025, the Group and the Company is already exposed to regulatory censure in the event of operational disruption should the regulator determine that the cause was a breach of existing regulation.

and its outsource partners by March 2025 through its Operational Resilience Remediation Project.

The Company and its outsourcer partners have well established business continuity management and disaster recovery frameworks that are annually refreshed and regularly tested. Disruption events are used to assess lessons learned to identify any continual improvements to be made.

to help mitigate the impacts of a further pandemic to service continuity.

<u>Operational Risk – Cyber Resilience</u>

5. The Group, including the Company, or its Supply Chain are not sufficiently Cyber resilient

Impact

Phoenix Group is the UK's largest long-term savings and retirement business, with a significant profile, which leads to greater interest from cyber criminals. The world continues to become increasingly digitally connected and cyber-attacks remain a major threat to the Group. Over the past five years Phoenix Group has grown from 5m to 12m customers, while the number of colleagues in the Group has grown from 900 to over 7,500, not including contractors. In addition, the Group's footprint includes engagement with c. 1,800 suppliers which increases the attack surface significantly. This continual growth poses a greater risk of cyber-attack which could have significant impact on customer outcomes, strategic objectives, regulatory obligations and the Group's reputation and brand.

Based on external events and trends, the threat posed by a cyber security breach remains high and the complexity of the Group's increasingly interconnected digital ecosystem exposes the Group and the Company to multiple attack vectors. These include phishing and business email compromise, hacking, data

Mitigation

The Company is continually strengthening its cyber security controls, attack detection and response processes, identifying weaknesses through ongoing assessment and review.

The Enterprise Information Security Strategy includes a continuous Information Security and Cyber Improvement Programme, which is driven by input from the Annual Cyber Risk Assessment and Annual Cyber Threat Assessment that utilises internal and external threat intelligence sources.

The Group continues to consolidate its cyber security tools and capabilities and the Enterprise Information Security Strategy 2023–2025 includes delivery of a Group Identity Platform and Zero Trust model, Supplier Assurance Platform, Secure Cloud Adoption and proactive Data Loss Prevention.

The specialist Line 2 Information Security & Cyber Risk provides independent oversight and challenge of information security controls, identifying trends, internal and external threats and advising on appropriate mitigation solutions.

The Company continues to enhance and strengthen its

Events in the year

The UK cyber threat level remains elevated, due to the sustained Russia/Ukraine war, China/Taiwan tensions, and the addition of the Israel/Palestine armed conflict. Cyber threat levels remain high with increased likelihood of a cyber-attack from a State actor; however it is highly unlikely that a Nation State actor would directly target the Company and any impact would be as a result of indirect cyber-attacks against the UK's critical national infrastructure, IT or information security service providers or global financial services companies. Cyber Criminals continue to be the Company's most likely adversary, primarily due to the fact that the Company is a Financial Sector organisation and the type of data held is attractive to criminal actors.

On 19 April 2023, the UK's National Cyber Security Centre issued an alert warning of a heightened risk from attacks by state-aligned Russian hacktivists, urging all organisations in the country to apply recommended security measures.

The Company's cyber controls are designed and maintained to repel the full range of the cyber-attack scenarios; whilst the Company's main threat is considered to be cyber crime, from individuals or organised crime groups, the same controls are utilised to defend against a Nation-State level cyber-attack.

The single consolidated Group Supplier Information Security Framework, which applies to the Company, is improving the Security Oversight and Assurance of Phoenix's large portfolio of Outsourced breach and supply chain compromise.

Increased use of online functionality to meet customer preferences and flexible ways of working, including remote access to business systems, adds additional challenges to cyber resilience and could impact service provision and customer security.

The pace of change is accelerating due to the rapid rise of Artificial Intelligence ("AI"), which in turn is compounding the threats and as a result, the cyber world is a more dangerous place than ever before. AI also has the potential to improve cyber security by dramatically increasing the timeliness and accuracy of threat detection and response. Cyber security is an essential pre-condition for the safety of AI systems and is required to ensure resilience, privacy, fairness, reliability, and predictability.

outsourced service provider and third party oversight and assurance processes. Regular Board, Executive, Risk and Audit Committee engagement occurs within the Group.

The Group holds ISO 27001 Information Security Management Certification for its Workplace Pension and Benefits schemes, which provides confidence to both clients and internal stakeholders that it is committed to managing security.

Service Providers, third and fourth Party suppliers, and continues to mature. Further embedding and maturing over the next 12 months will help mitigate the risks associated with supply chain cyber security, which is considered Phoenix's key top cyber security threat.

Vulnerability management continued to mature throughout 2023 with the Enterprise Cyber Exposure Score ("CES") remaining steady. The Group received formal approval from the FCA and PRA in July 2023 for closure of the Cybersecurity Best Practice Evaluation and Testing ("CBEST") remediation programme.

Operational Risk – Diverse and engaged workforce

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

Impact

Delivery of the Company's strategy is dependent on a talented, diverse, and engaged workforce.

This risk is inherent in the Company's business model given the nature of acquisition activity and specialist skillsets.

Potential areas of uncertainty include the ongoing transition of ReAssure businesses into the Group, the expanded strategic partnership with TCS and the introduction of the flexible working model.

Potential periods of prolonged uncertainty could result in a loss of critical corporate knowledge, unplanned departures of key individuals, or the failure to attract and

Mitigation

The Group aims to attract and retain colleagues from all backgrounds by creating a shared sense of purpose and commitment to our strategy, supported by offering competitive terms and conditions, benefits, and flexibility. Monthly colleague surveys help to improve engagement whilst promoting continuous listening and rapid identification of concerns and actions. The Company looks to proactively respond to external social, economic and marketplace events that impact colleagues.

The increased scale and presence of the Group, and success in multi-site and remote working, gives greater access to a larger talent pool to attract and retain in the future. In addition, the Group's graduate and early career

Events in the year

Skills essential to the Group continue to be in high-demand in the wider marketplace. The Group monitors this closely and continues to remain confident in the attractiveness of its colleague proposition.

The Group launched MidLife MOT assessments to help colleagues take stock in the key areas of wealth, work and wellbeing.

The Group continues to leverage apprenticeships to support workforce diversity and to fill key skills, creating bespoke graduate and early careers programmes for specialist technical areas.

The Group continues to successfully operate a flexible working model, with strategic investments in technology and

retain individuals with the appropriate skills to help deliver our strategy. This could ultimately impact the Company's operational capability, its customer relationships and financial performance.	programmes helps to support the talent pipeline.	other resources maximising its effectiveness. The Group introduced 'Phoenix Flex' as a core part of its employee offering in 2023, to help support colleagues in balancing their personal and professional lives, by encouraging and celebrating flexibility at work, embracing differences, and helping colleagues to thrive.

