Utmost International Isle of Man Limited Solvency and Financial Condition Report Year-End 2024

Month: April 2025
Author: Utmost International Isle of Man Limited
Owner: Board of Directors

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Introduction

The objective of the Solvency and Financial Condition Report ("SFCR") is to increase transparency in the insurance market by requiring insurance and reinsurance undertakings to disclose publicly, on at least an annual basis, a report on their solvency and financial condition.

Although it is not a regulatory requirement in the Isle of Man, Utmost International Isle of Man ("UIIOM" or "The Company") has decided to produce this report to be consistent with other insurance entities within Utmost Group plc. References are therefore made throughout the quantitative sections to "Solvency II" as it is this basis[1], as opposed to the Isle of Man's own risk-based solvency regime, which has been applied in producing this report, unless otherwise stated. The consolidated financial statements of UIIOM are prepared in accordance with International Financial Reporting Standards ("IFRS").

This report covers the business and performance of UIIOM, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The Company's Board of Directors ("the Board") has ultimate responsibility for these matters and is assisted by various governance and control functions put in place to monitor and manage the business.

UIIOM is incorporated in the Isle of Man. Its financial year runs to 31 December each year and the results are reported in Pounds Sterling (£).

[1] In accordance with the relevant parts of the UK Prudential Regulation Authority's ("PRA") rule book.

Summary

BUSINESS AND PERFORMANCE

The principal activity of UIIOM is the writing of long-term assurance business classified as both investment and insurance contracts. The business has c. £30bn of assets under administration.

The Company generated a profit after tax for the 2024 financial year of £84.2m. This compares to a profit after tax of £83.2m in 2023.

SYSTEM OF GOVERNANCE

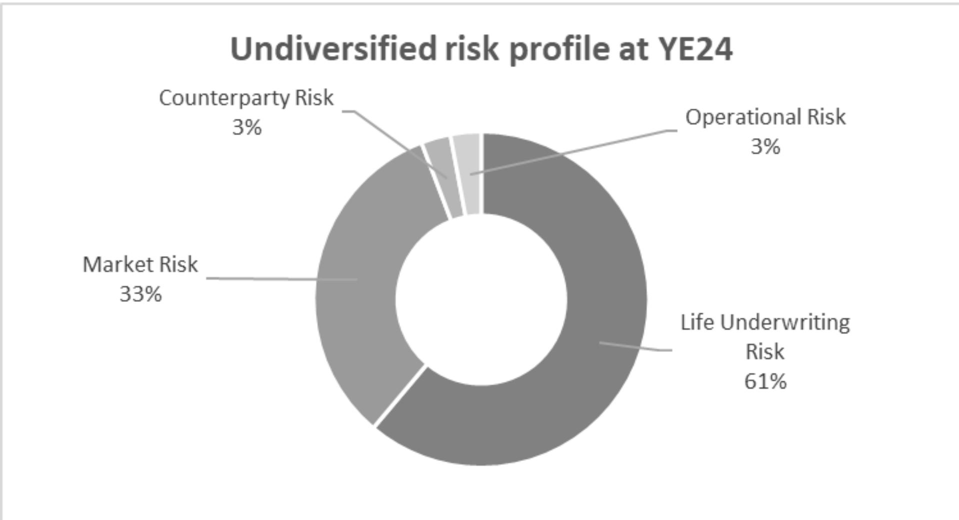
UIIOM's Board exercises oversight through several governance and management committees and through the process of review and challenge of items tabled for its consideration and decision throughout the year.

RISK PROFILE

UIIOM actively identifies, measures, manages, monitors and reports on its enterprise-wide risks, and uses the Standard Formula for calculating its Solvency Capital Requirement (calculated below as the Solvency II Standard Formula). In addition, emerging risks and other topical risk categories are actively monitored by UIIOM's management and Governance Risk and Compliance ("GRC") function. The classes of risk to which the Company is materially exposed have not changed significantly over the year.

UIIOM sets its capital risk appetite and limits in the context of its Solvency Capital Requirement ("SCR") and the solvency coverage ratio, calculated in this document on a Solvency II basis. The Company separately reports its SCR under the local insurance and valuation regulations prescribed by the Isle of Man Financial Services Authority (IOM FSA), which largely mirrors that of Solvency II. The SCR and solvency coverage ratio are used to assess the significance of risks and to determine appropriate strategies for their management.

The chart below shows the composition of the UIIOM undiversified SCR as at 31 December 2024:



Market Risks

UIIOM is exposed to market risk because of adverse market movements on underlying policyholder assets.
The Company typically invests the premiums collected in financial instruments but does not bear the market risk directly. However, UIIOM is exposed to adverse market movements, as income to shareholders is calculated as a percentage of asset values and therefore decreases in market values reduce UIIOM's fee income.

The key market risks UIIOM are exposed to are:

- **Equity risk**: a reduction in equity values and equity-based components of future profits recognised in the shareholder income.
- **Currency risk**: where movements in exchange rates can result in gains or losses on shareholder income. The Company's base currency is GBP and the next largest exposure is to USD.
- **Interest rate risk**: movements in interest rates directly impact the present value of future asset and liability cash flows.
- **Property risk**: where movements in property values reduce the related components of future profits. There is limited exposure to property investments held by policyholders, though UIIOM's shareholders have an exposure to the value of its office building.
- **Spread risk**: defined as the risk that arises from changes in or volatility of credit spreads over the risk-free interest rate term structure. This risk may be specific to the standing of an obligor or guarantor or may be systemic. UIIOM has exposure both within policyholder and shareholder assets.
- **Concentration risk**: additional risk arising from aggregated exposures to entities under the common control of a single name entity.

Counterparty Risks

UIIOM is exposed to the risk of incurring losses due to the inability of counterparties to honour their financial obligations. UIIOM's direct credit risk exposure includes both credit and counterparty default risks.

The Company's key default risks include:

- The exposure the Company has to Aviva Life and Pensions Limited because of the reinsurance agreement in place to allow the Company's policyholders access the With-Profits funds.
- The counterparty default exposure from cash deposits.

Life Underwriting Risk

Life Underwriting Risk relate to the risk of unfavourable underwriting and expense experience, relative to assumptions, resulting in reduced profitability for UIIOM. The key life risks for the Company are:

- **Lapse risk**: this arises from customers lapsing their policies earlier than expected through either partial or full surrenders. This also includes a catastrophic event resulting in a mass lapse event.
- **Expense risk**: defined as the change in the value of liabilities resulting from changes in the expenses incurred in servicing insurance contracts.

Operational Risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel, or systems, or from external events. UIIOM is exposed to operational risk as part of its day-to-day operations. An operational risk management framework has been implemented to identify, assess, manage, monitor and report on operational risks.

Liquidity Risk

Liquidity risk refers to the risk that the company will not be able to meet both expected and unexpected cash flow requirements. UIIOM manages this risk to meet its own obligations and cash commitments due to unexpected contingent market situations, through an ongoing monitoring of actual and expected cash flows, and the availability of assets that can be sold easily without loss in the event of need. This activity aims at maintaining a high financial robustness both in the short- and long-term horizons, which helps to mitigate UIIOM's liquidity risk and is the basis for the evaluation of the adequacy of the adopted measures.

Further information on UIIOM's risks is included in Section C.

VALUATION FOR SOLVENCY PURPOSES

UIIOM's assets, technical provisions and other liabilities are valued in this document in accordance with Solvency II and the UK PRA's rule book. The Isle of Man Insurance (Long-Term Business Valuation and Solvency) Regulations 2021 are a risk-based solvency regime similar to Solvency II. The principle underlying the approaches is that the value determined is that at which the relevant item could be exchanged, transferred, or settled by knowledgeable and willing third parties in an arm's length transaction.

The valuation methods used by the Company have not changed during the year. The Company has not applied any transitional measures, nor does it apply matching or volatility adjustments, in its valuation of technical provisions.

UIIOM's Solvency II assets and liabilities and technical provisions as at 31 December 2024 are outlined below.

Solvency II Assets, Liabilities and Technical Provisions

	31 December 2024 £'000	31 December 2023 £'000
Total Assets	31,506,206	30,103,911
Total Liabilities	30,543,448	29,078,298
Net Technical Provisions	30,188,937	29,101,409

UIIOM's assets, liabilities and technical provisions all increased during 2024. The key reason for the increase was market growth. Further information on the assets and liabilities, including the differences between the Solvency II value and the Statutory Accounts value, is provided in Sections D1 and D3.

CAPITAL MANAGEMENT

The SCR is calculated in this document according to Solvency II's Standard Formula methodology, corresponding to a Value-at-Risk of basic own funds of the Company subject to a confidence level of 99.5% over a one-year period.

At year-end 2024 the solvency coverage ratio for UIIOM, using the Solvency II Standard Formula methodology, was 208%. On an Isle of Man solvency regulation basis, and applying specifically to UIIOM, the solvency coverage ratio was 208%.

UIIOM's Own Funds are all classified as Tier 1. The table below outlines the Own Funds that are eligible to meet the SCR as well as the Minimum Capital Requirement ("MCR"). Please note specifically that the MCR in this document is calculated in line with the presentation within Utmost Group plc's Quantitative Reporting Templates, which in this case is as set out in Isle of Man solvency regulations.

There were no instances of non-compliance with the SCR or MCR over the reporting period.

Solvency Capital Requirement and Minimum Capital Requirement

	31 December 2024 £'000	31 December 2023 £'000
Solvency Capital Requirement	462,881	478,725
Minimum Capital Requirement	161,306	186,068
Eligible Own Funds for SCR	962,758	1,025,733
Solvency Coverage Ratio	208%	214%
Eligible Own Funds for MCR	962,758	1,025,733
Minimum Solvency Coverage Ratio	597%	551%

Further details on the capital position are outlined in Section E.

