IntegraLife UK Limited
A firm authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority and Prudential Regulation Authority

Solvency and Financial Condition Report

30 September 2025

Contents

Glossary

- Ancillary Own Funds: Items (other than Basic Own Funds) which can be called upon to absorb losses. Supervisory approval is required.
- Basic Own Funds: The excess of assets over liabilities, less the amount of own shares held by the firm, plus subordinated liabilities.
- Basic SCR: The SCR before allowance for the adjustments for loss absorbing capacity of technical provisions and deferred taxes, and operational risk.
- BEL/Best Estimate Liability: The sum of the unit-linked reserve and the value of inforce.
- Group or IHP Group: IntegraFin Holdings plc and its direct and indirect subsidiary companies.
- IAD: Integrated Application Development Pty Ltd.
- IFAL: Integrated Financial Arrangements Ltd.
- IHP: IntegraFin Holdings plc.
- ILInt: IntegraLife International Limited.
- ILUK: IntegraLife UK Limited.
- ISL: IntegraFin Services Limited.
- Key Function: Important and business critical functions of an organisation. The PRA Rulebook has defined four functions of the system of governance as key functions - Risk Management, Internal Audit, Actuarial and Compliance. Each key function is required to have a designated key function holder who will be subject to notification requirements to the regulator.
- Loss Absorbing Capacity of Deferred Taxes: An adjustment within the SCR to reflect the change in deferred taxes that would arise following an instantaneous loss equal to the sum of the Basic SCR and the capital requirement for operational risk.
- Loss Absorbing Capacity of Technical Provisions: An adjustment within the SCR to reflect the impact of reducing future discretionary benefits (applies only to policies with discretionary benefits, so not applicable for ILUK).
- MCR/Minimum Capital Requirement: A minimum level of basic own funds. The MCR is defined by a formula with a lower/upper bound of 25%/45% of the SCR respectively.
- ORSA/Own Risk and Solvency Assessment: A key component of the Pillar 2 requirements of Solvency II. The ORSA is a process designed to assess a firm's own view of its risks, as well as an internal view of solvency needs, unbounded by Pillar 1 requirements. The ORSA process comprises a number of sub processes and procedures.
- Own Funds: The sum of Basic Own Funds and Ancillary Own Funds. For ILUK this simplifies to the excess of total assets over total liabilities.
- PRA: The Prudential Regulation Authority is the governing body which authorises and regulates insurance companies (including ILUK) in the UK.
- PRA Rulebook: The PRA rules applying to ILUK, containing the applicable prudential requirements for PRA-regulated firms. References in this SFCR to the PRA Rulebook relate specifically to the "Solvency II Firms" Sector of the PRA Rulebook.
- Prudent Person Principle: The rules governing how investments are to be made in line with the Solvency II requirements, as implemented in Rules 2 to 5 of the Investments Part of the PRA Rulebook for Solvency II Firms.
- Reconciliation Reserve: A reporting item to reconcile the Solvency II Own Funds and the accounting balance sheet. This is calculated as the excess of Solvency II assets over liabilities, with the ordinary share capital and share premium account deducted.