<u>Strategic risk – Climate Change/ESG</u>

7. The Group, including the Company, fails to appropriately prepare for and manage the effects arising from Climate Change and wider ESG risks

Impact	Mitigation	Events in the year
The Company is exposed to the risk of failing to respond adequately to ESG risks and delivering on its social purpose; for example, failing to meet and make its sustainability commitments. A failure to manage ESG risk could result in adverse customer outcomes, reduced colleague engagement, reduced proposition attractiveness, reputational risks and litigation. The Company is exposed to risks arising from the transition to a lower carbon economy, which could result in a loss in the value of policyholder and shareholder assets. In addition, physical risk can give rise to financial implications, such as direct damage to assets, operational impacts either direct or due to supply chain disruption, and impacts on policyholder health and wellbeing, impacting demographic experience.	The Group has a clear sustainability strategy in place which is updated annually to reflect the Group's latest plans and risk exposures, with key metrics on progress monitored throughout the year. Sustainability risk and Climate risk are both embedded into the Group's RMF. Sustainability risk "cross-cuts" the Group's Risk Universe. This means the consideration of material sustainability-related risks is embedded in the Group's risk policies (which the Company adopts), with regular reporting undertaken to ensure ongoing visibility of its exposure to these risks. Several Sustainability-related Risk Policies are also in place to cover the main sources of Sustainability risk. The Group is making good progress on integrating the management of climate change and wider ESG risks across the business, including in investment portfolios, with further work underway to embed its consideration fully across the business. The Group continues to engage with suppliers and asset managers on their progress and approach to managing climate change and wider ESG risks. The Group undertakes annual climate-related stress and	Anti-climate change and ESG sentiment, particularly in high carbon-emitting countries, could have far reaching consequences for the pace and effectiveness of climate action and continue to slow down policy changes. This could limit future ESG-aligned investment opportunities and make it more difficult for the Group to manage ESG risk and meet its climate commitments. Recent reports from bodies such as the Intergovernmental Panel on Climate Change and the United Nations Environment Programme highlight the slow progress and significant scale of the challenge in restricting global warming below 1.5°C. Real world events are occurring at a high rate, with 2023 setting the record for the hottest year ever on record. The Group is cognisant of this changing environment and undertakes thought leadership and wide engagement with policymakers and market participants to actively raise the debate around key sustainability themes. Analysis indicates the Group is on track to achieve its 2025 targets if planned actions are implemented. However, further internal actions will likely be needed to achieve the 2030 targets, which are also increasingly dependent on external factors such as the decarbonisation of the wider economy and actions by others – in particular government, regulators, and the high transition risk sector.

scenario testing and continues to build its climate scenario modelling capabilities.

The Group undertakes deep dives on emerging ESG risk areas (such as Greenwashing and ESG Litigation risk) to increase understanding and awareness for Boards and management, and facilitate control improvements where required.

On behalf of the Board

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

3 June 2024

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, England, 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 2023 are set out below. For the avoidance of doubt, there have been no departures from these aspects of governance through the year:

Aspect of Governance	Demonstrated by
Setting Strategy	As noted in the Directors' duties section of the Strategic report which provides an overview of how the directors have regard for their duty in respect of consequences of decisions in the long-term, an annual strategy day is held each June for the Board to debate and challenge the strategy for the Company and input to the overall Group strategy debate. The Chair of the Company (or designated representative) is invited to attend the Group strategy sessions to provide the Board's feedback. A more refined view, developed into an Annual Operating Plan, is created for review and sign off at the beginning of each year which maps out the ongoing strategic direction for the following 12 months and up to 5 years thereafter. Board agendas are prepared to ensure that the more strategic items have sufficient time for review and challenge. Key matters discussed and challenged at the Board during the year were: the means by which the Phoenix Life Companies (of which it is one) had implemented the FCA's New Consumer Duty in relation to open products; and the Group's Sustainability Strategy. In addition to the items presented for decision, the Board also considered the forward looking approaches to the strategy for existing customer propositions and the Group's overall data strategy to include a session from the Chief Data Strategy Officer and Data Protection Officer on Artificial Intelligence.
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 have created and presented their 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 to include 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 Chief Executive 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 Phoenix Group Holdings plc 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

Aspect of Governance	Demonstrated by
	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 have access to the Chair of the Board and the Audit Committee to raise any concerns directly. In addition, the Chief Risk Officer 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 2023, two new Non-Executive Directors were appointed, with Ian Craston and Jora Gill joining the Board on 1 June 2023. Non-Executive Director, Margaret Hassall, retired on 31 March 2023. As a result of these changes, the Board comprises 7 Non-Executive Directors (including the Chair) and there continues to be 5 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 Chief Executive Officer, 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 of the Companies Act 2006. 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 2023, the Board received deep dives on the following topics: ➢ Securitisation Enhancement ➢ Sustainability Strategy ➢ Technology and Architecture ➢ TCFD Reporting ➢ Actuarial reporting and MI capability improvements ➢ Consumer Duty ➢ Bermudian reinsurance ➢ Tailored Retirement Planning and Smooth Managed Fund Deep Dive ➢ Information Security and Artificial Intelligence ➢ Existing Customer Proposition Strategy ➢ Major Model Change and Asset Capital Limited Framework

Aspect of Governance	Demonstrated by
	➢ The Pensions Regulator Relationship & Oversight
Board time and resource	The Board met for 9 scheduled Board meetings in 2023 either in person or via video conference. A further 1 out of cycle meeting was held to finalise and confirm the Company's draft Own Risk Solvency Assessment prior to its submission. 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. 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 Chief Executive and other Company Officer reporting, together with other key Management Information ("MI") reports (which includes Customer Treatment, Customer Complaints, Financial and Operational Capacity MI), as well as reports from the Board's committees. The appointment of the Group Chief Executive Officer as Chief Executive Officer of the Company in October 2022 further strengthened the link, through management representation, between the Group and Life Boards.
Succession planning	The performance of the Chief Executive 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 2023 the Board Nomination Committee considered Non-Executive Director succession planning matters and, in particular, the forthcoming retirements of three Board Members. A skills audit exercise was undertaken during the year to support long term succession planning. The Board formally reviewed its Succession Plan in August 2023.
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 Chief Executive).
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 24 and 25 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.

Going Concern Stress Solvency Scenarios sets out the latest five-year forecasts for Market Down 1-in-10 and Longevity yields 1-in-10 scenarios.

The downside scenario projections reflect the impacts of market disruption in the current financial year and assume a stress period with a duration of one year from December 2023. The projections use the below stress calibrations:

- 30/45bps reduction in UK Swaps- 10 yr
- 30/39bps reduction in Euro Swaps- 10 yr
- 12bps(average of 10yr and 15yr) increase in Gilts spread rise
- Fin:c104bps Non-Finc55bps increase in Credit- A rated 15 yr
- 15/34bps reduction in RPI inflation- 10 yr
- EUR 4% up vs GBP on Exchange GBP vs Euro
- USD 8% up vs GBP on Exchange GBP vs USD
- Further 12% of the credit stress (Downgrades)
- 9% reduction in FTSE 100
- 9% reduction in Residential Property
- 6% reduction in Commercial Property
- Longevity mis-estimation 55%/trend 89%

For the 5 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.

