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OFFSHORE SECTOR
Utmost International

FINANCIAL STRENGTH ASSESSMENT

Analysis by **AKG Financial Analytics Ltd**
Accessible • Comparative • Independent

AKG



ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

This AKG report and the analysis and ratings contained within it provide assessment of financial strength and associated considerations. Financial Strength is focused on the ability of a company to deliver ongoing operational capability in the interest of its customers and in line with their fairly held expectations. AKG's perspective in the assessment of financial strength is wholly that of a customer of a product or service. From that foundation, this analysis is specifically designed to inform financial advisers and assist in their required understanding of a company's operational financial strength.

Given the underlying customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met. This contrasts to credit rating, which will be undertaken at group or parent company level where investment or debt placement etc. is made.

Further details on how analysis is undertaken is provided at the end of this report and may also be obtained from AKG.



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Rating & Assessment Commentary



RATINGS

Overall Financial Strength



Additional Financial Strength and Supporting Ratings

	Non Profit Financial Strength	Unit Linked Financial Strength	With Profits Financial Strength	Service	Image & Strategy	Business Performance
Utmost International Isle of Man Ltd	★★★★★	★★★★★	▣	★★★★★	★★★★★	★★★★★
Utmost PanEurope dac	★★★★★	★★★★★	▣	★★★★★	★★★★★	★★★★★



SUMMARY

- Utmost Group plc (UGP, Utmost Group or the 'group') is a leading provider of insurance and savings solutions in the UK and internationally. The core businesses of UGP are Utmost International and Utmost Life and Pensions (ULP)
- Both Utmost PanEurope dac (UPE) in Ireland and Utmost International Isle of Man Ltd (UIIOM) in the Isle of Man are part of Utmost International. Utmost Worldwide Ltd (UW) in Guernsey is also part of Utmost International but is outside the scope of this report as it does not provide any products in the UK market
- UGP reported AuA of £62.8bn as at 31 December 2023, of which Utmost International made up £57.2bn
- In the financial year to end December 2023, UGP reported increased IFRS operating profit of £212m [2022: restated £184m], of which Utmost International contributed around 89%
- Solvency coverage in each company, each jurisdiction and at group level remains strong; UGP reported a combined group SCR coverage of 208% as at 31 December 2023 after the payment of dividends totalling £200m to its parent
- Acquisitions are part of UGP's business model and the Quilter International (QI) integration and re-branding was managed well with the support of a comprehensive Transitional Service Arrangement (TSA) with Quilter plc which ran until the end of November 2023. This experience will be beneficial for the recently announced Lombard International Assurance (Lombard International) acquisition which is expected to complete in late 2024, subject to the necessary regulatory and other approvals
- UGP has previously accessed public debt markets to support both the QI acquisition and future strategic initiatives, raising £700m from two successful and oversubscribed bond issuances in 2021 and 2022
- Growth opportunities are significant, but the group is also determined to improve efficiency, not least through its heightened international group wide operations function
- Diversification in terms of the international business's footprint represents a significant strength, alongside and in part helping to enable pricing discipline
- The Utmost International business has been demonstrating significant momentum in recent years in terms of its scale and strength, with the acquisition and successful integration of QI, and proposed acquisition of Lombard International, augmenting Utmost International's leading position in its respective markets



COMMENTARY

Financial Strength Ratings

UIIOM is a significant part of Utmost International and holds a prominent position within the Utmost Group in providing insurance-based wealth solutions under the Utmost Wealth Solutions (UWS) brand. Unit linked business is the focus of the company's activities, with linked assets accounting for over 98% of total assets and 99% of liabilities. With assets of over £30bn at end December 2023, unit linked business is a significant product line, which benefits from a good level of solvency and the prominent position of the company within the group.

The Own Funds contribution from the underlying businesses is well spread and summarised (December 2023) as: IoM: £1,037m; Ireland: £498m; Guernsey: £310m; UK: £249m and holding companies: £15m (after eliminating a £20m intragroup Tier 2 loan). Whilst Solvency II only applies specifically to UPE and ULP, the solvency of other key subsidiaries UIIOM and UWL is also calculated under SII standard formula rules, so the approach is considered prudent.

In June 2024, and following the successful integration of QI, Fitch Ratings upgraded UPE, UIIOM and UW at Insurer Financial Strength (IFS) ratings from 'A' to 'A+' with stable outlooks.

Utmost International Isle of Man Ltd

Utmost International's Isle of Man business in 2021 - then known as Utmost Limited (UL) - was significantly augmented by the acquisition of QI's IoM business, which added (on a Solvency II basis) £20.7bn of assets, £20.0bn of liabilities and £20.0bn of technical provisions at the financial year end, presenting a business of substantially increased scale going into 2022.

In 2022 the Isle of Man operation was consolidated under one entity, Utmost International Isle of Man Ltd (UIIOM, renamed from Quilter International Isle of Man Ltd, QIIOM in October 2022), followed by a scheme transfer from UL to UIIOM effective 30 November 2022.

UIIOM remained a significant subsidiary of Utmost Holdings Isle of Man Ltd (UHIOM), which recorded an increase in consolidated Own Funds to £1,037m as at 31 December 2023 [2022: £935.0m]. UHIOM has a policy to maintain a SCR coverage ratio of at least 125% at all times and at least 150% immediately after the payment of a dividend. As at 31 December 2023, the ratio was 211%. The company states that it has remained above its target solvency ratios at all times since the introduction of the new regime. Dividends of £102.0m were paid in 2023 by UHIOM to UGP [2022: £80.0m]

Gross written premium information is provided at the consolidated holding company level, UHIOM, and these decreased from £1,708m in 2022 to £1,375m in 2023.

In 2023, consolidated total assets increased from £29.3bn to £30.1bn, due primarily to market growth. Similarly, net technical provisions increased from £28.0bn to £28.8bn, with consolidated liabilities therefore increasing from £28.3bn to £29.1bn.

With profits business enjoys the security of the company into which it is reinsured, Aviva Life & Pensions UK Ltd (AVLAP). Whilst with profits business is no longer on offer, the positioning of this business line with the benefit of AVLAP provides a degree of comfort. Further details, including ratings, on the with profits financial strength of AVLAP and its with profits fund is contained in AKG's UK Life Office With Profits Reports.

Utmost PanEurope dac

UPE is a similarly important part of Utmost International and the Utmost Group. In terms of recent developments, as planned, the ex-Quilter book of business (the entire life assurance business of Athlumney Kappa Ireland dac - AKID - formerly known as Quilter International Ireland dac, QIID) was transferred to UPE on 30 September 2022, by way of an approved Insurance Portfolio Transfer. In addition to this, a small life assurance book of Dutch policies was transferred from Utmost Worldwide Limited into UPE on the same date; this book is fully reinsured to UW. All of Utmost International's Irish operation now sits within UPE.

Unit linked business accounts for over 98% of UPE's technical provisions and is its dominant business line. Net unit linked provisions increased to €25.6bn [2022: €23.0bn] in 2023, due to positive market performance and new business, partially offset by policyholder withdrawals due to lapses or surrenders.

A small amount of with profits business is reinsured to AVLAP and Phoenix Life Limited. As with profits business has not been written for some time and given this reinsurance and the lack of materiality in any retained element, it is not assessed further in this report.

Total equity in UPE decreased to €257.1m [2022 restated: €261.8m] The business also announced a further foreseeable dividend of €15m which is taken into account in the calculation of UPE's 2023 year end SCR Ratio. SCR coverage for UPE reduced during 2023, down from 157% to 154%, with the own funds exceeding the SCR requirement, with the own funds surplus increasing from €150m to €160m - which remains a significant level of headroom.

Service Rating

The group's central functions operate from the London Head Office where the Group CEO and Group CFO are based, together with a number of other group heads of functions.