- Risk-Free Rate: The term structure rates, defined by the PRA, used to discount cashflows in the calculation of the Best Estimate Liability and the Risk Margin. The rates for GBP Sterling relevant for ILUK are derived from interest rate swaps with zero adjustment for credit risk.
- Risk Margin: The cost that a Solvency II firm would incur in order to hold an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over their lifetime.
- SCR/Solvency Capital Requirement: The term for the regulatory capital requirement on a Solvency II Pillar 1 basis. The SCR is calculated on a going concern basis and represents the amount of capital that is required to withstand a 1 in 200 year event over a 1 year time horizon. The SCR can be calculated either in accordance with the Standard Formula following prescribed rules or by an internal model which is developed by the organisation (requires regulatory approval).
- Standard Formula: The set of prescribed rules used to calculate the regulatory SCR where an internal model is not being used. The structure of the Standard Formula is set out in the PRA Rulebook.
- Surplus Capital: The excess of Own Funds over the SCR.
- Technical Provisions: The sum of the Best Estimate Liability and Risk Margin for existing business. The value of technical provisions corresponds to the current amount that the firm would have to pay if it were to transfer its insurance obligations immediately to another Solvency II firm.
- Transact: The advised UK investment platform service operated by IFAL.
- Unit-linked reserve: The value of units attached to the policy. This reflects the value of unit-linked benefits payable on death, maturity or transfer.
- VIF/Value of inforce: expected value of future fees generated from the annual management charges and other policy fees (the income) less expenses, tax and any death benefits payable in addition to the unit values (the outgo) discounted to allow for the time value of money using the Risk-Free Rate. The assumptions used in the calculation are realistic – neither prudent nor optimistic.

Solvency and Financial Condition Report

Introduction

This Solvency and Financial Condition Report (SFCR) for IntegraLife UK Limited (ILUK or the Company) has been prepared to meet the regulatory reporting requirements under the Solvency II regime (as defined within the 'Solvency II Firms' Sector of the PRA Rulebook) which came into force on 1 January 2016.

The SFCR has been prepared on the basis of the financial information and risk assessments as at 30 September 2025 (the reporting date) and is presented to the ILUK Board for their review, challenge and approval.

This report fully meets all of the requirements for the SFCR as set out in the PRA Rulebook, as well as related Supervisory Statements and Statements of Policy.

The structure of this report follows the prescribed structure as set out in the Reporting part of the PRA Rulebook, section 3A, Article 1A.

The Solvency II regime was originally a set of European regulations and came into force on 1 January 2016. Following the UK's withdrawal from the EU, the Solvency II regime was transposed into UK law and has periodically undergone amendments by the PRA, with the latest coming into force on 31 December 2024. This report has been prepared in accordance with this UK Solvency II regime.

Summary

Over the reporting period ILUK recorded a profit of £35,460k after tax (2024: £30,007k). The value of policyholders' asset portfolios (Funds Under Direction) as at 30 September 2025 was £29,858,714k (2024: £25,749,827k). There were positive net inflows[1] of £1,617,833k (2024: £1,033,819k) over the reporting period.

ILUK's Own Funds in the Solvency II balance sheet were £326,446k (2024: £313,132k) at the reporting date. The regulatory capital requirement, the SCR, was £244,768k (2024: £229,510k) giving surplus capital of £81,678k (2024: £83,621k) and an SCR coverage ratio of 133% (2024: 136%).

The movements in Own Funds and the SCR are mainly driven by emerging profit, investment movements on existing business, new business, changes in lapse, partial withdrawal and expense assumptions, movements in the symmetric adjustment and discount yield curve, and dividends paid. These changes are explored further in sections D and E.

The Solvency II rules allow companies to make various adjustments (transitional arrangements) to their valuation assumptions. ILUK has elected to not take advantage of these options, and as such the results presented in this report reflect the Solvency II requirements with no transitional arrangements applied.

[1] Net inflows are calculated based on premiums written minus claims incurred, in line with figures shown in template IR.05.02.01. The figure for claims incurred differs from the figure for investment outflows in the IFRS accounts.

Approval by the ILUK Board of the SFCR and reporting templates

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules.

We are satisfied that:

a. throughout the financial year in question, ILUK has complied in all material respects with the requirements of the Solvency II Regulations (to 31 December 2024) and with the requirements of the PRA Rules as applicable to the insurer, and
b. it is reasonable to believe that, at the date of the publication of the SFCR, ILUK has continued so to comply with the PRA Rules, and will continue so to comply in future.