The projections demonstrated that excess capital over the CMP would remain in the Company under both scenarios at the scenario low points.

Company's existing CMP calibrations remained robust and appropriate and no amendments were required.

The Company is anticipated to be able to meet headroom of liquid assets over projected cash flows including internally imposed liquidity buffers over the next 12 months 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 2025. 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 2025. 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	(appointed 1 June 2023)
A Curran	
J S Gill	(appointed 1 June 2023)
R Harris	
T W Harris	
M G Hassall	(resigned 31 March 2023)
J R Lister	(Chairman)
P K Mayes	(resigned 31 March 2024)
B M Meaney	
N H Poyntz-Wright	
R K Thakrar	

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
Ernst & Young LLP have 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 and will therefore step down as the Company's auditor on completing the audit for the year ended 31 December 2023. In accordance with section 485 of the Companies Act 2006, KPMG LLP will be 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.

On behalf of the Board

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

3 June 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the Company's 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 the Directors have prepared the Company financial statements in accordance with UK generally accepted accounting practice ("UK GAAP") (UK Accounting Standards, comprising 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") and applicable law). 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;

• Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

• Provide additional disclosures when compliance with the specific requirements in UK GAAP is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

• State that the Company has complied with applicable UK GAAP, subject to any material departures disclosed and explained in the financial statements; and

• Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities..

Independent auditor's report to the members of ReAssure Life Limited

Opinion

We have audited the financial statements of ReAssure Life Limited for the year ended 31 December 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 35 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards. FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 ''Insurance Contracts'' (''United Kingdom Generally Accepted Accounting Practice'' or ''UK GAAP'').

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process and obtained management's assessment which covers the period to 30 June 2025.
- with support from our actuarial team, we challenged the key actuarial assumptions used in management's five-year Annual Operating Plan ("AOP") and determined that the models are appropriate to enable management to make an assessment on the going concern of the Company. We have confirmed that assumptions used in the five-year AOP form the basis for management's going concern projections;
- assessing the accuracy of management's assessment of going concern by testing the inputs and the clerical accuracy of the liquidity and solvency models used;
- assessed management's consideration of how solvency and liquidity has been managed in response to the current economic environment and evaluating the liquidity and solvency position of the Company by reviewing base case liquidity and solvency projections that incorporate an estimated view of the potential future economic downturn;
- challenging the key assumptions, and plausibility of management actions used in management's stress scenarios based on our understanding of the Company and the available external data;
- evaluating management's forecast analysis to understand how severe the downside scenarios would have to be to result in the elimination of solvency headroom and concluded it to be remote;
- assessed management's considerations of operational risks, including those related to Outsourced Service Providers ("OSPs") and its impact on the going concern assessment;
- performed enquiries of management and those charged with governance to identify risks or events that may impact the Company's ability to continue as a going concern. We also reviewed management's assessment approved by the Board, minutes of meetings of the Board and its committees; and

- assessed the appropriateness of the going concern disclosures by comparing the disclosures with management's assessment and for compliance with the relevant reporting requirements.

Based on management's assessment, we have observed that the Company continues to have surplus cash and solvency above its Solvency Coverage Ratio in a number of extreme downside scenarios and the Company continues to service customers and meet its commitments in the current environment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Intra-group Retrocession (IGR) arrangement
Materiality	• Overall materiality of £5.6m (2022: £5.3m) which represents 2% of adjusted equity.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed

We instructed:

The Central Investments component team with respect to audit of investment balances and the associated income and expenses.

All other audit work was performed directly by the audit engagement team.

Component	Scope	Auditor
ReAssure Life Limited (RLL)	Full Scope	Primary team
Central Investments Component Team	Specific Scope	EY component team

Overall, our audit procedures covered 100% of the Company's equity and 100% of the Company's profit before tax.

Involvement of the component team

In establishing our overall approach to the EY component team, we determined the type of work that needed to be undertaken at the component by us, as the primary team.

The primary team provided detailed audit instructions to the component team which included guidance on areas of focus, including the relevant risks of material misstatement detailed above, and set out the information required to be reported to the primary team.

Audit procedures were performed on the full scope component by the primary team whilst the specific scope was audited by the EY component team. We determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Company financial statements as a whole. We followed a programme of planned meetings and maintained oversight of the component team through onsite collaboration and regular meetings. We reviewed the audit procedures performed by the component team on the specific accounts.

The work performed on the component team gave us appropriate evidence for our opinion on the Company financial statements as a whole.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be detailed in principal risks and uncertainties sections, explained on page 16. The Company has also explained their climate commitments on page 3. This forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

The Company has explained in the accounting policies notes on page 37 how they have reflected the impact of climate change in their financial statements. The impact of climate risk has been considered as having a limited effect on the accounting judgements and estimates for the current period. The accounting policies note sets out the Company's consideration of the impact of climate change across a number of areas, predominantly in respect of the valuation of financial instruments, insurance and investment contract liabilities.

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcome as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK GAAP.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate change and their resulting conclusion that there was limited effect from climate change on balances in the financial statements and the adequacy of the Company's disclosures in the accounting policies note to explain their rationale.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Intra-group retrocession ('IGR') *Refer to notes 27 and 28 of the financial statements* On 31 December 2019, the Company entered into an IGR with RAL, a fellow subsidiary within the Group. The IGR covers non-linked business and the insurance component of the unit-linked business, net of external reinsurance recoveries. Under the terms of the IGR, the Company paid RAL a reinsurance premium, for which the related assets were retained by the Company on a funds withheld basis. RAL paid an advanced claims amount in respect of the unit-linked business which is recorded as a contract liability in the financial statements and amortised over the expected life of the book of	To obtain sufficient audit evidence to conclude on the appropriateness of IGR, we have performed the following procedures: • Validated the calculation of IGR gross premiums/outward reinsurance premiums against the criteria stipulated in the IGR agreement, and verified the data input was consistent to the audited balances of RLL; Confirmed that the attribution of income and expenses is consistent with the IGR agreement • Tested the amortisation of the contract asset/liability amount to ensure it is in line with the IGR agreement; • Tested the movements on the funds withheld account to movements in the IGR and investment returns on the assets in the account;	Based on our procedures performed on the IGR arrangement, the balances relating to the IGR, including the assets within the funds withheld account, the insurance contract liabilities and the contract liability are appropriately recognised and valued.

business based on the IGR agreement. We consider there to be judgement applied in the determination of balances related to the IGR, including: • The accounting treatment of the IGR transaction; • Determination of the balances related to the IGR including: - contract asset; - contract liability (i.e. advanced claims); - reinsurance premiums; - gross and net insurance contract liabilities; and - appropriate attribution of the Company's income and expenses per the IGR agreement.	Using EY actuaries as part of our team: • assessed the appropriateness of economic and non-economic assumptions used in valuing insurance contract liabilities by comparison to the Company's experience and market trends, including consideration as to whether there was evidence of management bias in setting the assumptions; • tested the models used to determine the insurance contract liabilities; • tested that data used in the actuarial valuations was consistent with the underlying policy administration systems.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £5.6 million (2022: £5.3 million), which is 2% (2022: 2%) of adjusted equity. As a closed life assurance Company, key performance metrics are Solvency II capital requirements and Own Funds. As these measures are non-GAAP measures, we consider UK GAAP adjusted equity to be the most appropriate equivalent metric. To determine materiality for planning purposes we adjusted opening equity to reflect the fact that the IGR related contract liability is added back for Solvency II purposes.