A. Business and Performance

A.1. BUSINESS

Legal Entity Name:

Utmost International Isle of Man Limited

Registered Office:

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

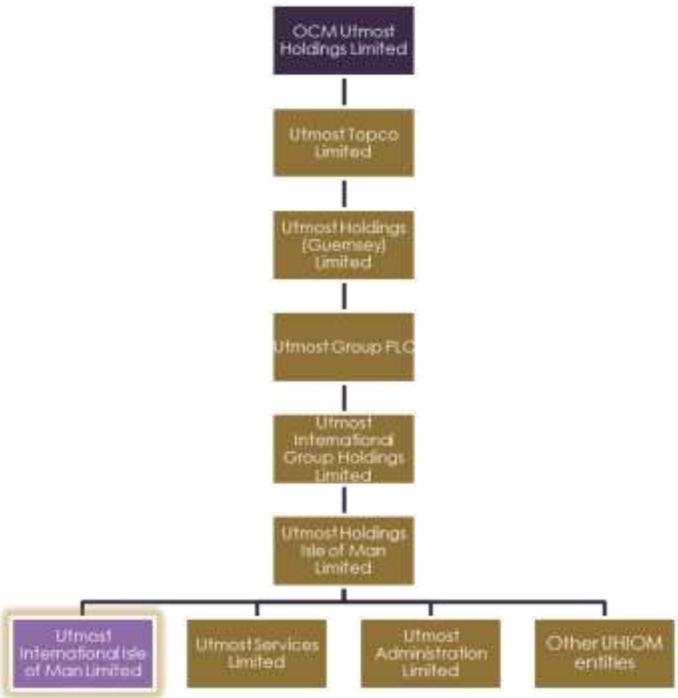
Auditors:

PriceWaterhouseCoopers
Sixty Circular Road Douglas,
Isle of Man
IM1 1SA

UIIOM Board of Directors as at 31 December 2024:

Name	Position	Nationality	Date Appointed
Andrew Lodge (Chairman)	Independent Non-Executive	British	June 2022 (Chairman April 2024)
Angus Alexander	Independent Non-Executive	British	March 2016
Donna Crellin	Independent Non-Executive	British	April 2024
Ian Maidens	Non-Executive	British	November 2021
Paul Thompson	Non-Executive	British	November 2021
Karl Moore	Executive, Chief Executive Officer	British	April 2024
Joly Hemuss	Executive, Chief Financial Officer	British	April 2014

UIIOM Ownership Structure (all ownership is 100% unless otherwise stated)



UIIOM is incorporated in the Isle of Man and is authorised by the IOMFSA to conduct long-term insurance business.

A.2. UNDERWRITING PERFORMANCE

Gross Written Premiums

	31 December 2024 £'000	31 December 2023 £'000
Gross Written Premiums	1,147,769	1,375,330

The financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

Detailed information on the Company's premiums, claims and expenses is included in S.05.01.02 and S.05.02.01 in Section F. Quantitative Reporting Templates below.

A.3. INVESTMENT PERFORMANCE

Investments for the Benefit of Life Assurance Policyholders who bear the Investment Risk

The investments linked to insurance policies are selected by policyholders, or their appointed advisors or, where applicable, by asset managers selected by the policyholders and appointed for the purpose by UIIOM. The value of assets under management is affected by new business, asset and currency performance, fee deductions and policies maturing or surrendering each year.

Policyholder Investments	31 December 24 £'000	31 December 23 £'000
Financial assets at fair value to cover liabilities under insurance contract	202,740	205,527
Financial assets at fair value to cover linked liabilities	29,406,333	27,937,485
Policyholder loans	140,625	150,853
Cash balances and cash equivalents	1,389,620	1,401,258
Total	**31,139,318**	**29,695,123**
Breakdown of Investments		
Ordinary Shares and Funds	14,126,699	13,678,302
Discretionary managed portfolios	14,590,239	13,616,503
Modified coinsurance account	252,077	235,207
Deposits	357,992	328,386
Other Investments	79,326	79,087
Total Investments	**29,406,333**	**27,937,485**

Total policyholder investments increased from 2023 to 2024 primarily due to financial market performance, partially offset by policyholder withdrawals.

Company Financial Investments

Company financial investments are primarily bonds, investment funds and investments in subsidiaries.

Company Financial Investments	31 December 24 £'000	31 December 23 £'000
Financial Assets		
Investment Funds	16,191	13,854
Deposits	86,836	372
Cash balances and cash equivalents	157,109	278,852
Total Financial Assets	**260,136**	**293,078**
Long term loan	20,000	20,000
Total Company Financial Investments	**280,136**	**313,078**

Investment income on the Group's financial investments relates to interest income on the long-term loan, deposits, and cash and cash equivalents, and dividend income from investment funds. Movements are recognised in the statement of comprehensive income in the period in which they arise.

Investment performance

Investment performance on Policyholder and Company Financial Investments	31 December 24 £'000	31 December 23 £'000
Interest income	46,233	31,593
Dividend income	168,104	186,832
(Loss)/Gains on investments	2,483,837	1,759,448
Total Investment Performance	**2,698,174**	**1,977,873**

A.4. PERFORMANCE OF OTHER ACTIVITIES

Expenses

Operating expenses for the Group include acquisition and other commission for direct insurance. The expenses include payroll costs as well as third party administrator related expenditure and office overheads. Depreciation of tangible fixed assets, amortisation of intangible fixed assets, write-off of intangible fixed assets and Auditors' remuneration for the audit of the entity's financial statements are also included. Operating costs are charged through the statement of comprehensive income of the Group.

Dividends

During 2024 UIIOM paid dividends of £97m to its immediate parent Utmost Group Plc (2023: £64m).

Leasing Arrangements

On 31 January 2023, UIIOM, indirectly purchased the freehold title in King Edward Bay House, the office building that it leases, through the acquisition of its landlord, Douglas Bay Property Limited. The result of this is that UIIOM accounts for the lease in its company accounts.

A.5. ANY OTHER INFORMATION

No other information noted.

B. System of Governance

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

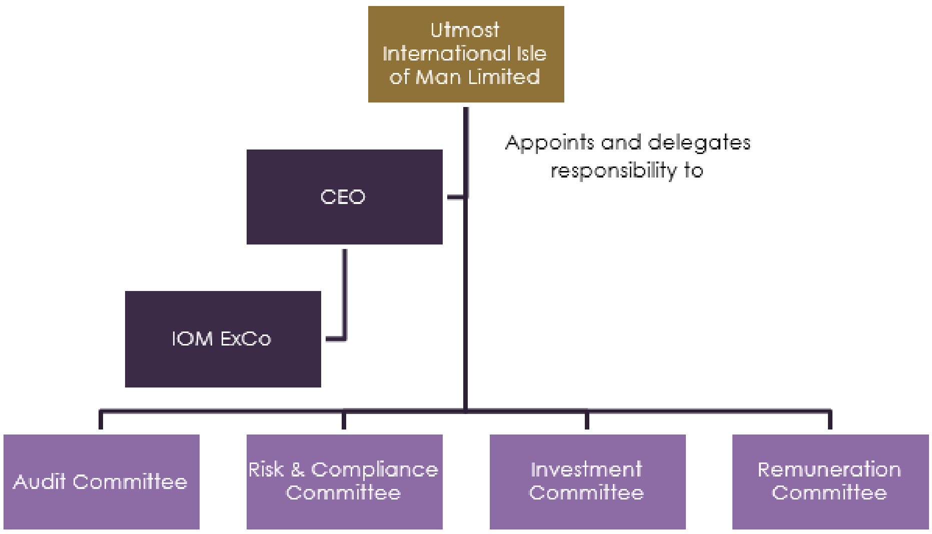
UIIOM's System of Governance set out below provides a clear organisational structure allowing for appropriate allocation and segregation of responsibilities and effective systems for ensuring the transmission of information both throughout UIIOM and other companies held within Utmost Group plc.

The Board of UIIOM consists of three independent non-executive directors, two non-executive directors and two executive directors.

The Board takes overall responsibility for the management of UIIOM which includes:

- Strategic planning and direction;
- Setting budgets;
- Compliance with regulatory and legal expectations;
- Risk management including setting the risk appetite; and
- Remuneration policies

Governance Structure



The regulated board of UIIOM consists of three Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors, with membership reviewed every three years.

All Committees have been established and authorised by the Board of UIIOM. The Committees consist of the three Independent Non-Executive Directors, Non-Executive Directors, and the relevant Executive Directors, as appropriate, with contributions from the appropriate Subject Matter Experts. For the Audit Committee this will include the external auditor, and ordinarily the Utmost Group plc Head of Internal Audit.

The Board, however, retains ultimate responsibility for the affairs and management of the Company and, to satisfy the general obligations placed on it by Isle of Man Companies legislation, the Isle of Man Government, the IOMFSA and where applicable, regulatory bodies in other territories. It must ensure that such delegation is properly controlled. This entails the Board undertaking certain key tasks itself and ensuring appropriate notification with respect to delegated tasks.

A Schedule of Reserved Matters identifies those matters which the UIIOM Board requires to be brought before them for decision in all instances.

UIIOM Board Committees:

Committee	Membership / Attendees	Purpose / Responsibilities	Frequency
Risk & Compliance Committee	3 x Independent NEDs 2 x NEDs Chief Executive Officer Chief Financial Officer Appointed Actuary Head of Internal Audit Chief Risk Officer	To oversee the Group's risk and compliance management arrangements, ensuring that risk appetite is appropriate and adhered to; that relevant regulatory requirements are in place to ensure compliance and that key risks are identified and managed.	Quarterly
Audit Committee	3 x Independent NEDs 1 x NEDs Chief Executive Officer Chief Financial Officer Appointed Actuary Head of Internal Audit Chief Risk Officer	For ensuring that there is a framework for accountability; examining and reviewing all systems and methods of financial control; ensuring the Company is complying with its Articles of Association; ensuring compliance with all applicable legal and regulatory requirements; and overseeing all matters related to the relationship between the Company and its Group companies and the External Auditors.	Quarterly
Remuneration Committee	3 x Independent NEDs 2 x NEDs Chief Executive Officer Head of Human Resources	Recommending to the Board the remuneration policy for the Chief Executive Officer. Recommending and monitoring the level and structure of remuneration for senior management. Reviewing the on-going appropriateness and relevance of the remuneration policy.	Ad-hoc (Annually, at least)
Investment Committee	3 x Independent NEDs 2 x NEDs Chief Executive Officer Chief Financial Officer Appointed Actuary	Recommending the overall strategic investment policy for the Board's consideration. Identifying, monitoring, reporting and controlling the Company's investment activities. Recommending the overall strategic investment policy for the Board's consideration.	Quarterly

Reporting to UIIOM's Board and its sub-Committees is an Executive Committee, which benefits from targeted advice, information and recommendations from, amongst other specialised groups of colleagues, the following sub-committees:

- Advisor Monitoring Forum
- Customer Outcome Forum
- Business Outcomes Forum
- Investment Management Committee
- Product Lifestyle Management Committee
- Executive Risk and Compliance Committee

B.1.1. INFORMATION ON RISK MANAGEMENT, INTERNAL AUDIT, COMPLIANCE AND ACTUARIAL FUNCTIONS' INTEGRATION INTO THE ORGANISATIONAL STRUCTURE

In accordance with local regulatory requirements UIIOM has established an Enterprise Risk Management Framework incorporating strategies, guidelines, processes, and procedures aimed at identifying, measuring, monitoring, and reporting on a continuous basis the risks to which the Company is exposed.