Alexander Scott

Chief Executive Officer

Date: 22 December 2025

Audit opinion

Report of the independent external auditor to the Directors of IntegraLife UK Limited ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 30 September 2025:

- The 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 30 September 2025 ('the Narrative Disclosures subject to audit'); and
- Company templates IR.02.01.02, IR.12.01.02, IR.23.01.01, IR.25.04.21 and IR.28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Summary', 'Business and Performance', 'System of Governance' and 'Risk Profile' sections of the Solvency and Financial Condition Report;
- Company templates IR.05.02.01 and IR.05.03.02; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('the Responsibility Statement').

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of the Company as at 30 September 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the Prudential Regulation Authority ('PRA') Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)), including ISA (UK) 800 (Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks' and 'ISA (UK) 805 (Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement'. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the relevant elements of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the Directors' going concern assessment covering the period of 12 months from the date of authorisation of the Solvency and Financial Condition Report;

- assessing and challenging the assumptions used in management's forecast which enables the Directors to make an assessment of going concern;
- testing the clerical accuracy of the forecast;
- evaluating the capital and liquidity position of the Company;
- assessing the appropriateness of the stress and reverse stress test scenarios that consider the key risks identified by management. We evaluated management's analysis and challenged the conclusions reached in the stress and reverse stress test scenarios; and
- performing enquiries of management and those charged with governance to identify risks or events that may impact the Company's ability to continue as a going concern. We also reviewed the management paper presented to the board, minutes of meetings of the board and regulatory correspondence.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the relevant elements of the Solvency and Financial Condition Report are authorised for issue.

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

Emphasis of matter – basis of accounting and restriction on use

We draw attention to the 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the relevant elements of the Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA Rules.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the relevant elements of the Solvency and Financial Condition Report.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK-adopted international accounting standards and the Companies Act 2006 and relevant tax compliance regulations). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the Solvency and Financial Condition Report being the relevant Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') rules and regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance matters and those charged with governance. We also reviewed correspondence between the Company and UK regulatory bodies, reviewed minutes of the Board, and the Audit and Risk Committee and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's Solvency and Financial Condition Report to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors these controls. We also considered areas of significant judgement, any complex transactions and economic or external pressures and the impact these have on the control environment. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals with higher risk characteristics; enquiries of senior management; and focused testing. We also enquired about the policies that have been established to prevent non-compliance with laws and regulations by officer and employees and the Company's methods of enforcing and monitoring compliance with such policies. We inspected

significant correspondence with the PRA and FCA.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency II firms, we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Signed by:

Ernst & Young LLP

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Ernst & Young LLP
London
22 December 2025

A. Business and Performance

A.1 Business

A.1.1 The Company

ILUK is a UK life insurance company. It is authorised to undertake long term insurance business by the PRA under Firm Reference Number (FRN) 110344. It is regulated by the PRA and the Financial Conduct Authority (FCA).

The PRA can be contacted at:
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

The FCA can be contacted at:
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

A.1.2 The Group

Headed by IntegraFin Holdings plc (IHP) the primary business of the Group is the provision of “Transact”, an advised UK investment platform service.

IHP is incorporated in England & Wales (company number: 8860879). The registered office is 4th Floor, 2 Gresham Street, London, EC2V 7AD.

IHP is a public limited company listed as a commercial company on the main market of the London Stock Exchange. No shareholder has a qualifying holding of greater than 10% of IHP’s capital or voting rights as at 30 September 2025.

IHP owns ILUK, Integrated Financial Arrangements Ltd (IFAL), IntegraLife International Limited (ILInt), IntegraFin Services Limited (ISL), Integrated Application Development Pty Ltd (IAD), Transact IP Limited (TIP), Objective Asset Management Limited (OAM), Objective Wealth Management Limited (OWM), Objective Funds Ltd, Transact Nominees Limited (TNL), Transact Trustees Limited (TTL) and Time for Advice Limited (T4A) as wholly owned subsidiaries.