During the course of our audit, we reassessed initial materiality and considered that the planning materiality remained appropriate.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £4.2m (2022: £3.975m). We have set performance materiality at this percentage due to the lower risk of misstatements in the current year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2022: £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 23 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are relevant laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').

- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and UK regulatory bodies; reviewed minutes of the Board and Executive Committees; and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our procedures over the Company's control environment included assessment of the consistency of operations and controls in place within the Company.

- The fraud risk was higher within manual non-routine adjustments to revenue with higher inherent risk for the valuation of insurance contract liabilities and IGR. We considered management override risk to be higher in these areas due to the significant judgments and estimates involved.

  Our procedures included:

  - Supported by our actuarial team, we assessed if there were any indicators of management bias in the valuation of insurance contract liabilities and IGR.

  - Understood and tested manual non-routine adjustments on revenue. We assessed if there was any evidence of management override.

  - Tested the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the Company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with the FCA and PRA.

The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the Company on 28 July 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.

- The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ending 31 December 2020 to 31 December 2023.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

DocuSigned by:

Ernst & Young LLP

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Joseph Warrender (Senior statutory auditor),
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
3 June 2024

Statement of comprehensive income
for the year ended 31 December 2023

Long term business technical account	Notes	2023 £m	2022 £m
Gross premiums written		119	124
Outward reinsurance premiums		(113)	(96)
Earned premiums, net of reinsurance	4	6	28
Investment income	6	360	452
Unrealised gains / (losses) on investments	6	157	(1,130)
Other income	5	73	71
Claims paid:			
Gross amount		(105)	(141)
Reinsurers' share		61	31
Claims paid net of reinsurance		(44)	(110)
Change in provision for claims:			
Gross amount		2	(1)
Reinsurers' share		1	12
Change in provision for claims net of reinsurance		3	11
Claims incurred net of reinsurance		(41)	(99)
Change in long term business provision:			
Gross amount	23	(71)	577
Reinsurers' share	23	71	(575)
Change in long term business provision net of reinsurance		-	2
Change in technical provision for linked liabilities, net of reinsurance		(452)	671
Change in technical provisions net of reinsurance		(452)	673
Net operating expenses	7	(32)	(35)
Investment expenses and charges	6	(1)	-
Tax (charge)/ credit attributable to the long term business	10	(36)	70
Balance on long term business technical account		34	30

Statement of comprehensive income
for the year ended 31 December 2023

Non-technical account	Notes	2023 £m	2022 £m
Balance on long term business technical account		34	30
Tax credit / (charge) on long term business	10	6	(1)
Balance on long term technical account before tax		40	29
Investment income	6	12	2
Profit on other activities		12	2
Profit on ordinary activities before tax		52	31
Tax (charge)/ credit on ordinary activities		(9)	1
Profit for the year		43	32

Statement of financial position - assets
as at 31 December 2023

ASSETS	Notes	As at 31 December 2023 £m	As at 31 December 2022 £m
Investments			
Other financial investments	13	543	452
		543	452
Assets held to cover linked liabilities	18	5,592	5,763
Reinsurers' share of technical provisions			
Long-term business provision	23	551	480
Claims outstanding		15	16
		566	496
Debtors			
Debtors arising out of reinsurance operations		14	14
Other debtors	19	17	11
		31	25
Other assets			
Cash at bank and in hand		3	1
		3	1
Prepayments and accrued income			
Deferred acquisition costs	20	10	15
Accrued income	21	4	4
		14	19
Total assets		6,749	6,756

Statement of financial position – equity and liabilities
as at 31 December 2023

EQUITY AND LIABILITIES	Notes	As at 31 December 2023 £m	As at 31 December 2022 £m
Capital and reserves			
Called up share capital	22	65	65
Profit and loss account		113	66
Total capital and reserves		178	131
Liabilities			
Technical provisions			
Long-term business provision	23	551	480
Claims outstanding		15	16
		566	496
Technical provisions for linked liabilities	23	5,565	5,749
Provisions for other risks			
Deferred taxation	17	48	15
		48	15
Deposits received from reinsurers		91	74
Creditors			
Creditors arising out of direct insurance operations		32	21
Creditors arising out of reinsurance operations		26	28
Other creditors including taxation and social security	26	136	101
		194	150
Other liabilities			
Contract liabilities	27	102	133
Accruals and deferred income	28	5	8
Total liabilities		6,571	6,625
Total equity and liabilities		6,749	6,756

On behalf of the Board

DocuSigned by:

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A Cairns
Director
3 June 2024

Statement of changes in equity
for the year ended 31 December 2023

	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	-	43	43
Part VII transfer of business (Note 31)	-	4	4
Balance at 31 December 2023	65	113	178

	Called up share capital	Profit and loss account	Total equity
	£m	£m	£m
Balance at 1 January 2022	65	34	99
Profit for the year	-	32	32
Total comprehensive income for the financial	-	32	32
Balance at 31 December 2022	65	66	131

Of the above, £113m (2022: £66m) is considered distributable.

Notes to the Financial Statements

1. Basis of preparation

The financial statements for the year ended 31 December 2023, set out on pages 31 to 63 were authorised by the Board of Directors for issue on 3 June 2024.

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

Assets and liabilities are offset and the net amount reported in the Statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. 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 plausible downside liquidity and solvency projections. The downside scenario used reflected the impacts of market disruption in the latter part of the current financial year and applied a stress period which incorporated a UK Sovereign downgrade amongst other appropriate stress calibrations.

The projections demonstrated that excess capital would remain in the Company under the downside scenario, supporting cash generation in the going concern period to 30 June 2025, 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 the Companies Act 2006 and the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies.

The financial statements are 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 GAAP").

The financial statements for the year ended 31 December 2022 were prepared under UK adopted international accounting standards. The date of transition to FRS 102 and FRS 103 was 1 January 2022. Information on the adjustments arising as a result of the transition is given in note 34.