Risk governance is aimed at establishing an effective organisational structure based on a clear definition of risk roles and responsibilities, and on a set of policies, guidelines, and operating procedures. Risk-taking activities in UIIOM are governed by a three lines of defence model, which is widely used within the financial services industry.

This model separates ownership and management of risk from oversight and independent assurance as follows:

1. **Own and manage the risks.** The first line of defence is operational management who perform day-to-day operational activities and self-assessment of their risks and controls.

2. **Oversee and provide specialist support.** The second line of defence are primarily the Risk and Compliance functions, who monitor compliance with the risk management framework and perform independent oversight of operational management and risk-taking activities, and

3. **Independent process assurance.** The third line of defence, provided by Group Internal Audit, is the independent review and challenge to the level of assurance provided by operational management and the control functions (1st and 2nd line).

The roles and responsibilities of each of the control functions (Risk Management, Compliance, Actuarial and Internal Audit) and how they interact with the organisation in the execution of those responsibilities are set out in their respective functional terms of reference and individual Role Profiles.

UIIOM's GRC Function supports the Board and Executive Committee in the definition of its risk management strategy and the development of tools for risk identification, measurement, management, monitoring, and reporting.

B.1.2. MATERIAL CHANGES TO THE SYSTEM OF GOVERNANCE

There have been no material changes to UIIOM's system of governance in the period.

B.1.3. REMUNERATION POLICY

UIIOM's Remuneration Policy establishes the principles for ensuring that the overall reward philosophy and remuneration governance framework across the Company:

- Complies with applicable legislation and regulation and follows good practice in the area in terms of having a robust governance structure for goal setting and performance management;
- Promotes sound and effective risk management that does not encourage risk-taking that exceeds the risk appetite of UIIOM;
- Ensures that the aggregate potential value of remuneration awards do not threaten the Company's ability to maintain an adequate capital base;
- Sets out controls and procedures that will ensure appropriateness of the policy into the future;
- Ensures that remuneration for directors and officers is appropriate, encourage exceptional performance and, in a fair and responsible manner, reward them for their individual contributions to the medium and longer-term success of the Utmost Group;
- Assists UIIOM to attract, motivate and maintain employees with relevant skills to help achieve the business' objectives; and
- Promotes consistency of approach and transparency across Utmost Group plc.

B.1.4. MATERIAL TRANSACTIONS DURING THE REPORTING PERIOD

No material transactions occurred during the reporting period.

B.2. FIT AND PROPER REQUIREMENTS

A core component of an effective risk culture is the knowledge and skills of the Company's resources. In order to confirm that the right resources and skills are in place, UIIOM has implemented a process to ensure that it meets the requirements of the IOM FSA Fitness and Propriety Guidance (and regional equivalents where relevant), as well as related procedures in order to assess the fitness and propriety both initially and on an on-going basis of the individuals who are performing key functions.

B.2.1. DESCRIPTION OF THE SPECIFIC REQUIREMENTS CONCERNING SKILLS, KNOWLEDGE AND EXPERTISE REQUIRED

As part of the IOM FSA Fitness and Propriety Guidance several roles within UIIOM have been identified where the company is required to complete an assessment. The types of roles have been categorised as

i) ones requiring regulatory approval before an appointment can be made, and

ii) those which require notification to the IOM FSA.

For both categories UIIoM must assess if the individual is 'Fit and Proper.'

B.2.2. PROCESS FOR ASSESSING THE FITNESS AND PROBITY OF RELEVANT PERSONS

The relevant roles within UIIOM that the IOM FSA consider they need to approve before an appointment can be made are:

Code	Role
R4A	Executive Director
R4RB	Non-independent non-executive director
R4C	Independent non-executive director
R8	Chief Executive Officer or Managing Director
R10	Key Person
R11	Appointed Actuary
R12	Principal Control Officer
R13	Head of Compliance
R14	Head of Internal Audit
R15	MLRO
R19	Financial Controller
R22B	Most Senior Executive responsible for a Branch of an Isle of Man incorporated entity

The relevant roles that do not need prior approval of the IOM FSA, but need to be notified are:

Code	Role
R9	Company Secretary
R16	DMLRO
R17A	Person responsible for the submission of Regulatory Returns to the Authority
R17B	Person responsible for the submission of AML/CFT data through STRIX to the Authority
R18	Senior Manager with Significant Influence
R20	Head of Operations

Human Resources with advice from the GRC function, ensure that assessments are completed and manage the ongoing maintenance of employee roles through their time with the Company.

B.2.3. RISK MANAGEMENT SYSTEM

UIIOM's ERM framework is a set of strategies, guidelines, processes and procedures aimed at identifying, assessing, managing, monitoring and reporting risks to which it is exposed on a continuous basis.

To this end, the management of the Company at all levels is required to be risk aware and understand that risk management is part of all employees' responsibilities in delivering UIIOM's business objectives in an efficient and effective manner in line with an agreed and established risk appetite and the Company's vision and values.

Risk Strategy

The risk strategy of UIIOM is an overarching view of how risk management is incorporated across all levels of the business, from decision-making to strategy implementation. It assists the Company in achieving its strategic objectives by supporting the operating businesses with improved client and shareholder outcomes.

This is achieved through the identification and management of acceptable levels of risk and then ensuring that UIIOM is appropriately rewarded for the risks it takes. To ensure that all risks are managed effectively, UIIOM is committed to:

- Embedding a risk aware culture.
- Maintaining a strong system of internal controls.
- Enhancing and protecting client and shareholder value by continuous and proactive risk management.
- Maintaining an efficient capital structure.
- Ensuring that risk management is embedded into day-to-day management and decision-making processes.

Risk Management Function

A Risk Management Function is a legal requirement for Insurance Companies authorised in the Isle of Man. Information on UIIOM's Risk Management Function is set out in section B.3.1 below.

Policy Framework

Policies are a critical component of UIIOM's System of Governance and act as the basis of the implementation of Utmost Group plc's strategic and business objectives, and compliance with applicable regulations and legislation.

It is recognised that Utmost Group-level policies will need to set out the key principles for managing risks and compliance with legislation and regulation from the Group's perspective. However, they have been adapted to accommodate mechanisms that enable UIIOM to comply with any variations in entity-level risk appetite as well as any additional local regulatory requirements.

Risk Culture

UIIOM works to embed a positive and open risk management culture within the Company. In support of this objective, risk management and compliance training is provided to all new staff. In addition, the following structures have been established to help embed a risk culture:

- The Senior Management team, supported by the Risk Management Function, meet regularly to review risk management issues and to integrate risk management thinking into the decision-making process. Furthermore, material risk incidents and the results of risk assessments are reviewed, resulting in the required corrective actions being identified.
- The Chief Risk Officer is a member of UIIOM's Executive Committee, their role integrating risk management consideration into UIIOM's decision-making processes.
- The strategic planning process must remain embedded within UIIOM's Own Risk and Solvency Assessment ("ORSA") process to include a risk-based forward-looking view in the development of its strategic plan.
- The Risk Management Function is involved in the material initiatives which may impact on the risk profile of the Company.

B.2.4. INTERNAL MODEL FRAMEWORK: GOVERNANCE, DATA AND VALIDATION

This section is not applicable to UIIOM. The IOM FSA has encouraged insurers to use the Standard Formula as set out in the Insurance Long Term Business Valuation and Solvency Regulations 2018. The Company therefore tests the appropriateness of the Standard Formula through the ORSA process.

B.2.5. ORSA PROCESS

UIIOM's ORSA is a key process for providing the Board and other key stakeholders with a comprehensive understanding of its risk profile and expected capital needs over its business planning period. The analysis, findings and recommendations from UIIOM's ORSA are a key part of the Board's strategic decision-making process as are the way in which these decisions are implemented by relevant members of its leadership team.

UIIOM's strategic objectives, business plan and target risk profile are key inputs into the scope and focus of the ORSA. The ORSA includes an annual cycle of stress and scenario testing. This is designed to provide insight into the sensitivity of the business plan to key assumptions and allow analysis of the plan under potential adverse scenarios together with the management actions available to UIIOM to achieve its strategic objectives. UIIOM, together with senior management play a significant and ongoing role in determining the set of scenarios which will be included in its ORSA, the assumptions for each of these scenarios and the criteria against which the results will be assessed.

In line with Utmost Group plc's ORSA Policy, UIIOM's ORSA:

- Provides key stakeholders with a comprehensive understanding of its risk profile, its capital needs and the link between risk and capital;
- Is forward-looking and provides insight into both the current and expected future risk profile and capital position of UIIOM;
- Allows identification, assessment, monitoring and management of all material risks, in order to ensure there is sufficient capital resources to meet the solvency requirements across the business planning cycle;
- Is used as a key decision-making tool;
- Is designed to be specific to UIIOM and the environment in which it operates;
- Is embedded as an ongoing process which comprises regular analysis, reporting, discussion and management action; and
- Informs and responds to the way UIIOM is run on a continuous basis.

B.2.6. RISK EMBEDDING IN CAPITAL MANAGEMENT PROCESS

UIIOM's capital management framework includes hard and soft quantitative values that align with its stated risk appetite which itself mitigates the probability of breaching the applicable regulatory capital requirements. The framework describes the processes and governance arrangements for managing capital in the Company, including establishing triggers and thresholds for ongoing monitoring of the capital position.

Capital management planning in UIIOM is embedded as part of the overall strategic and annual business planning process, with the resulting Capital Management Plan approved by the UIIOM Board.

UIIOM management monitor its solvency coverage ratio against risk appetite and report to the relevant Group and entity-level committees and Boards on at least a quarterly basis. In the event that it breaches agreed hard and soft limits, an escalation process to ultimately remediate the position is in place.

B.3. INTERNAL CONTROL SYSTEM

The UIIOM Board is responsible for maintaining an effective system of internal control and for ensuring that controls are aligned to risk exposures. The Board also provides reasonable assurances regarding the achievement of the following objectives:

- Effective and efficient operations;
- Integrity of financial reporting;
- Compliance with laws, regulations and internal policies; and
- Effective risk management within approved risk appetite limits.