Utmost International approaches its service provision around the specific requirements of its different markets. Service type is aligned specifically for the Wealth Solutions business with variation as deemed appropriate to different geographical markets. The group has a focus on excellent customer service, aiming to achieve fast and accurate turnarounds, with very few customer complaints received. Service has continued to be maintained at high levels, with senior management also taking local conditions into consideration in terms of managing the increasing number of staff involved in operations.

There is a focus on strong technical support provided to advisers and partners, evidenced by regular technical academies (webinars and public events) and publication of topical technical briefings.

Where appropriate, greater automation is being implemented to minimise manual processing and improve service in general. There has been significant investment in new IT during the last three years as well as some leverage of existing Utmost IT and digital capabilities for core processing and online services. Further significant IT investment is planned over the coming five year period, managed centrally by a newly created COO function, with an aim to provide consistency of approach throughout the group.

Utmost International continues to be very open about its service performance and underlying research, with advisers and partners regularly surveyed in all key markets. In Defaqto's 2024 Investment Bond Service Ratings, UPE and UIIOM were awarded a Gold service rating. Utmost has also been named Best Offshore Bond Provider in the 2023 and 2024 Professional Paraplanner Awards.

Utmost Group was named International Life Group of the Year (UK) in 2023 at the International Adviser Global Financial Services Awards, and won Best International Life Group (non-UK) in the International Investment Awards 2022, being Highly Commended in the Best International Life Group (UK) category of those awards.

The process of QI moving from Quilter plc and integrating into Utmost International was structurally complex, involving the separation of a number of business systems and support services. It encompassed governance structures, legal entity and branch structures, portfolio transfers, rebranding, and proposition alignment. UGP / UHIOM agreed a TSA with Quilter plc to facilitate a smooth integration process. The group effected a full exit from the agreed TSA in November 2023, on-time and without any reported issues.

Image & Strategy Rating

The group continued to organise itself as efficiently as possible as it combined the Quilter International and Utmost International businesses. The plan to have a single entity in place in each jurisdiction was achieved when the UL book of business was transferred into UIIOM in November 2022. The key entities are now, in the Isle of Man, UIIOM, and in Ireland, UPE. UW is the third part of Utmost International but outside the scope of this report as it does not have any UK based operations.

Utmost International accounts for the substantial part of group AuA with £57.2bn (91% of total) at 2023 year end, the majority of these assets backing unit-linked policies within the Wealth Solutions business. The core markets in the Wealth Solutions business are the UK, Europe, the Middle East, Asia and Latin America. The business operates regulated insurance companies in the Isle of Man, Ireland and Guernsey, with branches in Singapore, Switzerland, Hong Kong and a global office in the Dubai International Finance Centre. The business seeks to serve affluent, HNW and UHNW individuals via private banks, IFAs and wealth managers, offering unit linked insurance solutions with a wide range of asset management / DFM investment options.

The QI acquisition was largely complementary and is expected to lead to significant further growth opportunities and improved efficiency now it is fully integrated with Utmost International. Utmost and Quilter International products have been consolidated into a single suite of products, with the strongest products by region remaining open for new business and any duplicate products closed to new business. Rebranding of the entities and product materials to Utmost has been successfully implemented across the group.

The Utmost International website provides a single source of information about the global business and demonstrates a continuing focus on digitalisation in the group. The Marketing team work closely with Sales and the wider organisation to support the brand. This support includes regular partner events and technical communications with a range of Utmost Insights webinars on key economic and political trends, which are well attended and give the business an opportunity to stay in regular contact and raise its brand profile with key advisers and partners.

UIIOM has continued to maintain its market positioning, distributing into the UK using the company's own team of consultants under the Utmost Wealth Solutions brand. With the acquisition of QI, the UIIOM distribution footprint now also extends to Hong Kong and Singapore.

UPE has developed well in its desired markets during the last three years. The company has a presence in a range of European countries and is able to provide country-specific solutions, which comply with local tax and legal regulations. Recently it has focused its growth strategy on driving more from established markets, for each of its product sets and where new markets are considered, placing additional attention on feasibility and fit prior to entry. New Wealth Solutions products were launched in Portugal and Finland during 2020 and 2022 respectively, with a significant entry into the French market in 2021. The group sees France as a key strategic market for insurance-based wealth solutions and this was a 'significant milestone' in the development of its growth strategy.

Utmost Group plc has set out clear strategic objectives for its businesses, now outlined in more detail in its Annual Report and Accounts, and focused on delivering through four strategic pillars, summarised as:

- Providing good client outcomes
- Delivering growth
- Operating efficiently
- Creating an enduring business

In 2023, the UK business began work on entry to the BPA sector. This is expected to leverage its UK capability with a launch in late 2024, providing a more diversified organic growth profile.

The Utmost brand has now been applied to all products and a unified proposition is available to clients. An integration, with a significant TSA, with Quilter plc has now completed. Utmost Group has managed a number of significant acquisitions successfully to date though and this one has significantly bolstered the group's standing in the international life assurance market. Utmost International's geographical footprint in its key markets across the UK, Europe, Asia, LatAm and the Middle East has been strengthened and organic growth opportunities are expected by the group.

Following its reorganisation into UGP and falling under group PRA supervision, the group strengthened its corporate governance structure in response to recommendations from the regulator. Oaktree nominated a second shareholder appointed non-executive director in February 2021, and in June 2021 a further independent non-executive director was appointed to Board. The appointment of James Fraser as an independent non-executive Chair received regulatory approval in October 2021.

Business Performance Rating

Utmost Group plc is a specialist life assurance business with AuA of £62.8bn as at 31 December 2023 managed on behalf of around 500,000 customers. The group has the backing of private equity and continues to grow in line with its strategy; main shareholder Brookfield Oaktree Holdings, LLC (formerly Oaktree Capital Group LLC) has provided long-term support for the group to deploy its capital as the right opportunities arise. The ongoing financial performance of the group and the ability to support (or its relative reliance upon) Utmost International is a significant factor to consider within this assessment, as well as the wider group funding position and access to capital. The issuance of two oversubscribed bonds in 2021 and 2022 demonstrates an appetite for support from institutional investors for UGP in the public debt markets.

The group's senior management measure performance across a number of KPIs which include:

- AuA - increased from £60.1bn to £62.8bn as at 31 December 2023, due to higher market values for equity type assets
- Group operating profit - in 2023 this was £212m, an increase on 2022 (£184m on a restated basis) due to higher returns on shareholder assets and a better financial result, despite lower fee income from investment contracts and a reduced insurance service result
- New business APE - was £349m in 2023 compared with actual APE of £397m in 2022. The reduction reflected lower volumes on new business in established markets partially offset by strong sales performance in its growth markets
- Value of New Business (VNB) - the economic value of the profits expected to emerge from new business - related solely to the Utmost International business, VNB was £55m in 2023 [2022: £48m] reflecting the improvement in VNB margin partially offset by a reduction in the volume of new business written
- Client Retention - retention rates are a non-financial KPI the group monitors and were reported at 92% for UWS in 2023, driven by good client service and the long-term value of its proposition
- Economic Value (Solvency II basis) - the aggregate value of the business decreased, net of debt, from £1,770m to £1,686m in 2023. The reduction of £84m largely reflected the impact of dividends and coupons paid, offset by VNB and other underlying operational impacts

Utmost International Isle of Man Ltd

UIIOM PBT of £80.7m in 2023 was up on the prior year restated value of £26.7m, largely due to an increase in revenue which was up from a restated £157m in 2022 to £201m. Within this, there was a positive movement in the net movement in deferred front-end fees from £0.1m to £24.4m in 2023.

After taking a dividend payment of £64m into account, the result was an increase to retained earnings of £19.2m, with UIIOM retained earnings increasing overall from restated £219.0m to £238.2m as at 31 December 2023.

Gross written premiums recorded at the consolidated holding company level and decreased from £1,708m in 2022 to £1,375m.

Utmost PanEurope dac

In 2023, administration expenses increased in comparison with 2022, mainly due to higher USIL recharges and additional expenses incurred following the QIID portfolio transfer. PBT decreased by 6% from €38.7m (restated) to €36.4m. PAT was €32.8m [2022 restated: €33.5m].