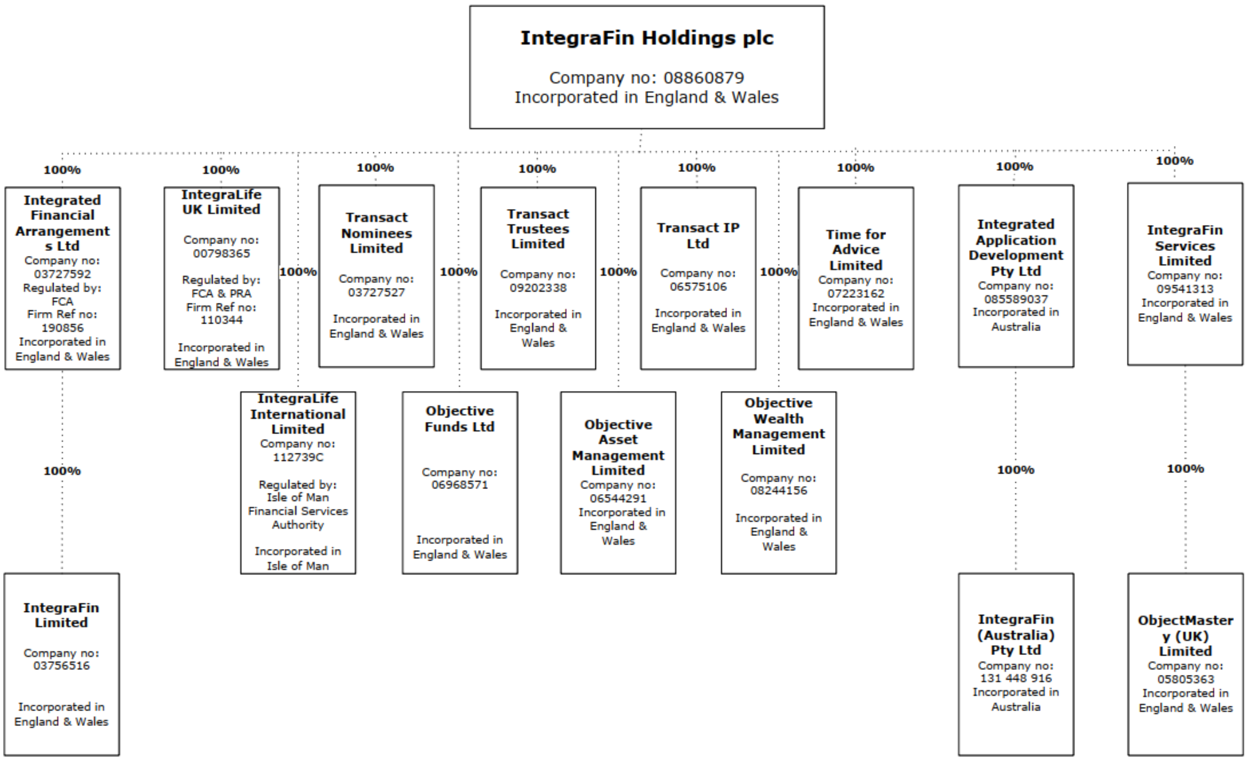
While IHP owns ILUK, the PRA does not currently supervise the Group under Solvency II and does not intend to do so. As such, Solvency II Group reporting is not carried out.

The two other regulated entities within the Group are IFAL and ILInt. IFAL is authorised in the UK by the Financial Conduct Authority (FCA) as an investment firm (defined as a non-SNI MIFIDPRU investment firm). ILInt is an offshore life insurer authorised to undertake long term insurance business by the Isle of Man Financial Services Authority.

IFAL provides wrapper administration, custody, trading and settlement services to ILUK. IFAL procures these services from ISL. ISL, a wholly owned subsidiary of IHP, provides all other services to ILUK.

A simplified diagram of the corporate structure as at the reporting date is set out below. There were no changes in the Group structure during the reporting period.