The Company's principles of internal control include establishing:

- Clearly defined corporate governance structures and delegated authorities.
- Clear lines of responsibility – each operating business and function has clearly defined lines of responsibility.
- Financial reporting control procedures and systems.
- The internal control system of each business and function including policies, control procedures and systems which are regularly reviewed.
- Reliable information and communication at all levels of the organisation.
- Control functions to oversee and monitor the system of internal control; and
- Risk management frameworks – the risks to which UIIOM is exposed are identified and appropriately managed.

UIIOM promotes the importance of appropriate internal controls via a Group-wide Internal Control Policy which:

- Expects that all personnel are aware of their role in the system of internal control.
- Provides for a consistent implementation of the system of internal control across company.
- Establishes monitoring and reporting mechanisms for decision making processes; and
- Establishes processes for employees to raise concerns ("Whistleblowing").

The implementation and maintenance of the system of internal control in UIIOM is the responsibility of its executive directors and senior management, with ultimate responsibility resting with the UIIOM Board.

B.3.1. CONTROL FUNCTIONS

Actuarial Function

UIIOM has a well-established Actuarial function that is led by a Head of Actuarial who is approved by relevant local regulators. The Actuarial function is staffed and resourced by suitably skilled and experienced actuarial professionals. The authorities and responsibilities of UIIOM's Head of Actuarial Function (as set out in both the Solvency II Directive and comparable legislation on the Isle of Man), are detailed below.

UIIOM Actuarial Function is charged with the following responsibilities:

- Coordinate the calculation of its technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of UIIOM's technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the UIIOM Board of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions in the cases where there are insufficient data or appropriate quality to apply a reliable actuarial method;
- Express an opinion on the overall underwriting policy of UIIOM;
- Express an opinion on the adequacy of UIIOM's reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system within the Company.

Compliance Function

UIIOM operates within a financial services regulatory regime in the Isle of Man as well as a number of other relevant jurisdictions. The regulators define the standards required within the Company via primary and secondary legislation as well as guidance notes, with expectations that these rules and practices are embedded in the culture of the Company, driven from the top of the organisation and managed via robust governance frameworks.

All employees are required to have an awareness of the requirements with regards to their role to ensure UIIOM meets the standards required in both letter and spirit, with some Controlled Function holders having specific accountabilities and obligations to the local regulators.

The role of UIIOM's Compliance team is to advise and oversee the Company's compliance with its various regulatory requirements. This activity is overseen at Utmost Group plc level by the Group Head of Risk and Compliance who in turn reports to the Utmost Group CFO and the Chairman of Utmost Group plc's Audit and Risk Committee.

Risk Management Function

A Risk Management Function is a legal requirement for Insurance Companies authorised in the Isle of Man. UIIOM's Risk Management Function fulfils this obligation through:

- Oversight and advice on risk event and incident capture, escalation and reporting.
- Oversight and challenge of the Company to ensure risk is being managed within the stated appetite.
- Testing of UIIOM's Enterprise-wide Risk Management framework to assess if it is operating effectively through carrying out appropriate monitoring practices and risk assurance activity.
- Reporting on whether legal entity and Board requirements are being met in respect of standards set out in Utmost Group plc and UIIOM policies.

Staff in the Risk Management Function do not have operational responsibilities or a direct reporting line to those responsible for UIIOM's operating activities.

B.3.2. INTERNAL AUDIT FUNCTION

Internal Audit is an integral part of the Company's system of internal control and provides independent and objective assurance over the design and effectiveness of the controls in place to manage the key risks impacting UIIOM.

The Internal Audit function is independent of UIIOM's operational management and is not involved directly in revenue generation or in the management and financial performance of any business line. Internal Auditors have neither direct responsibility for, nor authority over, any of the activities reviewed, nor do their review and their appraisal relieve other persons in the Company of responsibilities assigned to them. Internal Auditors are not responsible for developing, revising or installing systems, policies or procedures, or for appraising an individual's performance in relation to the operations that are being audited.

The Head of Internal Audit for UIIOM reports to its Audit Committee, while having a dotted reporting line, for administrative purposes, to the CEO. The Internal Audit function is responsible for regularly assessing the adequacy of the system of internal control of the Company and reporting its findings to the UIIOM board (via the Audit Committee).

Internal Audit activity is carried out based on the framework of risk-based annual audit plans that are prepared and submitted for review and approval by the UIIOM Audit Committee. Upon approval, the Head of Internal Audit distributes the plan to senior management and executes the plan during the audit plan period. At the Head of Internal Audit's discretion or at the request of the Audit Committee or member of senior management, other unannounced audits may be completed.

The Internal Audit charter defines the framework for the activities of the wider Utmost Group's Internal Audit function and is approved by the UIIOM Board (via its Audit Committee), reported on quarterly.

The Internal Audit reporting structure and the charter allow UIIOM's Internal Audit function to be independent of the functions audited and provides it with full, free and unrestricted access to all operations, records, property and personnel. It provides the authority to allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.

During their audit planning process, the Internal Audit team review the entire risk universe and identify the highest risk items that need to be covered by risk-based audits. They also identify processes which, although not necessarily constituting significant risks, still need to be reviewed on a cyclical basis to ensure that the audit process achieves sufficient breadth of coverage. Throughout the audits themselves, the Internal Audit team identifies potential key risks and examines how effectively they are mitigated through assessing the design and operational effectiveness of key internal controls, information systems, governance, risk management and financial reporting. Where appropriate, the Internal Audit function institutes a program of testing.

B.4. OUTSOURCING

Outsourcing of specific UIIOM business activities is an option to reduce or control costs, to free internal resources and capital and to utilise skills, expertise and resources not otherwise available in the Company. Outsourcing such activities may expose UIIOM to additional risks which need to be identified and managed appropriately.

UIIOM operates within a Group-wide Outsourcing Management Policy which requires that a considered approach be taken to outsourcing, designed to ensure that no outsourcing arrangement will be entered into if it would entail unacceptable risk. While an outsourced activity will be performed by an Outsourced Service Provider ("OSP"), the Company recognises that it remains fully responsible for discharging all its obligations when outsourcing any activity or function. UIIOM must have controls in place to ensure the service provided is adequately performed. The Company does not permit the outsourcing of a critical or important operational function or activity in such a way as to lead to any of the following:

- Materially impairing the quality of the Group system of governance;
- Unduly increasing the level of operational risk;
- Impairing the ability of regulators to monitor compliance with regulatory obligations; and
- Undermining continuous and satisfactory service to customers and other stakeholders.

The Board and senior management of UIIOM retains the necessary expertise to manage outsourcing risks and provide oversight of any critical and important outsourcing arrangements. UIIOM does not have any material direct third-party outsourcing arrangements. Instead, all insurance management services are provided by Utmost Administration Limited ("UAL"), who in turn receive services from Utmost Services Limited ("USL") for the provision of staff, services, and systems for its business activities. Given both companies are 100% owned by the same ownership structure as UIIOM (as set out in section A.1 above), there are detailed inter-company service agreements in place to manage these arrangements.

USL has three critical outsourced service providers:

- Tata Consultancy Services, who provide an administrative platform for an UIIOM Portfolio bond book, through both its UK and India operation.
- HCL Technologies, who provide IT support services to the UIIOM unit linked administration system through staff embedded in Utmost's Isle of Man business, as well as its UK and India operations.
- Synapse360 who provides a Private Managed Cloud Data Centre and all supporting infrastructure and application hosting

All remaining outsourced service providers to UIIOM are not classed as critical to its ongoing services.

Dedicated outsourcing and procurement teams are responsible for conducting due diligence and risk assessments in relation to potential service providers and arranging for their onboarding. The supplier business owner is also responsible for the ongoing oversight and monitoring of their all outsourced service providers, both critical and non-critical.

B.5. ANY OTHER INFORMATION

B.5.1. ASSESSMENT OF THE ADEQUACY OF THE SYSTEM OF GOVERNANCE TO THE NATURE, SCALE AND COMPLEXITY OF THE RISKS INHERENT IN THE BUSINESS

The UIIOM Board, as part of the ORSA process, has assessed its corporate governance framework and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

B.5.2. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE

No other information on the Group's system of governance is considered material to require disclosure in this section.

C. Risk Profile

The breakdown of UIIOM's Solvency Capital Requirement is as follows:

	31 December 2024 £'000	31 December 2023 £'000
Life underwriting risk	356,046	368,472
Market risk	192,407	200,349
Counterparty risk	16,545	9,671
Operational risk	17,269	17,742
Diversification	(114,606)	(114,092)
Adjustment for the loss-absorbing capacity of deferred taxes	(4,780)	(3,416)
Solvency Capital Requirement	**462,881**	**478,725**

C.1. UNDERWRITING RISK

Life and health underwriting risks, relate to the risk of unfavourable underwriting and expense experience relative to assumptions and expectations resulting in reduced profitability for UIIOM. UIIOM is at risk from the uncertainty in the assumptions used in the calculation of their liabilities. Assumptions are necessary for expectations of future claims (life or health claims), lapse rates and expenses among other items.

C.1.1. RISK EXPOSURE AND ASSESSMENT

The key underwriting risks to which UIIOM is exposed include:

- **Lapse risk** – defined as the change in liabilities due to changes in the expected exit rates. Exits can happen from either a partial or full surrender of a policy. This also includes a catastrophic event with a mass lapse resulting.
- **Expense risk** – defined as the change in the value of liabilities resulting from changes in the expenses incurred in servicing the contracts.

The SCR for underwriting/insurance risks is calculated using the Standard Formula approach, whereby the impact on UIIOM's Own Funds of a 99.5th percentile one-year level change in the risk variable(s) corresponding to each underwriting risk carried out using the Solvency II Standard Formula calibration.

- For Lapse risk, the measurement is calculated as the worst case of the effect of a permanent increase or decrease in the underlying lapse rates or a mass lapse event.
- Expense risk is measured through the application of stresses to the amount of expenses, expense inflation and charge inflation that the Company expects to incur in the future.

C.1.2. RISK MANAGEMENT AND MITIGATION

Underwriting/insurance risks are closely monitored to ensure the UIIOM Board's stated Risk Appetite is not breached. Mortality and longevity risk are monitored through feedback mechanism from the actuarial experience investigations.

C.1.3. RISK SENSITIVITY FOR UNDERWRITING RISKS

UIIOM carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material underwriting risks. The results of this analysis showed that the most material impact on the SCR coverage was from the mass lapse stress scenario, in the instance of which UIIOM has agreed management actions to follow.