Total equity in UPE decreased to €257.1m [2022 restated: €261.8m] after the payment of dividends totalling €37.5m.

The increase in UPE's 2023 gross written premiums to €2.6bn was mainly due to Wealth Solutions single premiums, with the majority of this business from UK, Italy, Spain and Portugal.

Group & Parental Context



BACKGROUND

Formed in 2013 as The Life Company Consolidation Group (LCCG), the business re-branded in February 2019 to Utmost Group Ltd and in 2021 became a public company, Utmost Group plc. The Utmost Group is part-owned (15.1%) by its founding directors (Paul Thompson and Ian Maidens) and 84.9% by funds managed by Brookfield Oaktree Holdings, LLC (formerly Oaktree Capital Group LLC, 'Oaktree').

Oaktree is regulated by the US Securities and Exchange Commission (SEC) and its UK entity, Oaktree Capital Management (UK) LLP, is authorised and regulated by the FCA. Oaktree, together with its affiliates, held AuM of US\$192bn of investments on behalf of institutional and high-net worth individuals as at 31 March 2024.

In March 2019, Brookfield Asset Management Inc. announced that it would buy most of Oaktree Capital Management in a deal worth around \$4.8bn. The deal completed in September 2019, with Brookfield's acquiring approximately 61.2% of Oaktree's business. Brookfield's interest in Oaktree had increased to 68% on an economic basis and an approximate 18% voting interest at 31 December 2023. Brookfield is a global alternative asset manager with over US\$925bn in AuM as at 31 March 2024, and is co-listed on the New York, Toronto and Euronext stock exchanges.

Utmost International

In March 2015, LCCG Ireland Ltd (LCCGI) acquired IBRC Assurance Company Ltd, renamed as Harcourt Life Assurance dac (HLA), from Irish Bank Resolution Corporation Ltd (in special liquidation). HLA was a specialist acquirer of books of life assurance business in Ireland. Since late 2015, HLA has acquired: Scottish Mutual International Ltd from Phoenix Life Ltd (December 2015), Aviva Life International Ltd (ALIL) from Aviva plc (July 2016), Augura Life Ireland dac and Altraplan Bermuda Ltd from OneLife Holdings Sarl (November 2016) and Union Heritage Life Assurance Company dac from American Income Life Insurance Company (March 2017). ALIL was renamed Harcourt Life International dac, and in June 2017 acquired AXA Life Europe dac's (ALE) non-guaranteed offshore unit linked investment bonds business written in the UK and a small number of domestic Irish unit linked policies written between May 2009 and May 2012. At the same time, Harcourt Life International dac was renamed Utmost Ireland dac (UI), its ownership having previously been transferred to LCCGI. UI also commenced writing the bond business previously written by ALE. In April 2018, UI agreed to acquire the non-guaranteed business of Aegon Ireland plc, subject to court approval. Following the purchase of the company by Athora Holding Ltd, it was rebranded Athora Ireland in July 2018. The sale of Athora Ireland plc's offshore bond portfolio to UI was completed in December 2018. All closed book activities (Augura Life Ireland dac, Union Heritage Life Assurance Company dac and Harcourt Life Assurance dac) were transferred to Harcourt Life Ireland dac, formerly Scottish Mutual International Ltd, on 31 March 2018 and re-branded accordingly. LCCG Ireland Ltd has been renamed Utmost Holdings Ireland Ltd.

The life assurance business of the two Irish businesses UI and HLI, both wholly owned subsidiaries of UPE, transferred to UPE on 31 October 2019. The transfer covered 12,251 and 5,168 policies from UI and HLI respectively.

On 21 October 2016, LCCG acquired AXA Isle of Man Ltd, renamed as Utmost Limited and operating under the Utmost Wealth Solutions brand. Prior to the purchase of AXA Isle of Man, Utmost had focused on acquiring closed books of business. Utmost Wealth Solutions was positioned as the centrepiece of a new business strategy to complement the existing closed book strategy.

The group's second phase of growth was the expansion into Europe, with the acquisition of Generali PanEurope dac (GPE), which completed on 19 June 2018. GPE was then renamed as Utmost PanEurope dac and now trades under the UWS and UCS brands.

The third growth phase, expansion into global markets with the acquisition of Guemsey-based Generali Worldwide Insurance Company Ltd (Generali Worldwide) and Generali Link in February 2019, was more limited in its impact. Generali Worldwide has now been re-branded as Utmost Worldwide and trades under both the UWS and UCS brands.

Generali Link was a service provider to both UPE and Utmost Worldwide, and was renamed Utmost Link Ltd, and then dissolved via merger with Utmost Services Ireland Limited (USIL), based in Ireland, a sister company of UPE which provides services (including staff) to UPE. Utmost Services Limited (based in the IOM) provides similar services to UIIOM.

On 30 November 2021, the group completed the acquisition of Quilter International. Quilter International Ireland DAC became a subsidiary of UPE and ultimately changed its name to Athlumney Kappa (Ireland) dac (AKIP). AKIP's continued its principal activity of transacting international unit-linked life assurance business. The entire life assurance business of AKIP was transferred into UPE with effect from 30 September 2022, and the AKIP board requested then that the Central Bank of Ireland withdraw its life insurance authorisation, which duly happened with effect from 3 February 2023.

Utmost Life and Pensions

On 3 April 2018, LCCG announced that Reliance Life Ltd, a newly formed and authorised UK Life company 'run off' specialist established by LCCG, had completed the acquisition of the business of Reliance Mutual Insurance Society Ltd. This represented LCCG's first acquisition in the UK. In June 2018, LCCG announced that it had signed an agreement with The Equitable Life Assurance Society (Equitable Life), under which it proposed that Equitable Life and all of its business transfer to Reliance Life. Reliance Life Ltd was renamed as Utmost Life and Pensions Ltd in March 2019, and on 1 January 2020, the business transfer of Equitable Life to ULP completed.

Utmost Group restructure and acquisition of Quilter International

With effect from 1 October 2020, Utmost Group reorganised to bring the Utmost International and Utmost Life and Pensions businesses together under a single group holding company, Utmost Group Limited, and has since incorporated as a public limited company to become Utmost Group plc. UGP is subject to group supervision by the PRA.

On 30 November 2021, the group acquired, through its Isle of Man holding company UHIOM, the entire issued share capital of Quilter International Holdings Ltd (QIHL) which included QIOM and QIID, for a total cash consideration of £481m, with £40m allocated to QIID which was then sold to UPE at that cost.

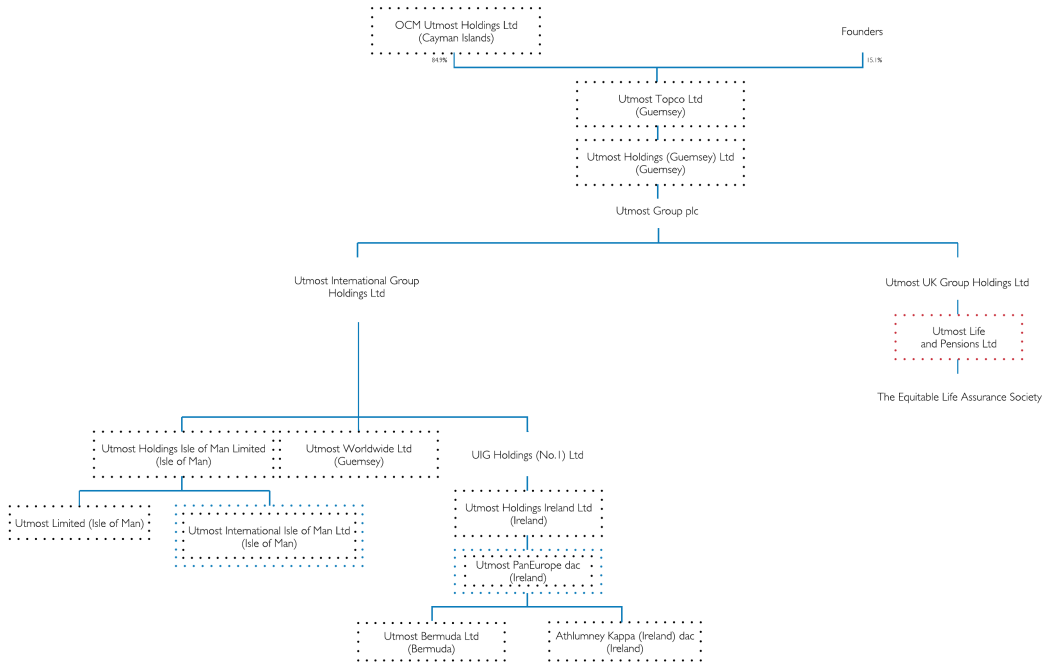
Acquisition of Lombard International

In July 2024, it was announced that Utmost Group had entered into an agreement to acquire Lombard International, subject to regulatory approvals. This is expected to enhance the group's position in Europe, having strengthened in the UK and Asia as a result of the QI acquisition.