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 (n) 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.	23
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 (h). 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.	16
Investment in subsidiaries	The Company has a single category of investment in subsidiaries: strategic 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). The accounting for subsidiaries is discussed in more detail in accounting policy (h). Investment in subsidiaries 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 fair value is assumed to include current information and knowledge regarding the effect of climate risk. For the valuation of level 3 financial instruments, there are no material unobservable inputs that the Directors consider particularly sensitive to climate risk. Note 25 provides further risk management disclosures in relation to financial risks including sensitivities in relation to credit and market risk.

Insurance and investment contract liabilities use economic assumptions taking into account market conditions at the valuation date as well as non-economic assumptions such as future expenses, longevity and mortality which are set based on past experience, market practice, regulations and expectations about future trends.

b) 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.

For linked business the due date for payment may be taken as the date when the liability is established.

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.

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.

c) 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.

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

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

e) Non-technical account allocation
The Company contains only long term business, with any other activities within the Group managed via separate entities. The Company manages its position primarily on a Solvency basis. As such there is no concept of a separate long-term insurance fund, with all assets presumed to be available to meet obligations to policyholders and support the solvency position of the company. Income and expenses on certain prescribed items such as intercompany

loans (see note 14) has been allocated to the non-technical account on the basis that it relates to Group-wide activities. All other income and expenses have been attributed to the technical account.

f) Taxation

In preparing the financial statements, the Company has adopted International Tax Reform—Pillar Two Model Rules (Amendments to FRS 102) which includes amendments effective from 1 January 2023.

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 a single category: strategic 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. Investments in shares in group undertakings are carried at fair value through profit or loss.

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 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 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 are carried at amortised cost, using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Equities, variable & fixed rate income securities, derivatives and unit trusts and other pooled investments are measured at FVTPL as they are actively managed and hence classified mandatorily as FVTPL. 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 a discretionary participation feature ("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.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. As at 31 December 2023, no impairment was required.

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 in Creditors arising out of reinsurance operations 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.

k) Deferred acquisition costs
Acquisition costs, comprising all direct and indirect costs arising from the conclusion of non-profit insurance and investment contracts are deferred as an explicit acquisition cost asset.

For insurance contracts, this 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. For investment contracts, this 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. At the end of each accounting period, deferred acquisition costs are reviewed for recoverability, by category, against future margins from the related policies in force at the period end.

Incremental costs directly attributable to securing rights to receive fees for asset management services sold with unit-linked investment contracts are deferred. 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.

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. The capital contribution reserve is distributable subject to the availability of distributable reserves.

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 either a net premium or gross premium method. Where a gross premium method is used, the liability includes allowance for prudent lapses. 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 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

During the year, an amendment was made to FRS 102 to introduce a temporary exception to the accounting requirements for deferred taxes, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income tax rules as published by the Organisation for Economic Co-operation and Development (“OECD”).

A Financial Reporting Exposure Draft, FRED 82 *Draft amendments to FRS 102 Periodic Review* was published in December 2022, and incorporated into FRS 102 in March 2024 with an effective date of 1 January 2026. FRED 82 included 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. Earned premiums, net of reinsurance

Gross premiums written

	2023	2022
	£m	£m
	119	124
Direct	119	124

Direct business is analysed as follows:

	2023	2022
	£m	£m
Non-participating contracts	64	66
Linked business (excluding investment contracts without DPF)	55	58
	119	124

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

Outward reinsurance premiums

The entity has reinsurance agreements with reinsurers in respect of investment risk associated with pension liabilities acquired via bulk purchase annuity transactions. Premiums ceded under these agreements during the year totalled £113m (2022: £96m).

Outward reinsurance premiums comprise:	2023	2022
	£m	£m
Reinsurance premiums ceded under on-going reinsurance arrangements	113	96

5. Other income

	2023 £m	2022 £m
Fee income from investment contracts without DPF	38	35
Amortisation of deferred income	3	4
Amortisation of contract liabilities	31	32
Other income from contracts with customers	1	-
Total other income	73	71

6. Investment income and expenses

	Technical account		Non-technical account	
	2023 £m	2022 £m	2023 £m	2022 £m
Interest income on financial assets at FVTPL	45	46	-	-
Dividend income	92	80	-	-
Income from group undertakings	-	-	12	2
Realised gains on financial assets at FVTPL	223	326	-	-
Total investment income	360	452	12	2
Unrealised gains/(losses) on investments				
Financial instruments	157	(1,130)	-	-
Net unrealised gains/(losses) on investments	157	(1,130)	-	-
Investment expenses and charges	(1)	-	-	-
Total investment return	516	(678)	12	2

7. Net operating expenses

	2023 £m	2022 £m
Amortisation of deferred acquisition costs	5	8
Administration expenses	11	8
Commissions	16	19
Total operating expenses	32	35

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

	2023 £000	2022 £000
Remuneration	692	668
Share option schemes and other long-term benefits	455	609
Contributions to money purchase pension schemes	3	-
Total directors' emoluments	1,150	1,277

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

	2023 Number	2022 Number
Number of Directors accruing retirement benefits under:		
money purchase pension scheme	3	-

	2023 £000	2022 £000
Number of Directors who exercised share options during the year	2	5
Highest paid Director's remuneration	448	433

The highest paid Director exercised share options during the year.

The Executive Directors are employed by either 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

	2023 £000	2022 £000
Audit of the Company's financial statements	1,226	943

During the financial year ended 31 December 2023, Ernst & Young LLP acted as the Company's external auditor. 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 (credit)/charge

Current year tax (credit)/charge	Technical account		Non-technical account	
	2023 £m	2022 £m	2023 £m	2022 £m
Current tax:				
UK Corporation tax	12	3	3	-
Overseas tax	-	-	-	-
	12	3	3	-
Adjustment in respect of prior years	(9)	1	-	-
Total current tax charge	3	4	3	-
Deferred tax:				
Origination and reversal of temporary differences	25	(72)	-	-
Adjustment in respect of prior years	8	(2)	-	-
Change in rate of UK corporation tax	-	-	-	-
Total deferred tax charge / (credit)	33	(74)	-	-
Total tax charge/ (credit)	36	(70)	3	-
Attributable to:				
- policyholders	30	(69)	-	-
- owners	6	(1)	3	-
Total tax charge	36	70	3	-

The 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, is expected to be within the scope of the rules from 1 January 2024.

The Company has applied the disclosure exemptions available as the required equivalent tax disclosures are presented in the consolidated financial statements of the Group, in which the Company is included.

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 / (credit)

	2023 £m	2022 £m
Profit before tax attributable to owners	52	31
Tax at standard UK rate of 23.5% (2022: 19%)	12	5
Adjustment in respect of prior years	1	(1)
Different basis of taxation for UK life insurance companies	(2)	(5)
Movement in recognition of deferred tax asset	(2)	-
Tax charge /(credit) attributable to owners	9	(1)

11. Dividends on ordinary shares

No dividends on ordinary shares were paid in 2023 or 2022.