C.2. MARKET RISK

C.2.1. RISK EXPOSURE AND ASSESSMENT

The Company is exposed to market risks both directly and indirectly, respectively through the investment risk it bears on shareholder invested assets and through the exposure of the Present Value of Future Profits (PVFP) to the investment decisions made by policyholders where they bear investment risk. The Company is also exposed to market risks in its technical provisions where these are calculated with reference to market data such as interest rate yield curves.

The key Market Risks that UIIOM is exposed to include:

- **Equity risk:** mainly a reduction in ad valorem fees earned on equity-based components of future profits recognised in the Technical Provisions.
- **Currency risk:** where the movement in exchange rates can result in gains and losses arising from net changes in currency mismatched asset and liability positions.
- **Spread Risk:** defined as the risk that arises from changes in or volatility of credit spreads over the risk-free interest rate term structure. This risk may be specific to the standing of an obligor or guarantor or may be systemic. The spread risk module is calibrated to also include an element for default on credit exposures.
- **Interest rate risk:** where movements in interest rates directly impact the present value of future asset and liability cash flows.

Equity and currency risk represent the most material components of UIIOM's SCR at a sub-module level.

C.2.2. RISK MANAGEMENT AND MITIGATION

The Company has an Investment and Market Risk Policy which also dictates where shareholder investments should be invested. The Company does not invest directly into equities. Monitoring of market risk is performed monthly as part of risk reporting. Actual monthly movements of selected market risk metrics are compared to the risk appetite limits and appropriately reported to the Company's Executive Committee and the UIIOM Board.

C.2.3. RISK SENSITIVITY FOR MARKET RISKS

UIIOM carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. No scenarios were identified that would render the Company insolvent at the balance sheet date. The sensitivity of the Company's position to market and expense shocks are shown in the table below.

Solvency Ratio Sensitivity	YE24			
	Eligible Own Funds	Solvency Capital Requirement	Solvency Ratio	Change in percentage points
Base Position	**963**	**463**	**208%**	
Equity Value -40%	861	395	218%	10%
Risk Free Rate -100 bps	981	482	203%	-5%
Risk Free Rate +100 bps	943	444	212%	4%
Expenses +10%	915	456	201%	-7%
Lapse up +50%	814	378	215%	7%
GBP +20%	898	428	210%	2%

C.3. CREDIT RISK

C.3.1. RISK EXPOSURE AND ASSESSMENT

The counterparty default risks that UIIOM is exposed to arise from its exposure to banks, in relation to cash, reinsurers and other debtors, including policyholders. Default risk is the risk that these counterparties are unwilling or unable to honour their obligations to the Company. In assessing counterparty default risk, UIIOM further considers the default exposure of risk mitigations, and the interactions with other risks, such as underwriting/insurance risks.

C.3.2. RISK MANAGEMENT AND MITIGATION

Reinsurance is used by UIIOM to mitigate mortality and morbidity risk. Only mortality risk is generated from new business and arises from the small amount of high-death benefit business generally used for inheritance tax planning. Reinsurance is written on a risk premium basis with a set retention level per policy.

As reinsurance is written on a risk premium basis with premiums payable as they fall due, there is no material credit risk, unless a significant claim falls due (there is also a risk of having to re-tender at higher premiums in the event a reinsurer fails or withdraws future cover).

For the reinsured fund links with Aviva Life & Pensions Ltd (ALAP), UIIOM manages its counterparty exposure through active monitoring of ALAP's credit rating and regular reviews of the performance of the sub-funds through which its policyholders are exposed to. In addition, the Company holds a negative pledge agreement on ALAP's assets in the case of insolvency.

UIIOM also monitors its cash counterparty risk by using only rated banks unless there is a regulatory requirement to the contrary. Limits are set through the Company's Risk Appetite Statement and other exposures monitored against these.

C.3.3. RISK SENSITIVITY FOR CREDIT RISKS

UIIOM performs stress and scenario testing as part of the ORSA process which includes stress testing for the material counterparty default risks. The results show it to be resilient to counterparty default stresses.

C.4. OPERATIONAL RISK

C.4.1. RISK EXPOSURE AND ASSESSMENT

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel, or systems, or from external events. Losses from events such as fraud, litigation, damages to premises and failure to comply with regulations are therefore covered in the definition. It also includes financial reporting risk but excludes reputational risks.

UIIOM adopts the following operational risk classification categories:

- **Business and systems disruption** – defined as the losses arising from disruption of business or system failures.
- **Execution, Delivery and Process Management** – defined as the losses from failed transaction processing or process management, from relations with trade counterparties and vendors.
- **Financial Crime** – including:
    - Internal fraud – defined as the losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Company policy, excluding diversity/discrimination events, which involves at least one internal party;
    - External fraud – defined as the losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party; and
    - Money Laundering – risk of the Company being used to facilitate Money Laundering or Terrorist Financing, leading to reputational and/or regulatory scrutiny.
- **Clients, Products and Business Practices** – defined as the losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.
- **Employment Practices and Workplace Safety** – defined as the losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.
- **Damage to Physical Assets** – defined as the losses arising from loss or damage to physical assets from natural disaster or other events.
- **Governance** – defined as the losses arising from the risk that the Company's, conventions, policies and processes and mechanisms by which decisions about business strategy and risks are taken and implemented are not adequate or effective.

UIIOM's framework for Operational Risk Management includes a risk incident reporting and loss data collection process, risk assessment and scenario analysis. The risk incident reporting and loss data collection process involves the collection of losses incurred because of the occurrence of operational risk events and provides a retrospective view of the historical losses incurred due to operational risk events.

UIIOM's Risk and Control Self-Assessment process details the control design and effectiveness attributed to the operational risks to which it is exposed. The Annual Operational Risk Scenario exercise supplements this by providing a targeted, forward-looking qualitative and quantitative evaluation of the plausible but extreme operational risks faced by UIIOM.

C.4.2. RISK MANAGEMENT AND MITIGATION

The table below sets out the specific risk management and risk mitigation approaches UIIOM uses in respect of its operational risk exposures.

INDIVIDUAL CONTROLS	Individual controls applied to specific operational activities.
CONTROL PROCESSES	Operational controls in place to manage operational risks.
CONTROL POLICIES	Record of the objectives, processes, responsibilities, and reporting procedures in respect of the Company's operational controls.
MANAGEMENT AND MONITORING	Review of operational risk reporting and management information, including regular senior management and Board level review of the risk measures in place.
COMPLIANCE MONITORING	Risk and compliance reviews of operational processes.
ROOT CAUSE ANALYSIS	UIIOM investigates business incidents and any complaints that have been upheld, to ensure the root causes have been identified and mitigating actions are implemented.
ASSURANCE	Reviews of operational areas by Internal Audit.
ECONOMIC CAPITAL	Economic capital held on the UIIOM's regulatory balance sheet in respect of its overall exposure to operational risk derived using the Solvency II Standard Formula approach.

C.5. LIQUIDITY RISK

C.5.1. RISK EXPOSURE AND ASSESSMENT

Liquidity risk refers to the risk that the Company will not be able to meet both expected and unexpected cash flow requirements.

UIIOM has a Credit & Liquidity Risk Policy in place which is reviewed at least annually by the Board. The policy requires that the Company maintains a proportion of its assets not backing liabilities to policyholders in assets classes expected to be the most liquid in times of significant market stress.

The UIIOM Chief Financial Officer ("CFO") is responsible for managing the on-going liquidity requirements of the Company.

C.5.2. RISK MANAGEMENT AND MITIGATION

UIIOM manages Liquidity Risk to meet its own obligations and cash commitments along with unexpected contingent market situations, through a constant monitoring of actual and expected cash flows, and the availability of assets that can be sold easily without loss in the event of need. This activity is aimed at maintaining a high level of financial robustness both in the short and long term, which helps to mitigate UIIOM's liquidity risk and is the basis for the evaluation of the adequacy of the adopted measures. The Company also has in place contractual means to manage cash outflows from surrenders from its unit-linked and investment-linked policies, whereby it is able to match the timing of cash flows with receipts from disposal of the underlying assets.

UIIOM maintains sufficient liquidity levels with specified limits relating to the minimum amount of shareholder assets invested in short term liquid investments such as cash and cash equivalents or government and regulated covered bonds.

C.6. OTHER RISKS

C.6.1. QUALITATIVE RISKS

To complement the quantitative risk management in respect of its SCR and respective risk appetite and tolerance, UIIOM's Risk Management Function provides regular reporting to Senior Management on enterprise-wide risks for which regulatory capital is not directly required. This will normally include additional detailed reporting on:

- Financial Crime matters
- Regulatory change environment
- Legal matters
- FATCA/CRS Reporting
- Qualitative Risk Profile ("Top Risks") and their management

C.6.2. EMERGING RISK

In addition to C.6.1, UIIOM's Risk Management Function provides regular reporting to Senior Management on Emerging and 'Watchlist' Risks, factoring both into its ORSA Processes.

Emerging risks are matters currently being tracked by the Risk Management Function but are not considered proximal enough to warrant inclusion in the Qualitative Risk Profile, while 'Watchlist' risks are those under review by second line but are not currently considered to be material enough for inclusion in the Qualitative Risk Profile.

C.7. DIVERSIFICATION

The diversification benefit within UIIOM's SCR calculation is determined based on relative sizes of the risks and the correlation assumptions between them. The Standard Formula prescribes the correlation factors within the risk module and between the risk modules.

D. Valuation for Solvency Purposes

D.1. ASSETS

D.1.1. VALUATION OF ASSETS FOR SOLVENCY II BALANCE SHEET

The following paragraphs describe the value of assets for solvency and financial statements purposes, along with the valuation criteria and the common methodology used by the Group for the determination of fair value of assets and liabilities. The following sections are covered in the report below:

- **Valuation of assets** – explanation of differences between the financial statements and Solvency II balance sheet.
- **Fair value hierarchy** – explanation of methods used to classify assets into three levels, based on the inputs used in valuation techniques to increase consistency and comparability of fair value measurements.
- **Guidance on fair value measurement approach** – The Group reviews its financial investments and classifies them in accordance with IFRS 13 'Fair Value Measurement'. The same approach is taken for investments held on behalf of life assurance policyholders who bear the investment risk.
- **Valuation techniques** – the methods used to maximise the use of observable inputs.

Solvency II Assets Valuation

	31 December 2024 £'000	31 December 2023 £'000
Solvency II Valuation	31,506,206	30,103,911
Statutory Accounts Valuation	31,908,253	30,557,954
Difference	**(402,047)**	**(454,043)**

Valuation of Assets

Certain assets are excluded or measured at fair value to comply with Solvency II principles. In particular, the exceptions and non-applicable items for UIIOM are summarised in the below table.