The deal is expected to add £43bn of assets and over 20,000 policies. At the year end 2023 and on a combined pro-forma basis, Utmost International would have had £100bn of AuA and over 210,000 policies, writing £6.4bn of new business.



GROUP STRUCTURE (SIMPLIFIED)



Key:
 Subject of this Assessment
 Subject of another AKG Assessment
 Non UK

Company Analysis: Utmost International Isle of Man Ltd



BASIC INFORMATION

Company Type

Life Insurer

Ownership & Control

Utmost International Isle of Man Ltd is part of Utmost Group plc. Utmost Group plc is ultimately owned largely by funds managed by US-based Oaktree Capital Group LLC, and partly by its founders, Paul Thompson and Ian Maidens.

UGP is the UK holding company. Utmost Topco Ltd (formerly Life Company Consolidation Group (No2) Ltd) based in Guernsey is the ultimate parent company into which UGP's results are consolidated. OCM Utmost Holdings Ltd (OCMUH) is the Group holding company, an investment vehicle owned by funds which are managed and advised by Oaktree Capital Management, L.P., a subsidiary of Brookfield Oaktree Holdings, LLC (formerly Oaktree Capital Group LLC). OCMUH owns 84.9% of the issued ordinary share capital of Utmost Topco Ltd, with the balance 15.1% held by the founders.

Oaktree is considered the ultimate significant controller of the group, and is itself 68% owned by Brookfield Asset Management Inc.

Year Established

1991

Country of Registration

Isle of Man

Head Office

King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles

Contact

<https://utmostinternational.com/contact-us/>

Key Personnel

Role	Name
Group Chair	J Fraser
Group CEO	A P Thompson
Group CFO	I G Maidens
Group COO	D Peacock
Head of Group Finance	T Toulson
Head of Group Risk & Compliance	L Buttinger
Chair (UIIOM)	A Lodge
Chief Executive Officer	K S Moore
Chief Financial Officer	J S A Hemuss
Global Head of Sales and Marketing, UWS	S Atkinson
Chief Risk Officer	P Smith
Global Head of Product, Proposition & Pricing	G Williams
Head of Customer Services	D Aherne
Appointed Actuary	E Hough

Company Background

The business was established in 1991 and commenced trading in 1992 as Sun Life International (IOM) Ltd. In 2000, a review of operations following the merger of AXA Equity and Law with Sun Life in the UK led to the company ceasing to operate through 'international' IFAs, and only selling via IFAs in the UK, Channel Islands and the Isle of Man. In 2001, the company was renamed AXA Isle of Man Ltd.

When established, the company was owned 80% by the Long Term Business Fund of Sun Life Assurance Society (SLAS), in effect the With Profits policyholders, and 20% by PanEuroLife. In 1998, AXA sold PanEuroLife, and ownership became 100% by the SLAS Long Term Business Fund. On 1 January 2004, the AXA shareholders bought the company from the SLAS Long Term Business Fund.

On 21 October 2016, AXA Isle of Man Ltd was acquired by LCCG and renamed as Utmost Ltd.

On 30 November 2021, UL's parent and holding company UHIOM acquired the entire issued share capital of Quilter International Holdings Ltd (QIHL). Upon completion of the QIHL acquisition, and as part of a group reorganisation, UHIOM directly acquired the issued share capital of QIHL subsidiaries which included QIOM.

UHIOM and UIIOM (renamed from QIOM and also including the former book of UL, transferred to it in November 2022) are incorporated in the Isle of Man. UL is in the process of being deauthorised, following which it will be liquidated. UIIOM is authorised and regulated by the IoM FSA. For UK business UIIOM is regulated by the UK FCA, and has regulated branches in Hong Kong and Singapore.



OPERATIONS

Governance System and Structure

The day-to-day activities of the Utmost Group are controlled by the board, which comprises two non-executive directors representing Oaktree, and the founders (Paul Thompson and Ian Maidens). The group was re-organised in 2020 and is now subject to group supervision by the PRA. UGP has strengthened the governance structure, appointing a new Chair in 2021 and a new independent non-executive director, who also acts as chair of an Audit, Risk and Compliance Committee (ARCC). In February 2022, UGP appointed a Group Head of Risk and Compliance, responsible for the day-to-day development and maintenance of the Enterprise Risk Management framework.

The ARCC oversees financial reporting, internal financial controls and risk management systems and processes on behalf of the Board. Oversight of the Internal Audit function is undertaken by the ARCC as well as the relationship with external auditors.

Alignment of the activities and processes of the subsidiary Boards and governance arrangements across the Group is an ongoing process which commenced prior to the reorganisation mentioned above. Initiatives include the introduction and continued strengthening of a Group Risk Management and Policy Framework, the introduction of a Group Corporate Governance Manual, and the implementation of Board effectiveness recommendations from each of the subsidiary Boards.

Risk Management

Notwithstanding the ongoing developments in wider group governance and structure, the group Board has overall responsibility for the company's exposure to risk. To support the Board in this role, a risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board has established a number of committees with defined terms of reference including the ARCC, the Investment Committee and the Remuneration Committee.

Each subsidiary Board has a Risk and Compliance Committee to assist with oversight of the risk management and compliance culture within the businesses and ensuring compliance with all legal, regulatory and administrative arrangements. Its responsibilities include:

- Identifying and managing of key risks, ensuring that the risk appetite is appropriate and adhered to
- Reviewing and monitoring the regulatory capital position and adherence to regulatory requirements

- Monitoring the risk, control and compliance exposure of the business
- Reviewing and monitoring the risk management and compliance policies and recommending them to the subsidiary Boards for adoption; and
- Ensuring the effectiveness of the ORSA (Own Risk and Solvency Assessment)

Administration

As part of its target operating model, the business aims to deliver a 'customer first' ethos. Each business area has established service standards, infrastructure and skill set appropriate to its characteristics. For the Wealth Solutions business this includes named customer service executives with local market language skills, product technical specialists, tax and legal specialists (in-house and external counsel), bespoke service level agreements for key distributors, and service standards.

A number of infrastructural development initiatives and significant IT capital investments are underway to improve service, support further growth, deliver scalability and rationalise where applicable. There are a range of online functions for the intermediary and policyholder including: policy valuations, fund information, policy documentation, statements and switching. Data export, bulk valuations and arrears and commission reporting are also offered to intermediaries. Information can be viewed online, downloaded or analysed using online interactive dashboards and funds analytical tools.

Collaboration continues to increase across the Utmost Group to share expertise, standardise solutions/ processes, improve financial control and reduce costs. The Group also continues to maximise economies and improve customer service by the standardisation of group IT platforms, with migration to the group's AIA and Apache policy administration and investment management infrastructure, in Wealth Solutions.