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 (2022: £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 II net asset value, which is considered to approximate to fair value.

Refer to note 34 for further information on the related undertakings of the Company.

13. Investments: Other financial investments

	Cost		Current Value	
	2023 £m	2022 £m	2023 £m	2022 £m
Fair value through profit and loss				
Fixed rate income securities	95	95	60	62
Unit trusts and other pooled investments	275	191	275	191
Amortised cost				
Loans and deposits	200	199	208	199
Total	570	485	543	452

	Carrying value 2023 £m	Carrying value 2022 £m
Amounts included in the above relating to listed investments:		
Fixed rate income securities	60	62
	60	62

14. Loans and deposits

	2023	2022
	£m	£m
Loans and deposits at amortised cost:		
Loans to group companies	207	199
Loans secured on policies	1	-
Total loans and deposits	208	199
Amount recoverable after 12 months	139	199

Movements in loans to Group entities

	Parent	Total Group loans
	£m	£m
At 1 January 2023	69	199
Interest capitalised	-	8
At 31 December 2023	69	207

Details of loans to Group entities

Loan to	Start date	End date	Interest rate	Amount advanced
				£m
Ultimate parent				
Phoenix Group Holdings plc	16 December 2022	15 December 2027	SONIA+149bps	130
Parent				
ReAssure Group plc	31 December 2019	30 June 2024	SONIA+50bps	69

15. Financial assets and liabilities

Expected settlement dates

	Total	Amounts recoverable after 12 months	Total	Amounts recoverable after 12 months
	2023	2023	2022	2022
	£m	£m	£m	£m
Financial assets				
Financial assets at amortised cost				
Loans and deposits	208	139	199	199
Cash and cash equivalents	3	-	1	-
Other receivables	17	1	12	-
Assets held to cover linked liabilities	81	-	26	-
Financial assets at fair value through profit or loss				
Fixed rate income securities	60	60	62	62
Unit trusts and other pooled investments	275	-	191	-
Assets held to cover linked liabilities	5,511	-	5,737	-
	6,155	200	6,228	261

	Total 2023 £m	Amounts due for settlement after 12 months 2023 £m	Total 2022 £m	Amounts due for settlement after 12 months 2022 £m
Financial liabilities				
Financial liabilities at amortised cost				
Other Creditors	136	-	101	-
Financial liabilities at fair value through profit or loss				
Investment contracts without discretionary participation features	5,209	-	5,391	-
	5,345	-	5,492	-

£60m (2022: £62m) 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 and collective investment schemes 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 2023 (2022: none).

16. 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, 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 2023 or 2022.

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

As 31 December 2023	Level 1 2023 £m	Level 2 2023 £m	Level 3 2023 £m	Total fair value 2023 £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

As 31 December 2023	Level 1 2023 £m	Level 2 2023 £m	Level 3 2023 £m	Total fair value 2023 £m
Financial liabilities measured at fair value				
Investment contracts without discretionary participation features	-	5,208	-	5,209
Total financial liabilities measured at fair value	-	5,208	-	5,209

As 31 December 2022	Level 1 2022 £m	Level 2 2022 £m	Level 3 2022 £m	Total fair value 2022 £m
Financial assets measured at fair value				
Fixed rate income securities	62	-	-	62
Unit trusts and other pooled investments	191	-	-	191
Assets held to cover linked liabilities	5,630	107	-	5,737
Total financial assets measured at fair value	5,883	107	-	5,990

As 31 December 2022	Level 1 2022 £m	Level 2 2022 £m	Level 3 2022 £m	Total fair value 2022 £m
Financial liabilities measured at fair value				
Investment contracts without discretionary participation features	-	5,391	-	5,391
Total financial liabilities measured at fair value	-	5,391	-	5,391

Financial instrument valuation methodology

Equities, variable rate income securities, unit trusts and other pooled investments, assets held to cover linked liabilities and 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 and fixed rate income 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.

Assets at amortised cost
Loans and deposits
Loans and deposits at amortised cost are predominantly loans secured on policies. The fair value of the loans are equal to the original loan amount plus interest capitalised at a notional annual rate. As all outstanding balances are recouped in full when policy settlement takes place, or when the loan value exceeds the policy value, whichever is sooner, no impairment or discount in value is required. Due to the level of observable inputs, these assets are classified as level 2.

Investment contract without discretionary participation features
The fair value of the unit-linked contracts 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.

17. Tax assets and liabilities

	2023 £m	2022 £m
Current tax		
Current tax recoverable	9	6
	9	6
Deferred tax		
Deferred tax liabilities	(48)	(15)
Net deferred tax liabilities	(48)	(15)

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
Excess expenses	11	(11)	-
	(15)	(33)	(48)

Year ended 31 December 2022	At 1 January £m	Recognised in the Statement of comprehensive income £m	At 31 December £m
Deferred acquisition costs and contract liabilities	(3)	1	(2)
Transitional adjustment arising on movement to new tax regime	(1)	1	-
Unrealised chargeable gains	(101)	63	(38)
Deferred acquisition expenses	10	(2)	8
Non-BLAGAB capital losses	5	1	6
Excess expenses	-	11	11
	(90)	75	(15)

The standard rate of UK corporation tax for the accounting period is 23.5% (2022: 19%).

An increase in the UK corporation tax rate to 25%, effective from 1 April 2023, was announced in the Budget on 3 March 2021, and substantively enacted on 24 May 2021. Accordingly, shareholder deferred tax assets and liabilities, where provided, are reflected at 25%.

The Finance Act 2012 introduced new rules for the taxation of insurance companies, with effect from 1 January 2013. The deferred tax on the transitional adjustments was amortised over a 10-year period on a straight line basis commencing 2013 and was fully unwound in the 2022 current tax computations.

The Company transitioned to UK GAAP in the 2023 statutory accounts and any transitional adjustments arising from this have been fully unwound in the 2023 current tax computation.

The net deferred tax liability expected to reverse in 2024 is £14m (2022: £3m). This primarily relates to reversing timing differences such as excess expenses, deferred acquisition costs and unrealised gains on investments.

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 (2022: £2.6m) which are not recognised, because based on forecasts, they are not expected to be utilised.

18. Assets held to cover linked liabilities

	Cost		Carrying value	
	2023 £m	2022 £m	2023 £m	2022 £m
Assets held to cover linked liabilities	4,210	4,541	5,592	5,763

	2023 £m	2022 £m
Assets held to cover linked liabilities:		
Financial assets	5,592	5,763
	5,592	5,763

	2023 £m	2022 £m
Financial assets		
Financial assets at amortised cost		
Other debtors	45	7
Cash and cash equivalents	35	18
Accrued income and prepayments	1	1
Financial assets at fair value through profit or loss		
Equities	77	81
Unit trusts and other pooled investments	5,434	5,656
	5,592	5,763

The £5,592m, of assets held to cover linked liabilities are held to cover net liabilities of £5,565m. Some timing differences arise in the precise matching of assets to liabilities and result in the Company holding a surplus in the asset liability matching position.