Valuation of Assets 31 December 2024	Solvency II £'000	Statutory Accounts £'000	Difference £'000
Deferred origination costs	0	400,236	(400,236)
Investments in subsidiaries	16,714	16,714	0
Plant, property and equipment	444	444	0
Financial assets at fair value held to cover linked liabilities	30,795,953	30,795,953	0
Reinsurer's share of insurance contract liabilities	202,422	203,842	(1,420)
Deferred tax asset	0	391	(391)
Policyholder loans	140,625	140,625	0
Investments (other than assets held for unit-Linked funds)	26,898	16,191	10,707
Long term loan	20,000	20,000	0
Debtors and receivables	69,911	69,911	0
Deposits (other than deposits held for unit-linked funds)	86,938	86,837	101
Cash and Cash Equivalents	146,301	157,109	(10,808)
Total Assets	**31,506,206**	**31,908,253**	**(402,047)**

The primary objective for valuation as set out in Solvency II requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the approach for Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.

Assets should be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Liabilities should be valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm's length transaction.

This valuation section describes the value of assets for Solvency II purposes and for financial statements, as well as the valuation criteria and the methodology used by the Company for the determination of fair value of assets and liabilities.

Deferred origination costs (DOC)

Commission costs incurred in the acquisition of new business are deferred as a DOC asset. This asset is amortised against future revenue margins on the related policies. The DOC asset is reviewed for recoverability at the end of each accounting period against future revenue margins expected to arise from the related policies. They are the part of acquisition costs allocated to future reporting periods. DOC is recognised under IFRS but is disallowed for asset valuation purposes. As a result, the DOC asset for Solvency II decreased by £400.2m to zero.

Plant, property, and equipment

This amount represents the Plant, property, and equipment within UIIOM, there is no valuation difference under Solvency II and the statutory financial statements.

Investments including assets held for unit-linked funds

Under Solvency II, financial assets backing unit linked contracts are segregated into their own category on the balance sheet. Assets are measured at fair value for both statutory accounts and Solvency II purposes, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, and in accordance with the fair value hierarchy required under IFRS 13 'Fair Value Measurement'.

Reinsurer's share of insurance contract liabilities

This amount represents the reinsurers' share of technical reserves. The reinsurer's share of insurance contract liabilities for Solvency II is £202.4m.

Deferred Tax Asset

In general, on the Solvency II balance sheet, deferred tax assets and liabilities arise because there are differences between the value ascribed to an asset or a liability for tax purposes, and its value in accordance with the principles underlying that regulation.

Therefore, a deferred tax asset ("DTA") should be recognised in the following cases:

- The Solvency II Balance Sheet value of an asset is lower than the related carrying value for tax purposes; or
- The Solvency II Balance Sheet value of a liability is higher than the related carrying value for tax purposes.

A DTA is the recognition of a tax asset due to be received at a later date because of a future tax benefit which is already anticipated in the economic balance sheet. This benefit (i.e. the difference between the market value and the book value) leads to an increase of the net asset value.

A DTA is present under IFRS following the Company's transition of UIIOM's Hong Kong branch to a Risk Based Capital regime. Under Solvency II the transition tax is recognised as a deferred tax liability, as there would be a temporary difference arising due to the expected taxable future profits already recognised within the valuation of the policyholder contacts.

Policyholder loans

This amount represents the policyholder loans, there is no valuation difference under Solvency II and the statutory financial statements.

Investments (other than assets held for unit-Linked funds)

Investments held for the benefit of the Company, rather than for unit-linked funds, are measured at fair value for both statutory accounts and Solvency II purposes. Investments held by the Company is a Collective Investment Fund and is valued monthly and is not considered illiquid. Money Market Funds are recognised under IFRS as cash equivalents but defined as a Collective Investment Fund for Solvency II. As a result, the investments (other than assets held for unit-linked funds) for Solvency II are increased by £10.7m.

Other receivables

Receivables represent amounts owing to the Company. Receivables are held at initial book value in the Company's financial statements and are recoverable within one year.

Deposits (other than deposits held for unit-linked funds)

Deposits other than those held for unit-linked funds consist of deposits held for the benefit of the Company, which have a maturity of less than 12 months. Under Solvency II, the maturity date is not relevant, therefore deposits have increased by £0.1m from the statutory financial statements.

Cash and cash equivalents

Cash is a liquid asset and comprises cash holdings in current accounts. Balances are held at initial book value in the Company's financial statements. The money market funds were reclassified from 'cash and cash equivalents' under Solvency II to 'collectives investments undertakings' due to the nature of their liquidity.

Fair Value Hierarchy

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categories the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs:

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, considering all information about market participant assumptions that is reasonably available.

Guidance on Fair Value Measurement Approach

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

A fair value measurement requires an entity to determine all of the following:

- The particular asset or liability that is the subject of the measurement (consistently with its unit of account);
- For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use);
- The principal (or most advantageous) market for the asset or for the liability; and
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or the liability and the level of the fair value hierarchy within which the inputs are categorised.

IFRS 13 provides further guidance on the measurement of fair value, including the following:

- An entity considers the characteristics of the asset, or the liability being measured that a market participant would take into account when pricing the asset or the liability at measurement date (e.g. the condition and location of the asset and any restrictions on the sale and use of the asset);
- Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions;
- Fair value measurement assumes a transaction taking place in the principal market for the asset or the liability, or in the absence of a principal market, the most advantageous market for the asset or the liability;
- A fair value measurement of a non-financial asset takes into account its highest and best use;
- A fair value measurement of a financial or non-financial liability or an entity's own equity instruments assumes it is transferred to a market participant at the measurement date, without settlement, extinguishment, or cancellation at the measurement date;
- The fair value of a liability reflects non-performance risk (the risk the entity will not fulfil an obligation), including an entity's own credit risk and assuming the same non-performance risk before and after the transfer of the liability; and
- An optional exception applies for certain financial assets with offsetting positions in market risks or counterparty credit risk, provided conditions are met (additional disclosure is required).

Valuation Techniques

The Company uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset would take place between market participants and the measurement date under current market conditions. The three valuation techniques used are:

- **Market approach** – uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets/liabilities or a group of assets/liabilities (e.g. a business).
- **Cost approach** – reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost).
- **Income approach** – converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.

In some cases, a single valuation technique will be appropriate, whereas in other cases multiple valuation techniques will be appropriate. Further information on the Company's assets is included in S.02.01.02 in Section F.

D.2. TECHNICAL PROVISIONS

The Technical Provisions as at 31 December 2024 have been assessed adopting the methodology and techniques which are compliant with the Solvency II framework (which is the "applicable solvency regulation" below unless specified otherwise) and are proportionate to the nature, scale and complexity of the business in question.

Technical Provisions results as at 31 December 2024 are set out in the table below. No transitional adjustments have been deducted from the Technical Provisions.

Main Technical Provisions Results

Entity	31-Dec-24 £'000	31-Dec-23 £'000
Best Estimate of Liabilities	30,315,650	28,815,715
Risk Margin	75,709	80,573
Gross Technical Provisions	**30,391,359**	**28,896,288**
Reinsurers' Share of Insurance Contract Liabilities	202,422	205,177
Net Technical Provisions	**30,188,937**	**28,691,110**

The increase in the technical provisions from 31 December 2023 to 31 December 2024 is mainly driven by positive market performance increasing the unit-linked liabilities.

The difference between UIIOM's IFRS reserves and technical provisions under applicable solvency regulation is due to the methodological differences between the two valuations. The valuation of the IFRS reserves is based on technical provisions calculated in accordance with local accounting principles. The Solvency II valuation, instead, is based on the projection of future cash flows performed using best estimate assumptions, and discounting using the current interest rate term structure. Moreover, under applicable solvency regulation, the valuation of technical provisions include the risk margin which is not included in the valuation of IFRS reserves.

The main factors that have an impact on the Technical Provisions are set out below:

- The best estimate assumptions;
- The application of contract boundaries; and
- Projected SCRs: The risk margin is a constituent part of the total technical provisions. As the risk margin is based on projected SCRs the method and assumptions used in projecting these SCRs can have a sizeable impact on the resulting risk margin.

In calculating the technical provisions, the Company has made material judgments in relation to:

- The choice of what are deemed to be best estimate assumptions;
- The use of certainty equivalent deterministic calculations;
- The choice of method used in calculating the risk margin; and
- The application of contract boundaries.

Best Estimate of Liabilities ("BEL")

The BEL is defined as the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure. The method used to derive the BEL is the direct approach, which specifically refers to a valuation method based on projecting and discounting on a market consistent basis all expected future cash flows to policyholders in the certainty equivalent scenario. Therefore, the cash flow projection used in this context considers all potential cash in-and-out flows required to settle the insurance obligations over their lifetime, within the appropriate contract boundaries.

The projected future cash flows typically include:

- Single and Regular premium receipts (subject to contract boundaries);
- Claims payments with an allowance for any early discontinuance charges;
- Product specific charges;
- Expenses;
- Commissions;
- External fund charges; and
- Any overseas withholding tax.

These cash flows are then discounted using the relevant risk-free rates provided by the UK PRA to obtain the gross BEL.

Reinsurers' Share of Insurance Contract Liabilities

The best estimate of the reinsurers' share of the insurance contract liability for UIIOM is set equal to the best estimate liability determined by the Company and confirmed by the reinsurer for the reinsured insurance policies.

Risk Margin

The risk margin represents a prudent margin for unavoidable uncertainty. The risks considered are:

- Mortality Risk;
- Mortality Catastrophe Risk;
- Longevity Risk;
- Lapse Risk;
- Expense Risk;
- Counterpart Default Risk with respect to Reinsurance contracts; and
- Operational Risk.

Description of the Level of Uncertainty of Technical Provisions Valuation

The key sources of uncertainty for the Company are expenses and policyholder behaviour assumptions such as surrenders.

It is noted that no significant simplified methods were used to calculate technical provisions, including those used for calculating the risk margin.

The Company does not apply a volatility adjustment, and no basic own fund items have been subject to transitional arrangements.

Further information on the technical provisions is included in IR.02.01.01 in Section F.

D.3. OTHER LIABILITIES

D.3.1. VALUATION OF LIABILITIES FOR SOLVENCY II BALANCE SHEET

The following paragraphs describe the valuation criteria and the common methodology used by the Group for the determination of fair value of other liabilities.