The process of QI moving from Quilter plc was structurally complex, involving the separation of a number of business systems and support services. Quilter plc (via a subsidiary) entered into a TSA whereby it undertook to provide certain services to the acquired QI business for a period of up to two years following completion of the sale, while the separation took place. This was a significant agreement that was being managed largely through UIIOM and involving some previous senior management of QI who are now part of the UIIOM business, completing in November 2023.

The business reports good levels of staff retention and further developed its recruitment activity, including the introduction of a new graduate trainee programme.

Benchmarks

In recent years the company's products have garnered a number of awards and ratings including Defaqto 5 star ratings for the Estate Planning Bond and Defaqto 5 stars for the Evolution product since 2020.

Utmost International continues to be very open about its service performance and underlying research, with advisers and partners regularly surveyed in all key markets. In Defaqto's 2024 Investment Bond Service Ratings, UPE and UIIOM were awarded a Gold service rating. Utmost has also been named Best Offshore Bond Provider in the 2023 and 2024 Professional Paraplanner Awards.

In 2022, Utmost Group won the International Adviser Global Financial Services Award for 'International Life Group of the Year (UK)' and in the same year won the International Investment Award for 'Best International Life Group (Non-UK)'.

In 2023, Utmost Group won the International Investment Award for 'Best International Life Group (Non-UK)'

Outsourcing

The Utmost Group has an Outsourcing Management Policy to manage the risks of any outsourced business activities.

UIIOM has service agreements in place with fellow subsidiaries in the IoM group of companies, Utmost Services Limited and Utmost International Business Services Limited, to manage the provision of shared services (staff, services and systems) for its business activities.

Following the acquisition of QI a sizeable outsource arrangement was in place between UIIOM and Quilter plc for provision of the necessary IT and support functions during the transitional period. It was agreed that this arrangement would last for two years following the date of acquisition and this therefore ended in November 2023.

Utmost Services Ltd has two main critical outsource providers the first of which is Tata Consultancy Services which provides an administrative platform for an UIIOM Portfolio bond book, through both its UK and India operation. The

second is HCL Technologies which provides IT support services to the UIIOM Unit linked administration system through its business embedded staff and its UK and India operations.



STRATEGY

Market Positioning

Utmost International's strategy sees continuing distribution into the UK under the Utmost Wealth Solutions business and it has an established distribution team of offshore specialists.

The vast majority of distribution is via intermediaries in the UK, Channel Islands and the Isle of Man. There is an intermediary distribution team of nine Regional Sales Managers, supported by a specialist Technical team. Some widening of distribution has taken place with parts of the Utmost Group and in delivering via other product providers such as NFU Mutual in the UK, where the estate planning product component is distributed under the UWS brand and using an NFU OEIC, which offers a range of 7Q funds.

The acquisition of QI has strengthened Utmost's presence in the Asian market, with the current proposition designed to 'service the exponentially growing affluent and HNW population of Asia.

Proposition

Utmost International mainly provides investment products for high net worth UK resident domiciles and non-domiciles serviced by intermediaries in the UK, Channel Islands and the Isle of Man. The target market includes individual, corporate and trustee clients.

In relation to the main UK market, the investor has a choice of jurisdictions, the Isle of Man or Ireland, serviced by UIIOM and UPE respectively. There are five products in the range: Evolution and the Estate Planning Bond in the Isle of Man and Generation Planning Bond, Selection and Delegation in Ireland. The Estate Planning Bond offers a choice of trusts, an absolute trust or a discretionary trust. Where customers require both types, this can be accommodated by setting up two separate bonds within the same application process.

The investment offering is central to the proposition, based on a combination of in-house capabilities and open architecture external choices. A wide fund selection is available, spread across two ranges: Utmost Fund Collection and external investment funds. Both ranges are available through Evolution and the Estate Planning Bond. The Utmost Fund Collection is a range of funds that are internally managed by Utmost International. The External funds, available through the Evolution Bond and the Estate Planning Bond, allow an open architecture approach to be taken, offering a wide range from many of the world's major fund managers, as well as being able to offer bespoke offerings with specialist boutique managers.

For UIIOM and UPE policyholders, they are also able to select the use of a Discretionary Fund Manager (presently 195) or for the adviser to use a third party external platform of which the company currently has links to 46.

Utmost International has a secure service website for advisers and policyholders, and the website has been re-built over recent years on a Java infrastructure to deliver greater flexibility, for example to be supported on a wider range of devices, and to allow ongoing development. The service website enables advisers, and, where appropriate, policyholders to access on-line quotations, valuations (inclusive of full transaction histories over the previous 12 months), switching and viewing of commission statements, fund data tools, status pipeline business and general contract information.

The Utmost International business has brought together experienced individuals in Utmost Group Technical Services, which it promotes as uTECH, providing technical support structured on a Group basis to deliver technical content (in the form of technical briefings and guides) and provide practical support for complex cases.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2023

Assets

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Fixed interest	0	0	0
Equities	0	0	0
Collectives	182	215	285
Property	8	13	18
Linked	31,700	28,510	29,339
Derivatives	0	0	0
Loans and mortgages	192	186	171
Reinsurance recoverables	224	202	205
Cash	19	21	18
Other	87	136	66
Total Assets	32,413	29,284	30,102

Liabilities

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Technical provisions - non-life	0	0	0
Technical provisions - health (similar to life)	0	0	0
Technical provisions - life	157	146	145
Technical provisions - linked	31,233	27,956	28,752
Other	110	247	169
Total Liabilities	31,499	28,349	29,065
Excess of assets over liabilities	913	935	1,037

The tables above and in the following sections are based on UHIOM SFCR figures (unless otherwise stated) which represents primarily the combined UL and UIIOM data across the period.

In 2023, consolidated total assets increased from £29.3bn to £30.1bn, due primarily to market growth. Similarly, net technical provisions increased from £28.0bn to £28.8bn, with consolidated liabilities therefore increasing from £28.3bn to £29.1bn.

Linked assets accounted for 97.5% [2022: 97.4%] of total assets, and similarly, virtually all (98.9%) of liabilities are linked, reflecting the nature of the business. Total policyholder investments increased from 2022 to 2023 primarily due to financial market performance, partially offset by policyholder withdrawals.

Reinsurance recoverables relate to historic with profits business reinsured to AVLAP, and increased from £202.1m to £205.2m in 2023.

Solvency Capital Requirement (SCR)

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Market risk	246	198	199
Counterparty default risk	12	10	10
Life underwriting risk	399	405	383
Health underwriting risk	0	0	0
Non-life underwriting risk	0	0	0
Diversification	(135)	(120)	(119)
Intangible asset risk	0	0	0
Operational risk	16	17	18
Capital add-ons already set	0	0	0
Other items	0	0	0
Solvency capital requirement	538	511	492

Eligible Own Funds

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Tier 1 unrestricted	913	935	1,037
Tier 1 restricted	0	0	0
Tier 2	0	0	0
Tier 3	0	0	0
Eligible own funds to meet SCR	913	935	1,037
Excess of own funds over SCR	376	424	545
SCR coverage ratio (%)	169.9	183.1	210.9

UHIOM actively identifies, measures, manages, monitors and reports on its enterprise-wide risks, and uses the Standard Formula for calculating its Solvency Capital Requirement. At 31 December 2023, significant risk categories contributing to the total undiversified risk profile included life underwriting (63%) and market (32%).

Consolidated Own Funds increased to £1,037m as at 31 December 2023 [2022: £935.0m]. UHIOM has a policy to maintain a SCR coverage ratio of at least 125% at all times and at least 150% immediately after the payment of a dividend. As at 31 December 2023, the ratio was 211%. The company states that it has remained above its target solvency ratios at all times since the introduction of the new regime. Dividends of £102.0m were paid in 2023 by UHIOM to UGP [2022: £80.0m].

UHIOM, whilst not required to produce a separate SFCR, does in fact produce this document and makes it available every year. UHIOM confirmed that the company's policy was to maintain coverage of at least 135% of its SCR at all times, and at least 150% immediately after payment of a dividend. As at 31 December 2023, UHIOM's SCR coverage ratio on an Isle of Man solvency regulation basis was 185% [2022: 182%].