19. Debtors: Other debtors

	2023 £m	2022 £m
Group relief taxation	2	-
Amounts due from any other group companies	5	4
Other receivables	1	1
Current tax receivable	9	6
	17	11
Amount recoverable after 12 months	1	0

20. Prepayments and accrued income: Deferred acquisition costs ("DAC")

	2023 £m	2022 £m
At 1 January	15	23
Amortisation charge	(5)	(8)
At 31 December	10	15
Amount recoverable after 12 months	5	10
Related to contracts with customers: deferred acquisition costs on non-participating investment contracts	8	13

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

21. Accrued income

	2023 £m	2022 £m
Accrued income	4	4

There are no amounts due after 12 months (2022: nil)

22. Capital and reserves: Called up share capital

	2023 £m	2023 Number	2022 £m	2022 Number
Issued and fully paid:				
Ordinary shares of £0.25 each	65	257,822,752	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.

23. Technical provisions

Gross technical provisions

	Long term business provisions £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m	Reinsurers share: Linked liabilities £m
At December 2023				
Insurance contracts	537	371	537	-
Investment contracts without DPF	14	5,194	14	-
	551	5,565	551	-
At 31 December 2022				
Insurance contracts	465	373	465	-
Investment contracts without DPF	15	5,376	15	-
	480	5,749	480	-

Movements in liabilities

	Long term business provisions £m	Linked liabilities £m	Reinsurers share: Long term business provisions £m	Reinsurers share: Linked liabilities £m
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	-
At 1 January 2022	1,057	7,050	1,055	-
Premiums	66	82	(96)	-
Claims	(53)	(705)	32	-
Other changes in liabilities	(590)	(678)	(511)	-
At 31 December 2022	480	5,749	480	-
Change in long term business provision	(577)	-	575	-

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

- 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 (2022: nil).

The impact of COVID-19 continues to be monitored on a regular basis, however given the uncertainty no adjustments have been deemed appropriate to date, as it remains too early to determine what the medium-long term impacts are likely to be and impacts may either reduce or increase future life expectancy.

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%.

Following a period of sustained growth for the Group, the projected cost base has been reviewed for future years, and an increase in MSA rates has been assumed from 2025, with current rates applying until 31 December 2024, in line with current contractual agreements. In addition, provision has been made within the assumptions for additional short-term maintenance costs, direct costs and project costs, to reflect the investment required in the enlarged business.

Persistency assumptions
The assumed rates for surrender and voluntary premium discontinuance in the 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.

	Gross			
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

2022	Technical liabilities		Linked liabilities	
	Insurance contracts £m	Investment contracts without DPF £m	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds				
Protection	454	-	-	-
Unit-linked	11	15	373	5,376
	465	15	373	5,376

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

2022	Reinsurance	
	Insurance contracts £m	Investment contracts without DPF £m
Non-profit funds		
Unit-linked	465	15
	465	15

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 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.

24. 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.

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 estimated SII surplus position at 31 December 2023 is presented in the Strategic report on page 4.

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

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

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

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

25. Risk management

a) Overview

Risk Management Framework
The Group's Risk Management Framework embeds proactive and effective risk management across the Phoenix Group. It seeks to ensure that all material risks are identified, assessed, controlled, monitored, managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The Group's RMF is aligned to the principles and guidance in ISO 31000 Risk Management standards. A diagram showing the nine elements of the Group's RMF is presented within the Company's strategic report, with further detail included in the Group's 2023 Annual Report and Accounts.

Risk Universe
The Group's Risk Universe (applicable to the Company) summarises the comprehensive set of risks to which the Company is exposed. The risk profile of each is an assessment of the impact and likelihood of those risks crystallising and the Company failing to achieve its strategic objectives. Changes in the risk profile are influenced by the commercial, economic and non-economic environment and are identified, assessed, managed, monitored and reported through the Group's RMF and Own Risk and Solvency Assessment ("ORSA") processes.

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

Level 1 category	Definition
Strategic risk	A possible source of loss that might arise from the pursuit of an unsuccessful business plan; this source of loss can be to the shareholders and / or to the policyholders, and may drive reputational damage which could further impact the Company and the Group's ability to meet its strategic objectives.
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 and regulatory information. Financial soundness is a broad risk category encompassing liquidity and funding risk, capital management risk and tax risk.
Market risk	The risk of reductions in earnings and/or value, through financial or reputational loss, from unfavourable movements. The risk typically arises from exposure to equity, property and fixed income asset classes and the impact of interest rates, inflation rates and currency exchange rates on both assets and liabilities.
Credit risk	The risk of reductions in earnings and/or value, through financial or reputational loss, as a result of the default of a counterparty or an associate of such a counterparty to a financial transaction (i.e. failure to honour their financial obligations, or failing to perform them in a timely manner), whether on or off balance sheet.
Insurance risk	The risk of reductions in earnings and/or value, through financial or reputational loss, due to fluctuations 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.
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 reputation 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, reputational loss, loss of earnings and/or value arising from a failure to manage the impacts of environmental, social and governance matters on the Group 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 which transfers the majority of 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 2023 the principal has accrued to £138.2m.

The residual key risks for the Company are discussed in the following sections.

a) 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 Climate Report and TCFD.

b) 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. 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.

c) Financial soundness: Liquidity and funding risk

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

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

- Liquidity risk is managed in a manner consistent with the Board's strategic objectives, risk appetite and Principles and Practices of Financial Management ("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 less than 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 that show headroom against liquidity buffers across a range of time horizons is monitored across all funds and liquidity pools on a monthly basis. In the event of a liquidity shortfall, 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 periodic 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.

Other measures to manage liquidity risk include asset liability matching for annuity contracts and active monitoring of policyholder behaviour and trading position of unit-linked funds, surrenders on unit-linked policies are matched by the sale of underlying assets and mass lapses are considered within liquidity requirements. If considered necessary, deferral terms within the policy conditions can be invoked where the fund affected consists of less liquid assets such as property.

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, despite the market volatility caused by the current high levels of inflation and interest rate increases from most of the world's central banks including the Bank of England.

d) 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 recognised insurance liabilities are included based on the estimated timing of the discounted amounts recognised in the Statement of financial position, with the remaining liabilities included on an undiscounted basis in accordance with the requirements of UK GAAP:

2023

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	No fixed term £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

2022

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	No fixed term £m	Total £m
Insurance contracts	173	156	509	-	838
Investment contracts without DPF	5,391	-	-	-	5,391
Deposits received from reinsurers	-	(3)	77	-	74
Creditors arising out of reinsurance operations	28	-	-	-	28
Creditors arising out of direct insurance operations	21	-	-	-	21
Other creditors	101	-	-	-	101

e) Financial Soundness: Capital management risk
Capital management risk is defined as the failure of the Company 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 24 gives more detail on how capital and capital management risk are managed.

f) 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.