Corporate Structure of the IntegraFin Holdings plc Group as at 05 September 2025



All of the above companies are close links of IntegraFin Holdings plc by virtue of their subsidiary status. The registered address for each of the companies (save for IntegraLife International Limited, Integrated Application Development Pty Ltd and Integrafin (Australia) Pty Ltd) is 4th Floor, 2 Gresham Street, London, EC2V 7AD. The registered address of IntegraLife International Limited is 18/20 North Quay, Douglas, Isle of Man, IM1 4LE. The registered address of IntegraFin (Australia) Pty Ltd is PO Box 3080, Auburn, Victoria 3123, Australia. The registered office for Integrated Application Development Pty Ltd is 19-25 Camberwell Road, Hawthorne East, Victoria, 3123, Australia.

A.1.3 ILUK's business purpose

ILUK's purpose is to provide the onshore, long-term insurance business, tax efficient savings wrappers to the clients of IFAL as an integral part of the advised UK investment platform that trades as Transact.

Thus ILUK is complementary to the other tax efficient savings elements of the Transact platform (the platform) offering, with the non-insured elements being offered directly by IFAL through ISA and SIPP authorisations and the offshore insurance contracts being provided to the platform by ILInt.

ILUK only writes property linked contracts and has only unit-linked insurance business in force. Linked assets are invested as per the policyholders' instructions and the Company fully matches 100% of the assets underlying the unit-linked products so there is no asset-liability mismatch risk.

ILUK's income is almost entirely derived from its charges. These charges can be split into two main types: annual management charges (charges based on the value of assets and cash linked to policies) and wrapper charges (a monetary charge differentiated by wrapper type).

A.1.4 Lines of business and geographical areas

All of ILUK's business is written in the line of business defined by the Solvency II rules, 'Index-linked and unit-linked insurance'. All new policies over the reporting period were written in the UK.

A.1.5 ILUK's external auditor

ILUK's external auditors are:
Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

A.1.6 Significant external events over the reporting period

The following sections summarise the key changes that have occurred in the external environment over the reporting period that have had a material impact on ILUK.

A.1.6.1 Tax issues

ILUK taxation

The financial markets performed strongly in 2025, resulting in an increase in the Solvency II deferred tax liability to £139,198k (2024: £114,230k), mainly resulting from policyholder unrealised gains.

Changes to personal taxation

As announced in the Autumn Budget 2024, the rates of capital gains tax increased with effect from 30 October 2024. For basic rate income tax-payers, the rate for capital gains increased from 10% to 18% and, for higher and additional rate income tax-payers, the rate increased from 20% to 24%. These changes increase tax liabilities for directly held investments, such as those in a general investment account, and make investments in ILUK's onshore bond more attractive, given the ability to defer tax until policy surrender.

The Autumn 2025 Budget contained several measures that will increase the overall tax burden on many individual investors. Key income tax and National Insurance thresholds, including the personal allowance and higher rate threshold, will now remain frozen until April 2031, extending the period of "fiscal drag" where pay rises can push more income into higher tax bands without any change in the headline rates. At the same time, the main Inheritance Tax thresholds – the Nil Rate Band of £325,000 and Residence Nil Rate Band of £175,000 – are also being held at their current cash levels until 2030/31, bringing more estates into scope as asset values rise.

Investment income is also directly affected. From 6 April 2026, the tax rates on dividend income for basic and higher rate taxpayers will each rise by 2 percentage points, to 10.75% and 35.75% respectively, while the additional rate remains at 39.35% and the dividend allowance stays at £500.

From April 2029, the National Insurance (NI) advantages of paying into a pension by salary sacrifice will be capped. This means that NI relief is only available on the first £2,000 a year of pension contributions made through salary sacrifice; any contributions above that amount will be treated as normal pay for NI purposes and will have NI deducted.

Changes to pensions

In the Autumn Budget 2024 the government announced its intention to include unused pension assets in the calculation of a deceased person's estate for inheritance tax (IHT) purposes with effect from April 2027. This represents a significant shift in how pension death benefits are taxed, and it is likely to drive behavioural changes for older clients, such as earlier withdrawals of tax-free cash and accelerated income withdrawal.