Valuation of Liabilities

In line with applicable solvency regulation, fair value should be generally determined in accordance with International Financial Reporting Standards ("IFRS"). Certain liabilities are excluded, or fair valued to comply with Solvency II principles. In particular, the exceptions and non-applicable items for the Group are as follows.

- Technical liabilities;
- Deferred taxes;
- Financial liabilities;
- Deferred income liability;
- Other liabilities; and
- Contingent liabilities (not applicable for the Group).

Solvency II Liabilities Valuation

	31 December 2024 £'000	31 December 2023 £'000
Solvency II Valuation	30,543,448	29,078,298
Statutory Accounts Valuation	31,674,317	30,312,528
Difference	**(1,130,869)**	**(1,234,230)**

Value of Liabilities

Values of Liabilities 31 December 2024	Solvency II Value	Statutory Accounts Value	Difference
	£'000	£'000	£'000
Technical Liabilities – Life (Inc. Index Linked and Unit Linked)	28,223,294	28,958,448	(735,154)
Liabilities under insurance contracts	2,168,065	2,168,065	0
Deferred front-end fees	0	400,480	(400,480)
Other payables	142,138	143,240	(1,102)
Provisions	4,084	4,084	0
Deferred Tax Liabilities	5,867	0	5,867
Total Liabilities	**30,543,448**	**31,674,317**	**(1,130,869)**

The valuation section describes the value of liabilities for solvency purposes and for financial statements, valuation criteria and the common methodology used by the Company for the determination of fair value of assets and liabilities.

<u>*Technical Liabilities*</u>

The Technical Liabilities comprise the Technical Provisions for life assurance policies where the investment risk is borne by the policyholders, the provision for claims, the life assurance provision, and the provision for unearned premiums.

Under Solvency II, Technical Provisions comprise the Best Estimate Liabilities (BEL) and risk margin. The BEL recognises the cash flow required to meet policyholder liabilities, while the risk margin represents a prudent margin for unavoidable uncertainty.

Please refer to section D2 for detailed narrative on the valuation of Technical Provisions.

Deferred front-end fees

Deferred front-end fees of £400.2m relates to the unit linked business deferred income liability recognised under IFRS but disallowed under Solvency II.

Other payables

Other liabilities represent amounts owing by the Company, including outstanding claims. Claims are settled once all due diligence is received from the customer. The policyholder is regularly contacted on outstanding requirement to ensure prompt settlement. Death claims follow the normal probate process and are settled accordingly. Other trading balances are settled in the normal course of business and usually settled within one month.

Provisions

Provisions are recognised when the Company has an obligation, legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle that obligation.

Deferred Tax Liability

In general, on the Solvency II balance sheet, deferred tax assets and liabilities arise because there are differences between the value ascribed to an asset or a liability for tax purposes, and its value in accordance with the principles underlying that regulation.

Therefore, a deferred tax liability ("DTL") should be recognised in the following cases:

- The Solvency II Balance Sheet value of an asset is higher than the related carrying value for tax purposes; or
- The Solvency II Balance Sheet value of a liability is lower than the related carrying value for tax purposes.

A DTL is the recognition of a tax debt to be paid at a later date because of a future profit which is already anticipated in the economic balance sheet. This profit (i.e. the difference between the market value and the book value) leads to an increase of the net asset value. A DTL will be recognised for unrealised taxable gains such as an increase of a financial asset value, or a decrease of the value of Technical Provisions when shifting from book value to market value.

Under IFRS, current tax liabilities are measured at the amounts expected to be paid, therefore a deferred tax asset is recognised following the Company's transition of UIIOM's Hong Kong branch to a Risk Based Capital regime. Under Solvency II the transition tax is recognised as a DTL, as there would be a temporary difference arising due to the expected taxable future profits already recognised within the valuation of the policyholder contracts.

Fair Value Measurement Approach

The fair value measurement approach for other liabilities is outlined above. Further information on UIIOM's liabilities is included in S.02.01.02 in Section F.

D.4. ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation.

D.5. ANY OTHER INFORMATION

No other information noted.

E. Capital Management

E.1. OWN FUNDS

UIIOM's own funds comprise the sum of Basic Own Funds and ancillary own funds, as defined in applicable solvency regulation.

E.1.1. CAPITAL MANAGEMENT POLICIES

The following capital policy has been applied to UIIOM:

- Seek to maintain a regulatory solvency coverage ratio of at least 125% at all times.
- Maintain a regulatory solvency coverage ratio of 150% immediately after payment of a dividend.

This is underpinned by the following framework:

- A description of the procedure to ensure that own fund items, both at the time of issue and subsequently, meet the requirements of the applicable capital and distribution regime and are classified correctly as the applicable regime requires;
- A description of the procedure to monitor the issuance of own fund items according to the medium- term capital management plan;
- A description of the procedure to ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the criteria of the applicable capital regime; and
- A description of the procedures to:
    - o ensure that any policy or statement in respect of ordinary share dividends is considered in consideration of the capital position; and
    - o identify and document instances in which distributions on an own funds item are expected to be deferred or cancelled.

Planning and managing own funds are a core part of the strategic planning process.

Basic Own Funds

According to applicable solvency regulation Basic Own Funds is defined as the sum of the excess of assets over liabilities (reduced by the number of own shares held by the insurance or reinsurance undertaking) and subordinated liabilities.

The components of the excess of assets over liabilities are valued in accordance with Solvency II, which states that all assets and liabilities must be measured on market consistent principles.

Basic own fund items shall be classified into three tiers, depending on the extent to which they possess specific characteristics.

Basic own funds include ordinary share capital and a reconciliation reserve. The entities have Tier 1 capital only.

Basic Own Funds

	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
	£'000	£'000	£'000	£'000	£'000
Total eligible Own Funds to meet the SCR at 31 Dec 2024	962,758	962,758	0	0	0
Total eligible Own Funds to meet the SCR at 31 Dec 2023	1,025,733	1,025,733	0	0	0

Tier 1 Basic Own Funds

Basic own fund items are classified into three tiers, depending on the extent to which they possess specific characteristics. Generally, assets which are free from any foreseeable liabilities are available to absorb losses due to adverse business fluctuations on a going-concern basis or in the case of winding-up. The Company's excess of assets over liabilities, is valued in accordance with the principles set out in Solvency II and treated as Tier 1 Capital. Details on the composition of the company's Own Funds assets are outlined above.

Ordinary Share Capital

The paid-in ordinary share capital is identified by the following methods:

- The shares are issued directly by the undertaking with the prior approval of its shareholders or, where permitted under national law, it is administrative, supervisory or management body.
- UIIOM has issued 8,600,000 ordinary shares issued at par of £1 each.

Reconciliation Reserve

The excess of assets over liabilities are divided into amounts that correspond to capital items in the financial statements and a reconciliation reserve. The reconciliation reserve may be positive or negative. The reconciliation reserve is made up of the revenue reserves as per the financial statements and adjustments to assets and liabilities for Solvency II purposes, as outlined in sections D1 and D3.

Tier 2 Basic Own Funds

This does not apply to the Company.

Tier 3 Basic Own Funds

This does not apply to the Company.

Reconciliation between Equity in the Financial Statements and Basic Own Funds

The Company has Basic Own Funds of £962.8m at 31 December 2024, while the IFRS equity per the financial statements is £233.9m. The table below reconciles the movement from IFRS equity to basic own funds.

Reconciliation to IFRS Equity

Reconciliation of IFRS Equity to Basic Own Funds	31 Dec 2024 £'000
IFRS Equity	233,935
Elimination for Deferred Acquisition Costs, Deferred Income Liability, and Intangible Assets	(244)
Valuation of Technical Provisions	829,375
Deferred Taxes	1,192
Other	(101,500)
Basic Own Funds	**962,758**

Deduction from Own Funds

The Company does not have any deduction from own funds.

Ancillary Own Funds

The Company does not have any ancillary own funds.

E.1.2. ELIGIBLE OWN FUNDS

Own Funds Assets

	Total £'000	Tier 1 Unrestricted £'000	Tier 1 Restricted £'000	Tier 2 £'000	Tier 3 £'000
Total Eligible Own Funds to Meet the SCR at 31 Dec 2024	962,758	962,758	0	0	0
Total Eligible Own Funds to Meet the SCR at 31 Dec 2023	1,025,733	1,025,733	0	0	0
Total Eligible Own Funds to Meet the MCR at 31 Dec 2024	962,758	962,758	0	0	0
Total Eligible Own Funds to Meet the MCR at 31 Dec 2023	1,025,733	1,025,733	0	0	0

The Company maintains an efficient capital structure to meet its regulatory requirements. As well as covering the MCR and SCR, Isle of Man authorised insurers are not permitted to pay dividends where capital resources fall below a solvency coverage ratio of 150%. The solvency coverage ratio on both a Solvency II and an Isle of Man basis for UIIOM at 2024 Year End is 208%.

E.1.3. ELIGIBLE OWN FUNDS TO MEET THE SOLVENCY CAPITAL REQUIREMENT

All the Company's Own Funds are classified as Tier 1 and are eligible to meet the SCR.

E.1.4. ELIGIBLE OWN FUNDS TO MEET THE MINIMUM CAPITAL REQUIREMENT

All the Company's Own Funds Tier 1 capital is eligible to meet minimum capital requirements on both the Solvency II and Isle of Man basis.

Further information on UIIOM's Own Funds is included in S.23.01.01 in Section F.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1. SCR AND ISLE OF MAN MCR VALUES

The SCR at year-end 2024 was £463m, as calculated on a Solvency II basis. The MCR at year-end 2024 was £161m calculated on an Isle of Man basis, and is the reported MCR on a Group basis within the Quantitative Reporting Templates in Section F below. The calculation of the Isle of Man MCR shown below follows the 2021 Insurance and Valuations Regulations of the Isle of Man.

The primary reason for changes in capital requirements from 2023 to 2024 is due to the unwind of the SCR and impacts of operational and economic variances and assumptions.

SCR and Isle of Man MCR Values

	31 December 2024 £'000	31 December 2023 £'000
Solvency Capital Requirement	462,881	478,725
Minimum Capital Requirement	161,306	186,068
Eligible Own Funds for SCR	962,758	1,025,733
Solvency Coverage Ratio	208%	214%
Eligible Own Funds for MCR	962,758	1,025,733
Minimum Solvency Coverage Ratio	597%	551%

E.2.2. SCR BREAKDOWN

A summary of Company's SCR is provided below with further detail provided in S.25.01.21 in Section F.