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.

g) Market risk
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 surplus assets including owners' reserves yet to be distributed, surplus assets within the long-term funds and assets held to meet regulatory capital and solvency requirements; and
- the income flow of management charges from the invested assets of the business.

The majority of the Company's market risk has been transferred to RAL through the IGR. The Company is exposed to interest rate risk via two intra-group loans to ReAssure Group plc (RGP) and Phoenix Group Holdings plc, of £69m and £130m respectively. The Company monitors this risk by considering the sensitivity of the assets and liabilities to changes in interest rates.

h) Credit risk
Credit risk can arise from two sources:

- 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, and reinsurance agreements.

Credit risk is managed by the monitoring of aggregate Company exposures to individual counterparties The Company manages the level of credit risk it accepts through the use of credit risk tolerances and limits.

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 II non-linked Best Estimate Liabilities ("BEL") 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.

i) Quality of credit assets
An indication of the Company's exposure to credit risk is the quality of the investments and counterparties with which it transacts. The table below sets out the Company's exposure to different credit assets for those counterparties that are rated by an External Credit Assessment Institution ("ECAI"). Credit assets and their issuers are rated by ECAI's based on their credit worthiness. The Company aims to invest in Investment Grade assets which are those assets in the range of AAA to BBB. Any asset with a rating lower than BBB- is considered sub-investment grade:

2023

	AAA £m	AA £m	A £m	BBB £m	BB and below £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

2022

	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Non-Rated £m	Total £m
Loans and deposits	-	-	-	-	-	199	199
Debt securities	-	62	-	-	-	-	62
Reinsurers' share of technical provisions	-	-	-	-	-	480	480
Cash at bank and in hand	-	-	1	-	-	-	1
	-	62	1	-	-	679	742

The Company had no material assets which were impaired (2022: £nil).

j) Insurance risk
Insurance risk can arise as a result of:

- Longevity risk - lower than expected number of deaths experienced on annuity products or greater than expected improvements in annuitant mortality
- Mortality risk - higher than expected death claims on assurance products or lower than expected improvements in mortality
- Morbidity risk - higher than expected number of inceptions on critical illness or income protection policies and lower than expected termination rates on income protection policies
- Persistency risk - adverse movement in surrender rates, premium paying rates, cash withdrawal rates, policyholder retirement dates, propensity to commute benefits, transfer out rates or the occurrence of a mass lapse event leading to losses.
- Expense risk - unexpected timing or value of expenses incurred

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

k) 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 behaviors individually or collectively result in a failure to act to deliver good outcomes for our customers, including in the following areas: Product Design & Development, Communication & Guidance, Customer Support & Understanding, Monitoring & Oversight, Customer Feedback, and Culture & standards.
- **Customer Transformation:** 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 detect where customers are at risk of poor outcomes, minimise conduct risks, and respond with timely and appropriate mitigating actions.

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

l) 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 business:

- indirect exposures through 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, mal-practice 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 key controls 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.

26. Creditors: Other creditors including taxation and social security

	2023 £m	2022 £m
Amount due to other related parties	47	-
Other payables	89	101
Creditors: Other creditors including taxation and social security	136	101
Amount due for settlement after 12 months	-	-

27. Contract liabilities

	2023 £m	2022 £m
At 1 January	133	165
Amortisation of contract liabilities	(31)	(32)
At 31 December	102	133
Amount due for settlement after 12 months	77	102

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 RAL 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 RAL to the Company as per the IGR contract. The contract liability was calculated based on a pricing model agreed between RAL and the Company.

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

28. Accruals and deferred income

	2023 £m	2022 £m
Deferred income reserve	5	8
Amount due for settlement after 12 months	3	5

The movement in the deferred income reserve is explained in note 5.

29. Commitments

There are no material financial and capital commitments as at 31 December 2023 (2022: none).

30. Related party transactions

The Company has taken advantage of the exemption under FRS 102.33 Related Party Disclosures (FRS 102.3) paragraph 1A 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.

31. Transfer of the business of the entities

On 1st January 2023 the Company completed a Part VII transfer of its Swedish, German and Norwegian business to PLAEDAC.

At the Part VII transfer, PLAEDAC received unit linked liabilities from the Company, which were simultaneously reinsured back to the Company in a linked transaction. The inward reinsurance occurs after the Part VII transfer.

The transfer and associated reinsurance arrangements were deemed to be a linked transaction and therefore accounted for a single transaction.

The following table represents the assets and liabilities transferred to PLAEDAC. The table does not include subsequent reinsurance.

	2023 £000's
Assets	
Reinsurers' share of technical provisions – claims outstanding	828
Other debtors	(2)
Cash a bank and in hand	2,381
Deferred acquisition costs	93
Total assets	3,300
Liabilities	
Technical provisions claims outstanding	3,792
Creditors arising out of direct insurance operations	990
Creditors arising out of reinsurance operations	(321)
Other creditors including taxation and social security	(1,197)
Accruals and deferred income	36
Total liabilities	3,300
Net assets transferred to PLAEDAC	-

PLAEDAC paid to the Company £4.0m as a transfer pricing adjustment relating to an insurance related value in-force asset. This was recognised directly in retained earnings.

32. 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

33. Events after the reporting period

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

34. Listing of subsidiaries

The subsidiaries of the Company held for investment purposes and measured at fair value 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, 86.81%	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 18.

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

35. Impacts of transition to UK GAAP

Reconciliation of equity	Notes	31 December 2022 £m	31 December 2021 £m
Equity as reported under IFRS		131	101
Valuation of technical provisions	(a)	-	(2)
Equity as restated under UK GAAP		131	99

Reconciliation of profit	Notes	31 December 2022 £m
Profit as reported under IFRS		30
Valuation of technical provisions	(a)	2
Profit as restated under UK GAAP		32

(a) Valuation of technical provisions
Under UK GAAP, technical provisions are measured under FRS 103 and IFRS 9. There are no material required changes in the measurement from that previously reported under IFRS 4 & IAS 39. However, as permitted on transition, the Company has elected to update some assumptions, including discount rates applied, to better reflect the way in which the Company manages its assets and liabilities and to align more closely with regulatory measures. This has resulted in differences to values previously reported, as noted above. There is no impact to the recognition or de-recognition, classification or measurement category of technical provisions or financial instruments as a result of the transition to UK GAAP.

(b) Presentational changes
As a result of applying Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, there have been presentational changes to the Statement of comprehensive income and the Statement of financial position. These include impacts to deposit accounting arising from contract reclassifications and the requirement to show unit-linked fund balances under assets held to cover linked liabilities, resulting in differences on items such as cash at bank and in hand and gross premiums written, from those presented under UK adopted IAS. There has been no change in the measurement of such items except as described above.