In the original proposals, pension scheme administrators were primarily liable for the IHT arising on pension funds but, following consultation, the liability will fall primarily on personal representatives, with beneficiaries also becoming liable once they have been appointed. Beneficiaries can direct pension scheme administrators to settle the IHT due on the pension funds prior to distribution.

A.1.6.2 Competitive landscape

We are seeing a trend of adviser firms reducing the number of platforms they use. We continue to monitor adviser demand for new challenger platforms. In addition, consolidators continue to buy advisers and consider developing in-house platform propositions. However, our current focus on personal service, digitalisation and integrations has been well received with advisers and we are seeing transfers in rise and transfers out decline.

A.1.6.3 Financial resilience

Given the ongoing challenges facing the UK economy, the PRA expects life insurers to rigorously assess their capital planning under sustained adverse credit conditions. Details of ILUK's capital projections, along with sensitivity, stress, and scenario testing, are outlined in Section C.7. The Actuarial and Group Risk Management teams continue to collaborate closely with senior management and the Board to ensure that comprehensive financial analysis is undertaken prior to any dividend payments.

A.1.6.4 Operational and cyber resilience

Given the increase in operational incidents within the financial sector, enhancing firms' operational resilience remains a strategic priority for the regulators. Firms must invest significantly in their systems to ensure that they are fit for purpose, resilient and robust, and that any potential harm to consumers and markets is minimised. The PRA and FCA's joint Operational Resilience policy came into force on 31 March 2022 with a three-year transition period. The policy is based on the assumption that from time to time, disruptions will occur that prevent firms from operating as usual.

Regulators are proactively monitoring firms' implementation of the requirements, including through information requests. The PRA conducted an operational resilience review across a number of firms at the end of 2022. The overall trend in the results was that Impact Tolerances and Testing require the most improvement. ILUK is continuing its implementation programme, taking into account the generic and firm-specific feedback from the PRA.

Firms must continue to notify the FCA of any matter that could have a significant adverse impact on the firm's reputation or affect the firm's ability to continue providing adequate services to its customers (including material "service degradation incidents" e.g. operational disruptions).

Regulators are also focused on governance, oversight and contingency planning for outsourced services. The supplier management and operational resilience functions continue to strengthen our selection and ongoing oversight processes for both intra-group and third party suppliers, enhancing and testing resiliency across the landscape.

A.1.6.5 Financial crime

In 2025, the FCA and PRA reinforced their focus on financial crime prevention through updated guidance and strategic priorities. The FCA's revised Financial Crime Guide emphasises enhanced customer due diligence, sanctions compliance, and transaction monitoring, with a clear expectation of senior management accountability under Senior Managers and Certification Regime (SM&CR). The Economic Crime and Corporate Transparency Act introduced a new corporate offence of failure to prevent fraud, requiring firms to maintain "reasonable procedures" to mitigate fraud risks. The PRA's 2025/26 Business Plan continues to prioritise operational resilience and governance, with expectations that firms demonstrate effective oversight of financial crime controls, particularly in high-risk areas such as crypto-assets and complex structures.

In October 2025, the FCA published a report on how firms detect and prevent romance fraud. A sample of six banks and payment services firms were reviewed. The review highlighted the critical importance of both effective transaction monitoring systems and skilled, well-trained staff in tackling romance fraud. The regulator confirmed that firms must continue to ensure their systems can detect relevant risk indicators and that staff are equipped to engage meaningfully with customers, identify red flags and respond appropriately, particularly where customers show signs of vulnerability.

The IHP Group maintains a robust financial crime framework embedded within its system of governance, with clear roles and responsibilities assigned to the Money Laundering Reporting Officer and compliance function. Financial crime risks — including market abuse, bribery and corruption, money laundering, fraud, and sanctions breaches — are assessed as part of the overall risk profile, with mitigating controls such as client due diligence, transaction monitoring, and suspicious activity reporting in place. These risks are considered in the firm's internal control environment and are reviewed regularly to ensure alignment with regulatory expectations and evolving threats.