Gross Life Premiums Written By Line of Business

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Health insurance	0	0	0
Insurance with profit participation	0	0	0
Linked insurance	805	1,708	1,375
Other life insurance	0	0	0
Annuities - from non-life health	0	0	0
Annuities - from non-life non-health	0	0	0
Health reinsurance	0	0	0
Life reinsurance	0	0	0
Total gross life premiums written	805	1,708	1,375

Gross Life Premiums Written By Country

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Home country		0	0
Country 1		1,156	908
Country 2		0	0
Country 3		471	409
Country 4		0	0
Country 5		0	0
Other countries		82	58
Total gross life premiums written	805	1,708	1,375

UIIOM business is sold through products worldwide, reflecting the combined range of QI and UL propositions. UIIOM business is maintained via its presence in the Isle of Man, UK, Hong Kong, Singapore, and Dubai, and licenses are held linked to heritage business in Jersey, Trinidad and Tobago, and the State of Florida, US. The most significant products are single premium and targeted mainly at the UK market - the majority of business was written in the IoM (country 1), and Singapore (country 3).

Gross written premium information is provided at the consolidated UIIOM level and the SFCR report for 2023 showed gross written premiums decreasing from £1,708m in 2022 to £1,375m.

Profit

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Profit (loss) before taxation	41.3	27.5	80.7
Taxation	(0.6)	(2.4)	2.5
Profit (loss) after taxation	40.7	25.1	83.2
Other comprehensive income	0.0	0.0	0.0
Dividends	0.0	(50.0)	(64.0)
Retained profit (loss)	40.7	(24.9)	19.2

Life Business Flows

	Dec 21 £m	Dec 22 £m	Dec 23 £m
Net life premiums earned		1,707	1,374
Net life claims incurred		(1,757)	(2,231)
Net flow of business		(49)	(857)

Profit data here is shown at the level of UIIOM, with 2021 therefore reflecting the QI business in isolation, and 2022 including the Insurance Portfolio Transfer of the entire life assurance business of UL to UIIOM with effect from 30 November 2022.

UIIOM PBT of £80.7m in 2023 was up on the prior year restated value of £26.7m, largely due to an increase in revenue which was up from a restated £157m in 2022 to £201m. Within this, there was a positive movement in the net movement in deferred front-end fees from £0.1m to £24.4m in 2023.

After taking a dividend payment of £64m into account, the result was an increase to retained earnings of £19.2m, with UIIOM retained earnings increasing overall from restated £219.0m to £238.2m as at 31 December 2023.

With net claims increasing to £2,231m (£1,757m) and a reduction in premiums earned to £1,374m (£1,707m), there was an increased net outflow of £857m (£49m).

Company Analysis: Utmost PanEurope dac



BASIC INFORMATION

Company Type

Life Insurer

Ownership & Control

Utmost PanEurope dac is part of Utmost Group plc.

Utmost Group plc is ultimately owned largely by funds managed by US-based Oaktree Capital Group LLC, and partly by its founders, Paul Thompson and Ian Maidens.

UGP is the UK holding company. Utmost Topco Ltd (formerly Life Company Consolidation Group (No2) Ltd) based in Guemsey is the ultimate parent company into which UGP's results are consolidated. OCM Utmost Holdings Ltd (OCMUH) is the Group holding company, an investment vehicle owned by funds which are managed and advised by Oaktree Capital Management, L.P., a subsidiary of Brookfield Oaktree Holdings, LLC (formerly Oaktree Capital Group LLC). OCMUH owns 84.9% of the issued ordinary share capital of Utmost Topco Ltd, with the balance 15.1% held by the founders.

Oaktree is considered the ultimate significant controller of the Group, and is itself 68% owned by Brookfield Asset Management Inc.

Year Established

1999

Country of Registration

Republic of Ireland

Head Office

Navan Business Park, Athlumney, Navan, Co. Meath, C15 CCW8, Ireland

Contact

<https://utmostinternational.com/contact-us/>

Key Personnel

Role	Name
Group Chair	J Fraser
Group CEO	A P Thompson
Group CFO	I G Maidens
Group COO	D Peacock
Head of Group Finance	T Toulson
Head of Risk & Compliance	L Buttinger
Chair (UPE)	F Mackle
Chief Executive Officer	H O'Sullivan
Chief Financial Officer	S Johnston
Global Head of Sales and Marketing, UWS	S Atkinson
Chief Risk Officer	B Kelly
Global Head of Product, Proposition and Pricing	G Williams
Head of UCS	M Leahy

Company Background

The company was established in Ireland in 1999 as Exere Life Ltd by INA Assitalia, which the Generali Group acquired in the same year. The company was renamed Generali PanEurope Ltd in 2002 and re-launched as a High Net Worth insurer. Now renamed as Utmost PanEurope dac, it is authorised and regulated by the CBI and markets its products on an EU Freedom of Services basis in a range of countries, namely Finland, Italy, Spain, Portugal and the UK. From 2009 until 2017, it also provided the Generali Group with centralised reinsurance solutions for its multi-country deployment of variable annuity products.

On 19 June 2018, LCCG acquired Generali PanEurope dac, having been granted the required approval by the Central Bank of Ireland on 5 June 2018. On 2 July 2018 the business and company rebranded using the Utmost brand. The business of UPE's then subsidiaries Utmost Ireland dac and Harcourt Life Ireland dac was transferred into UPE with effect from October 2019. Utmost Bermuda Ltd remains a subsidiary of UPE.

On 30 November 2021, UGP completed the acquisition of QI and as a result, QIID became a subsidiary of UPE. QIID changed its name to Athlumney Kappa (Ireland) dac (AKIP) and the entire life assurance business of AKID was transferred into UPE with effect from 30 September 2022; the AKID board requested then that the Central Bank of Ireland withdraw its life insurance authorisation, which duly happened with effect from 3 February 2023.

The UPE business has around 390 staff, of which 250 are based in Navan, with a further office in central Dublin.



OPERATIONS

Governance System and Structure

The day-to-day activities of the Utmost Group are controlled by the Board, which includes two non-executive directors representing Oaktree, and the founders (Paul Thompson and Ian Maidens). The group was re-organised in 2020 and is now subject to group supervision by the PRA. UGP has strengthened the governance structure, appointing a new Chair in 2021 and a new independent non-executive director, who also acts as chair of a newly established Audit, Risk and Compliance Committee (ARCC). In February 2022, UGP appointed a Group Head of Risk and Compliance, responsible for the day-to-day development and maintenance of the Enterprise Risk Management framework.

The ARCC oversees financial reporting, internal financial controls and risk management systems and processes on behalf of the Board. Oversight of the Internal Audit function is undertaken by the ARCC as well as the relationship with external auditors.

Alignment of the activities and processes of the subsidiary Boards and governance arrangements across the Group is an ongoing process which commenced prior to the reorganisation mentioned above. Initiatives include the introduction and continued strengthening of a Group Risk Management and Policy Framework, the introduction of a Group Corporate Governance Manual, and the implementation of Board effectiveness recommendations from each of the subsidiary Boards.

UPE's corporate governance framework is based on a number of cornerstones, such as the central role played by the board, the correct management of situations that present conflicts of interest, transparency in disclosing decisions regarding the management of the company, and the effectiveness of the Internal Control and Risk Management System (ICRM).

As part of its governance structure, the company has established a series of committees with specific delegated authorities - these are the ARCC, Investment and Banking Committees.

The company has also adopted an industry standard three lines of defence model.

AKID is subject to similar governance. Arrangements via a TSA that were in place with Quilter plc as an interim measure to facilitate a smooth takeover and to maintain performance standards and governance procedures for the QI operating companies, ceased in November 2023.

Risk Management

Notwithstanding the ongoing developments in wider group governance and structure, the group Board has overall responsibility for the company's exposure to risk. To support the Board in this role, a risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board has established a number of committees with defined terms of reference including the ARCC, the Investment Committee and the Remuneration Committee.