SCR Breakdown

	31 December 2024 £'000	31 December 2023 £'000
Life underwriting risk	356,046	368,472
Market risk	192,407	200,349
Counterparty risk	16,545	9,671
Operational risk	17,269	17,742
Diversification	(114,606)	(114,092)
Adjustment for the loss-absorbing capacity of deferred taxes	(4,780)	(3,416)
Solvency Capital Requirement	**462,881**	**478,725**

Further information on the consolidated SCR is included in S.25.01.21 in Section F.

E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

This section is not applicable.

E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

This section is not applicable.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND SOLVENCY CAPITAL REQUIREMENT

UIIOM has complied with the MCR and the SCR at all times.

E.6. ANY OTHER INFORMATION

No additional information required.

F. Quantitative Reporting Templates

F.1.IR.02.01.01 BALANCE SHEET

		Solvency II Value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant and equipment held for own use	**R0060**	444,223
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	130,548,935
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	16,713,949
Equities	**R0100**	27,576
Equities - listed	**R0110**	27,576
Equities - unlisted	**R0120**	
Bonds	**R0130**	591,490
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	591,190
Structured notes	**R0160**	300
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	26,278,392
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	86,937,528
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	30,936,578,514
Loans and mortgages	**R0230**	20,000,000
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	20,000,000
Reinsurance recoverable from:	**R0270**	202,422,156
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	202,422,156
Deposits to cedants	**R0350**	
Insurance and intermediaries' receivables	**R0360**	45,054,771
Reinsurance receivables	**R0370**	2,214,762
Receivables (trade, not insurance)	**R0380**	22,641,391
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	146,301,188
Any other assets, not elsewhere shown	**R0420**	
Total Assets	**R0500**	31,506,205,940
Liabilities		
Technical provisions – total	**R0505**	30,391,359,090
Technical provisions – non-life	**R0510**	
Technical provisions – life	**R0515**	30,391,359,090
Best Estimate – total	**R0542**	30,315,650,409
Best estimate – non-life	**R0544**	
Best estimate – life	**R0545**	30,315,650,409
Risk margin – total	**R0552**	75,708,681
Risk margin – non-life	**R0554**	

Risk margin – life	**R0556**	75,708,681
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	4,084,280
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	5,866,667
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Debts owed to credit institutions resident domestically	**R0801**	
Debts owed to credit institutions resident in the euro area other than domestic	**R0802**	
Debts owed to credit institutions resident in rest of the world	**R0803**	
Financial liabilities other than debts owed to credit institutions	**R0810**	483,591
Debts owed to non-credit institutions	**ER0811**	
Debts owed to non-credit institutions resident domestically	**ER0812**	
Debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	
Debts owed to non-credit institutions resident in rest of the world	**ER0814**	
Other financial liabilities (debt securities issued)	**ER0815**	
Insurance and intermediaries' payables	**R0820**	133,274,899
Reinsurance payables	**R0830**	291,170
Payables (trade, not insurance)	**R0840**	8,088,463
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	30,543,448,159
Excess of assets over liabilities	**R1000**	962,757,781

F.2.IR.05.03.02 PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health reinsurance	Total life and health	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written									
Gross	**R0030**		1,147,768,775						
Reinsurers' share	**R0040**		1,263,663						
Net	**R0050**		1,146,505,112						
Claims incurred									
Gross	**R0120**	9,058,895	2,184,979,568						
Reinsurers' share	**R0140**	9,058,895	314,575						
Net	**R0150**	0	2,184,664,993						
Expenses Incurred									
Gross	**R0180**		188,670,036						
Reinsurers' share	**R0190**		0						
Net	**R0200**		188,670,036						

F.3.IR.05.02.01.04 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

		Home country	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)	Country (by amount of gross premiums written)		Total for top 5 countries and home country (by amount of gross premiums written)
			IM	HK	SG		
		C0220	C0230	C0240	C0250		C0280
Premiums written							
Gross	**R1410**		1,000,959,380	78,312,868	68,496,527		1,147,768,775
Reinsurers' share	**R1420**		990,274	0	273,389		1,263,663
Net	**R1500**		999,969,106	78,312,868	68,223,138		1,146,505,112
Premiums earned							
Gross	**R1510**		1,000,959,380	78,312,868	68,496,527		1,147,768,775
Reinsurers' share	**R1520**		990,274	0	273,389		1,263,663
Net	**R1600**		999,969,106	78,312,868	68,223,138		1,146,505,112
Claims incurred							
Gross	**R1610**		1,925,905,947	173,221,708	94,910,808		2,194,038,463
Reinsurers' share	**R1620**		9,373,470	0	0		9,373,470
Net	**R1700**		1,916,532,477	173,221,708	94,910,808		2,184,664,993
Expenses incurred	**R1900**		155,109,677	16,430,184	17,130,175		188,670,036
Other expenses	**R2500**						
Total expenses	**R2600**						

F.4.IR.23.01.04 OWN FUNDS

		Total	Tier 1 - Unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds						
Ordinary share capital (gross of own shares)	R0010	8,600,000	8,600,000			
Non-available called but not paid in ordinary share capital at group level						
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level						
Surplus funds	R0070					
Non-available surplus funds at group level						
Preference shares	R0090					
Non-available preference shares at group level						
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level						
Reconciliation reserve	R0130	954,157,781	954,157,781			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level						
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level						
Other items approved by the supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority						
Minority interests (if not reported as part of a specific own fund item)						
Non-available minority interests at group level						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as own funds	R0220					
Deductions						

Deductions for participations where there is non-availability of information		16,713,948	16,713,948			
Deduction for participations included by using D&A when a combination of methods is used						
Total of non-available own fund items						
Total deductions		16,713,948	16,713,948			
Total basic own funds after deductions	**R0290**	946,043,832	946,043,832			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions, or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members call under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	**R0500**	16,713,948	16,713,948			
Institutions for occupational retirement provision						
Non regulated entities carrying out financial activities						
Total own funds of other financial sectors		16,713,948	16,713,948			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method						
Own funds aggregated when using the D&A and combination of method net of IGT						
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)		946,043,832	946,043,832			
Total available own funds to meet the minimum consolidated group SCR		946,043,832	946,043,832			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)		946,043,832	946,043,832			
Total eligible own funds to meet the minimum consolidated group SCR (group)		946,043,832	946,043,832			
Consolidated Group SCR	**R0590**	462,881,277				
Minimum consolidated Group SCR	**R0610**	161,305,840				

Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	**R0630**	207.99%				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	596.85%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	962,757,781				
SCR for entities included with D&A method	**R0670**	0				
Group SCR	**R0680**	462,881,277				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	207.99%				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	962,757,781				
Own shares (held directly and indirectly)	**R0710**					
Foreseeable dividends, distributions, and charges	**R0720**					
Other basic own fund items	**R0730**	8,600,000				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	**R0740**					
Other non available own funds						
Reconciliation reserve	**R0760**	954,157,781				

F.5.IR.25.04.04 SOLVENCY CAPITAL REQUIREMENT – STANDARD FORMULA

		Net solvency capital requirement
Market risk		**C0010**
Interest rate risk	**R0070**	42,653,044
Equity risk	**R0080**	109,206,318
Property risk	**R0090**	4,332,384
Spread risk	**R0100**	13,750,513
Concentration risk	**R0110**	0
Currency risk	**R0120**	105,333,818
Other market risk	**R0125**	0
Diversification within market risk	**R0130**	-82,869,172
Total market risk	**R0140**	192,406,906
Counterparty default risk		
Type 1 exposures	**R0150**	10,185,957
Type 2 exposures	**R0160**	7,471,941
Other counterparty risk	**R0165**	0
Diversification within counterparty default risk	**R0170**	-1,112,599
Total Counterparty default risk	**R0180**	16,545,299
Life underwriting risk		
Mortality risk	**R0190**	7,369,863
Longevity risk	**R0200**	543,378
Disability-Morbidity risk	**R0210**	0
Life-expense risk	**R0220**	51,370,231
Revision risk	**R0230**	0
Lapse risk	**R0240**	326,808,673
Life catastrophe risk	**R0250**	997,151
Other life underwriting risk	**R0255**	0
Diversification within life underwriting risk	**R0260**	-31,043,069
Total Life underwriting risk	**R0270**	356,046,229
Health underwriting risk		
Health SLT risk	**R0280**	0
Health non-SLT risk	**R0290**	0
Health catastrophe risk	**R0300**	0
Other health underwriting risk	**R0305**	0
Diversification within health underwriting risk	**R0310**	0

Total Health underwriting risk	**R0320**	0
Non-life underwriting risk		
Non-life premium and reserve risk (ex-catastrophe risk)	**R0330**	0
Non-life catastrophe risk	**R0340**	0
Lapse risk	**R0350**	0
Other non-life underwriting risk	**R0355**	0
Diversification within non-life underwriting risk	**R0360**	0
Total Non-life underwriting risk	**R0370**	0
Intangible asset risk	**R0400**	0
Operational risk and other risks		
Operational risk	**R0422**	17,268,855
Other risks	**R0424**	0
Total Operational and other risks	**R0430**	17,268,855
Total before all diversification	**R0432**	697,292,127
Total before diversification between risk modules	**R0434**	582,267,288
Diversification between risk modules	**R0436**	-114,606,251
Total after diversification	**R0438**	467,661,038
Loss-absorbing capacity of technical provisions	**R0440**	0
Loss-absorbing capacity of deferred taxes	**R0450**	-4,779,761
Other adjustments	**R0455**	0
Solvency capital requirement including undisclosed capital add-on	**R0460**	462,881,277
Disclosed capital add-on – excluding residual model limitation	**R0472**	0
Disclosed capital add-on – residual model limitation	**R0474**	0
Solvency capital requirement including capital add-on	**R0480**	462,881,277
Undisclosed capital add-on – residual model limitation	**R0482**	0
Capital add-on	**R0484**	0
Biting interest rate scenario	**R0490**	increase
Biting life lapse scenario	**R0495**	Mass
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	0
Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITs management companies	**R0510**	0
Institutions for occupational retirement provisions	**R0520**	0

Capital requirement for non-regulated entities carrying out financial activities	**R0530**	0
Capital requirement for non-controlled participation requirements	**R0540**	0
Capital requirement for residual undertakings	**R0550**	0
Overall SCR		
Solvency capital requirement (consolidation method)	**R0555**	462,881,277
SCR for undertakings included via D and A	**R0560**	0
SCR for sub-groups included via D and A	**R0565**	0
Solvency capital requirement	**R0570**	462,881,277