A.1.6.6 Consumer Duty and vulnerable customers

The Consumer Duty rules and guidance came into effect on 31 July 2023, this included the overriding 'Consumer Principle' (Principle 12) that requires firms to act to deliver good outcomes to retail customers. In addition to the Consumer Principle and the three cross-cutting obligations, more detailed rules are stated within the four Consumer Duty outcomes, these being Product and Services, Price and Value, Consumer Understanding and Consumer Support. The Consumer Duty continues to be a priority area for the FCA as noted in their 5-year strategy, published in March 2025, and a separate article outlining their Consumer Duty focus areas for 2025 to 2026, published in September 2025.

ILUK has processes in place to provide continued oversight of customer outcomes and ensure compliance with the Consumer Duty rules. This includes a quarterly Consumer Duty and Conduct Risk Forum and Board Pack (the Pack), which has circa 50 RAG metrics across the four consumer duty outcomes that indicate where there could be a risk of harm and/or good outcomes not being provided to clients. The Pack is reviewed quarterly by both the Consumer Duty and Conduct Risk Forum (which consists of senior managers from across the business) and the ILUK Board. On an annual basis the ILUK Board must review and approve a Principle 12 Report, with the Board required to review and approve the firm's report on the outcomes being received by retail customers and confirm whether it is satisfied that the firm is complying with its obligations under the Consumer Duty. The last Principle 12 Report was approved in July 2025.

Vulnerable clients are another high priority area for the FCA, with an FCA article outlining good practice and areas for improvement published in March 2025. This is an area closely linked to the Consumer Duty, with firms required to monitor the effectiveness of product functionality, procedures and controls, in relation to whether vulnerable clients are being identified, provided with adequate support and achieving good outcomes. There is first- and second-line vulnerable client monitoring in place as well as a Vulnerable Client Working Group that provides oversight of this area and looks to make continued improvements. Information relating to vulnerable clients is included in the Pack and Principle 12 Report, thus facilitating senior manager and Board level oversight.

A.1.6.7 Responsible business

Climate change

Climate change presents a material and increasing financial risk to firms and to the financial system as well as to broader society. Over the reporting period there continues to be increased media, and therefore public, focus on climate change with an increase in extreme weather events, such as wildfires, flooding and months of record-breaking global temperatures. As a consequence, all stakeholders have an increased interest in the Group and ILUK's actions in this space, including investors (and analysts) and the regulators. The Task Force on Climate-Related Financial Disclosures (TCFD) and other sustainability disclosures are found within the IHP annual report. This includes our ongoing monitoring of progress against our carbon reduction targets of reducing operational Scope 1 and 2 carbon emissions by 60%, compared to a base year of 2022, by the end of financial year 2033. The Group continues to advance its sustainability agenda and has developed a three-year strategy to further embed responsible business practices into its operations.

Diversity, Equity and Inclusion

The PRA, Bank of England and FCA have long since recognised the value of Diversity, Equity and Inclusion (DEI) in improving firm governance and the quality of decision-making and risk management, leading to better consumer outcomes and safety and soundness. They expect firms to take DEI seriously. In September 2023 the FCA and PRA published coordinated consultation papers to introduce a new regulatory framework with minimum expectations on diversity and inclusion in the financial sector: FCA CP23/20 and PRA CP18/23.

Feedback from the consultation process expressed strong reservations about the reporting aspects of the PRA's proposals and noted that there is an active legislative agenda in this area on gender action plans and disability and ethnicity pay gap reporting.

To avoid duplication and unnecessary costs, as well as reducing regulatory burdens on firms, the PRA and FCA have decided not to publish new rules on diversity and inclusion and will not consider this again until new legislation in this area has been implemented.

However, both the PRA and FCA have stated that they will remain alert to the risks of group-think arising from a lack of diversity and inclusion in firms, using their existing supervisory approaches on management, governance, risk management and controls.