Each subsidiary Board has a Risk and Compliance Committee to assist with oversight of the risk management and compliance culture within the businesses and ensuring compliance with all legal, regulatory and administrative arrangements. Its responsibilities include:

- Identifying and managing of key risks, ensuring that the risk appetite is appropriate and adhered to
- Reviewing and monitoring the regulatory capital position and adherence to regulatory requirements
- Monitoring the risk, control and compliance exposure of the business
- Reviewing and monitoring the risk management and compliance policies and recommending them to the subsidiary Boards for adoption; and
- Ensuring the effectiveness of the ORSA (Own Risk and Solvency Assessment)

Administration

As part of its target operating model, since acquisition the business has aimed to deliver a 'customer first' ethos. Each business area has established service standards, infrastructure and skill set appropriate to its characteristics. For Wealth Solutions this includes named customer service executives with local market language skills, product technical specialists, tax and legal specialists (in-house and external counsel), bespoke service level agreements for key distributors, and service standards

Across each area, a number of infrastructural development initiatives and significant IT capital investments are underway to improve service, support further growth and deliver scalability. There are a range of online functions for the intermediary and policyholder including: policy valuations, fund information, policy documentation, statements and switching. Data export, bulk valuations and arrears and commission reporting are also offered to intermediaries. Information can be viewed online, downloaded or analysed using online interactive dashboards and funds analytical tools.

Collaboration continues to increase across the Utmost Group to share expertise, standardise solutions/ processes, improve financial control and reduce costs. The group also continues to maximise economies and improve customer service by the standardisation of group IT platforms, with migration to the group's AIA and Apache policy administration and investment management infrastructure, in Wealth Solutions.

Benchmarks

The company was awarded a Gold Investment Bond Service Rating from Defaqto in 2024. UPE and UIIOM won Best Offshore Product Provider in the Professional Paraplanner Awards 2023 and 2024.

In 2022 Utmost Group won the International Adviser Global Financial Services Award for International Life Group of the Year (UK) and in the same year won the International Investment Award for Best International Life Group (Non-UK).

Outsourcing

The Utmost Group has an Outsourcing Management Policy to manage the risks of any outsourced business activities.

UPE's outsourcing lifecycle is managed by the Head of Outsourcing, reporting directly to the Chief Risk Officer. UPE relies heavily on internal and external service providers for the provision of its business operations.

In 2018, UPE entered into an outsourcing arrangement with USIL (transferring the core administration and management services of UPE to USIL). Contractual arrangements are also in place with Utmost International Distribution Services Ltd to provide services to approve UPE's Financial Promotions for its Wealth Solution books of business in the UK market.

External outsourcing and distribution arrangements include SS&C (Ireland), Hienfeld (Netherlands), Cuna Mutual (Ireland) and Sedgwick Sweden (Sweden).



STRATEGY

Market Positioning

UPE trades under Utmost Wealth Solutions for its wealth business and Utmost Corporate Solutions for its employee benefits business:

- Wealth Solutions - developing insurance solutions tailored to meet the requirements of UHNW clients, aligned to local fiscal and regulatory laws. These solutions are offered through the development and utilisation of UPE's pan-European network of Private Banking relationships. Flexible saving and investment plans for individuals (domestic and expatriate depending on territory) are also provided
- Corporate Solutions - providing Group life and Group disability, and marketed principally in Ireland, as well as on a pan-European basis

UWS distribution is to major European markets including Italy, Spain, Portugal, Finland, Sweden, France and the UK. UPE's focus continues to be on becoming the leading provider of HNW solutions in its chosen markets.

Proposition

UPE offers investors a wide range of investment alternatives under its Wealth Solution business lines. These are available in selected European markets and are considered tax and regulatory compliant in each chosen country. A new product was launched for the Portuguese market in 2020 and existing product features enhanced. In April 2022, a product tailored for the financial planning needs of French HNW and UHNW individuals was launched. This followed the launch of its expatriate product in October 2021. In November 2022, a new proposition was launched in the Finnish market.

UPE's main Wealth Solutions product is Private Wealth Portfolio (PWP), a single premium product, offering wealth managers a wide class of investments to meet the needs of HNW and UHNW clients. PWP's operating model permits UPE to select a custodian that is closely aligned to both the wealth manager and the investment strategy selected by the client ensuring that trusted relationships are preserved. Depending on product type, Discretionary and Advisory management options are offered.

Its portfolio of products offered in the UK market also includes Selection, Delegation and Generation Planning Bond. All are open architecture, unit-linked bonds allowing for asset selection directly by the policyholder or delegation of the selection. The Generation Planning Bond is a specialist discounted gift trust product for IHT planning. This intermediary product range complements the existing Wealth Protection product range.

Funds range from the secure, through to the more adventurous. Each fund is risk rated and categorised in one of seven risk categories and the PRIIPS risk categories to help select the funds that most closely match the investment needs of the client. Funds are available in a number of currencies, including the Euro, Sterling, the Swiss Franc and US Dollar.

The Wealth Solutions business continues to adapt to address the broader and often more complex needs of HNW/UNHW individuals. Utmost has brought together experienced individuals in Utmost Group Technical Services, which it promotes as uTECH, providing technical support structured on a Group basis to deliver technical content (in the form of technical briefings and guides) and provide practical support for complex cases.

The planned integration of Quilter's Irish and IoM based international life companies has completed and Utmost and QI products have been consolidated into a single suite of products, with the strongest products by region remaining open for new business and any duplicate products closed to new business. Rebranding of the QI entities and product materials to Utmost has been implemented across the group.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2023

Assets

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Fixed interest	103	45	33
Equities	0	0	0
Collectives	119	100	137
Property	0	0	0
Linked	20,230	23,148	25,880
Derivatives	0	0	0
Loans and mortgages	0	0	0
Reinsurance recoverables	614	529	579
Cash	63	77	76
Other	261	193	185
Total Assets	21,390	24,091	26,890

Liabilities

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Technical provisions - non-life	0	0	0
Technical provisions - health (similar to life)	162	181	233
Technical provisions - life	166	140	153
Technical provisions - linked	20,394	23,171	25,838
Other	179	184	217
Total Liabilities	20,902	23,676	26,441
Excess of assets over liabilities	488	415	449

The dominance of unit linked business is clearly evident at 96% [2022: 96%] of total assets and 98% [98%] of total liabilities. UPE's assets, liabilities and technical provisions increased in 2023 as a result of positive market movements and new business.

UPE's cash (and cash equivalents) decreased overall from €76.6m to €76.0m, due to finance changes of €0.6m.

Life & Health SLT Technical Provisions

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Insurance with profit participation	88	71	70
Linked insurance	20,394	23,171	25,838
Other life insurance	78	69	83
Annuities - from non-life health	0	0	0
Annuities - from non-life non-health	0	0	0
Health insurance	162	181	233
Health reinsurance	0	0	0
Life reinsurance	0	0	0
Total life & health SLT technical provisions	20,722	23,492	26,224

Life Expenses

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Health insurance	12	9	8
Insurance with profit participation	0	0	0
Linked insurance	50	54	59
Other life insurance	12	9	8
Annuities - from non-life health	0	0	0
Annuities - from non-life non-health	0	0	0
Health reinsurance	0	0	0
Life reinsurance	0	0	0
Other expenses	0	0	0
Total life expenses	74	72	76

Technical provisions increased over the year 2023 due to positive market performance and new business, partially offset by policyholder withdrawals due to lapses or surrenders. Provisions above are shown gross; UPE net technical provisions increased from €23.0bn to €25.6bn, after reinsurance recoverables of €579m [€529m).

Life expenses increased by 5% to €76.2m in 2023, predominantly due to an increase in overhead expenses to €44.5m [€40.3m].

Solvency Capital Requirement (SCR)

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Market risk	169	151	168
Counterparty default risk	40	40	41
Life underwriting risk	171	183	208
Health underwriting risk	14	13	17
Non-life underwriting risk	0	0	0
Diversification	(105)	(102)	(114)
Intangible asset risk	0	0	0
Operational risk	16	18	19
Capital add-ons already set	0	0	0
Other items	(30)	(38)	(42)
Solvency capital requirement	275	265	297

Eligible Own Funds

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Tier 1 unrestricted	438	393	434
Tier 1 restricted	0	0	0
Tier 2	24	23	23
Tier 3	0	0	0
Eligible own funds to meet SCR	462	415	457
Excess of own funds over SCR	186	150	160
SCR coverage ratio (%)	167.6	156.7	154.1

UPE's SCR increased from €265m to €297m in 2023. This was mainly driven from the emergence of cash from inforce business, market performance, changes to dividend provision, basis changes, new business and policyholder withdrawals in form of lapses and partial withdrawals over the year.

Own Funds increased from €415m to €457m, allowing for a foreseeable dividend of €15m. These Own Funds are classified as Tier 1, with the exception of a £20m Loan Note UPE issued to UIIOM which was established as a Tier 2 capital instrument.

The overall result to SCR coverage was a reduction during 2023, from 157% to 154%, despite the surplus increasing from €150m to €160m - still a significant level of headroom.

Gross Life Premiums Written By Line of Business

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Health insurance	61	61	65
Insurance with profit participation	0	0	0
Linked insurance	1,826	2,164	2,416
Other life insurance	61	65	73
Annuities - from non-life health	0	0	0
Annuities - from non-life non-health	0	0	0
Health reinsurance	0	0	0
Life reinsurance	0	0	0
Total gross life premiums written	1,948	2,291	2,554

Gross Life Premiums Written By Country

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Home country	102	103	111
Country 1	798	884	658
Country 2	661	591	515
Country 3	204	311	472
Country 4	124	141	358
Country 5	39	99	181
Other countries	20	161	259
Total gross life premiums written	1,948	2,291	2,554

The six most significant countries for UPE (by 2023 gross written premium) were the UK, Italy, Portugal, Spain, Sweden and Finland. Gross written premiums include Wealth Solutions single and regular premiums, and Corporate Solutions premiums, and overall had increased again in 2023, to €2.6bn. Premiums fell in UPE's biggest market, the UK (Country 1 above), by 39% to €541.0m, with Italy (Country 2) falling by 25% to €443.9m. Premiums in Portugal (Country 3) rose strongly again, by 32% to €411.0m.

The increase in UPE's 2023 gross written premiums was mainly due to Wealth Solutions single premiums, with the majority of this business from UK, Italy, Spain and Portugal.

Profit

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Profit (loss) before taxation	61.1	42.6	36.4
Taxation	(3.8)	(5.7)	(3.6)
Profit (loss) after taxation	57.3	36.9	32.8
Other comprehensive income	0.0	0.0	0.0
Dividends	0.0	(50.0)	(37.5)
Retained profit (loss)	57.3	(13.1)	(4.7)

Life Business Flows

	Dec 21 €m	Dec 22 €m	Dec 23 €m
Net life premiums earned	1,856	2,195	2,444
Net life claims incurred	(1,032)	(838)	(1,731)
Net flow of business	824	1,357	713

In 2023, administration expenses increased in comparison to 2022, mainly due to higher USIL recharges and additional expenses incurred following the QIID portfolio transfer. PBT decreased by 6% from €38.7m (restated) to €36.4m. PAT was €32.8m [2022 restated: €33.5m].

Total equity in UPE decreased to €257.1m [2022 restated: €261.8m] The business also announced a further foreseeable dividend of €15m which is taken into account in the calculation of UPE's 2023 year end SCR Ratio.

Net premiums earned increased to €2.4bn, with net claims increased to €1.7bn leading to a reduced net inflow of €0.7bn.

Guide



INTRODUCTION

For over 30 years AKG has particularly focused on the financial strength requirements of financial advisers, who when acting on behalf of their clients, need to ascertain a company's ability to deliver sustained provision.

From this customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company (not some higher corporate entity) that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met.

It is also important to understand the sector approach (comparative peer groups) that is adopted in financial strength assessment and rating process.

At AKG, this is again driven by the end customer perspective and the fact that assessment is designed solely for this purpose, i.e. as a component in helping customers' advisers to select between comparable companies competing to deliver relevant products or services.

AKG's focus and approach has remained consistent over the years since it commenced assessment and rating support for the market. However, coverage, format and presentation has rightly evolved over this period, in line with the needs and expectations of assessment and rating users in the market. And AKG considers further changes on a continual basis.

Further details including an explanation of what is included in the assessment reports and coverage can be found online at <https://www.akg.co.uk/information/reports>.

AKG's process for assessment and rating is to use a balanced scorecard of measures and comparative information, relevant to the companies contained within each peer group. This is gathered via Public Information only for non-participatory assessments and public information plus company interactions with companies for participatory assessments. Further details on AKG's process can be found at <https://www.akg.co.uk/information/reports>.

This includes further information on the different participatory and non-participatory basis and for companies wishing to learn more about participatory assessment AKG is pleased to outline this and welcomes contact.

This is a participatory assessment.



RATING DEFINITIONS

Overall Financial Strength Rating

The objective is to provide a simple indication of the general financial strength of a company from the perspective of those financial advisers who when acting on behalf of their clients need to ascertain a company's ability to deliver sustained operational provision of products or services.

The overall rating inherently reflects the mix of business within the company, since different types of customer or policyholder have different requirements and expectations, and the company may have particular strengths and weaknesses in respect of its key product or service areas. However, it also takes account of comparison across the sector in which it is assessed.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management

strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	A	B+	B	B-	C	D	☐
	Superior	Very Strong	Strong	Satisfactory	Weak	Very Weak	Not applicable

With Profits Financial Strength Rating

The objective is to provide a simple indication of the with profits financial strength of a company, where it currently offers with profits business or has existing with profits business within it.

This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of with profits funds, products or propositions. Its comparison is with other companies within the assessment sector that offer or have with profits business.

The main criteria taken into account are: capital and asset position, expense position and profitability, the amount of with profits business in-force, parental strength (and likely attitude towards supporting the company), and image and strategy.

NOTE: More detailed analysis of with profits companies is included in AKG's UK Life Office With Profits Reports.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Unit Linked Financial Strength Rating

The objective is to provide a simple indication of the unit linked financial strength of a company, where it currently offers unit linked business or has existing unit linked business within it. This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of unit linked products or propositions. Its comparison is with other companies within the assessment sector that offer or have unit linked business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Non Profit Financial Strength Rating

The objective is to provide a simple indication of the non profit financial strength of a company, where it currently offers or has existing products and propositions such as term assurance and annuities. This focuses on the company's ability to deliver sustained operational provision of such non profit products or propositions. Its comparison is with other companies within the assessment sector that offer or have non profit business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, product / service features, its operating environment and ability to withstand external forces.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Service Rating

The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Image & Strategy Rating

The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Business Performance Rating

This review is an assessment of how the company and the brand has fared against its peers, and how it is perceived externally. Effectively this is how it has performed recently in the market. Whilst it will include performance indicators from the most recent available statutory reporting (report and accounts and SFCRs in the case of insurance companies, for example) it will also draw on other recent key performance elements before and after such disclosure, up to the point at which the assessment is undertaken.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity good or bad, press or market commentary, regulatory fines, and competitive position.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

AKG is an independent organisation. Originally established as an actuarial consultancy AKG has, for over 30 years, specialised in the provision of assessment, ratings, information and market assistance to the financial services industry.

As the market has evolved over this period, the range of entities considered by AKG has expanded. Consequently, AKG has brought additional skill sets into its operations. This has meant the inclusion of accounting, corporate finance, IT and market intelligence experience, alongside actuarial resources, to deliver an expanded professional capability.

Today AKG's core purpose is in the provision of financial analysis and review services to support the wider financial services sector and its customers.

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