A.1.6.8 Implementing financial reforms (Solvency II)

During the period, the PRA concluded its reforms to Solvency II. The aim of the reforms was to reduce the regulatory burden on firms and ensure prudent risk management and alignment with UK Government priorities.

On 15 November 2024, the PRA published its final package of rules relating to the Solvency II Review, which came into effect on 31 December 2024. The main impact for ILUK was the amendments to the Quantitative Reporting Templates reporting forms.

A.1.6.9 Political and geopolitical instability

There is considerable concern over ongoing regional conflict in the Middle East, which is straining global supply chains and energy markets. Tensions between the United States and China also remain elevated, contributing to geopolitical uncertainty. In the UK and US, political volatility - including government transitions and the establishment of new policy agendas has added to market instability. These combined geopolitical and economic factors continue to exert pressure on bond and equity markets.

Moreover, the Russian invasion of Ukraine remains a persistent driver of inflation and supply disruptions. Attacks on energy infrastructure, limitations on fuel refining capacity, and altered trade flows are all contributing to sustained upward pressure on energy and commodity process globally. Within the UK, the economic environment continues to be challenging, inflation remains elevated exerting pressure on household budgets and company cost bases. The outlook will depend in part on forthcoming fiscal policy decisions in the Autumn Budget and the trajectory of global energy and commodity markets.

A.1.6.10 Pensions dashboard

Pensions dashboards are secure digital interfaces that enable consumers to find and view simple information about all of their pensions (state, occupational and personal) that are not yet in payment, in one place. The framework to establish the pensions dashboard is in the Pension Schemes Act 2021. The deadline for pension providers to connect to the dashboard is 31 October 2026, although large pension providers, including ILUK, were required to connect by 30 April 2025. Our data is now connected, although the dashboard is still in a testing phase and is not yet available for public use. It is unclear when the public will be able to access the dashboard, but it is likely to be some time towards the end of 2026.

A.2 Underwriting performance

A.2.1 Underwriting statement

As ILUK only writes unit-linked investment contracts and fully matches 100% of the assets underlying the unit-linked products, a presentation of premiums and claims as provided in Quantitative Reporting Template IR.05.02.01 (see Appendix) only provides limited information on the Company's performance over the reporting period. Instead, a presentation of operating profit based on the IFRS financial statements is provided below, with a reconciliation to IFRS profit provided in section A.4.

(£000)	2025	2024
Revenue		
Fee income	67,232	62,190
Cost of sales	(1,001)	(857)
Total income	66,231	61,333
Administrative expenses	(31,102)	(29,041)
Credit loss allowance on financial assets	(23)	(30)
Total expenses	(31,125)	(29,071)
Operating profit	35,106	32,262

A.2.2 Overall underwriting performance over the period

Fee income has increased due to an increase in the average value of policyholders' asset portfolios over the year, which includes new business written in addition to changes in in-force policy asset values and in-force policy decrements.

A.3 Investment performance

A.3.1 Investment income and return

The Company's non-linked investments are held in cash at a range of UK regulated banks, money market liquidity funds, UK Gilts and in an intra-Group loan. Investment income is therefore interest on cash and loans, as well as coupon payments on gilts. Interest rates were generally lower in 2025 compared to 2024, leading to a decrease in investment income. Investment return is also related to the same non-linked assets.

Linked investments held for the benefit of policyholders are invested as per the advisers', discretionary investment managers' or policyholders' instructions and underlying investments in policyholders' asset portfolios predominantly include a broad selection of equities, debt securities and property. The decrease in policyholder investment return is due to reduced market performance over 2025 compared to over 2024.

(£000)	2025	2024
Investment income	5,208	5,932
Investment expense	(122)	0
Investment return	0	0
Policyholder investment returns	2,691,686	2,958,170
Profit on investment activities	2,696,772	2,964,102

A.3.2 Investments in securitisation

ILUK has no investments in securitisation.

A.4 Performance of other activities

A reconciliation of the operating profit and loss on investment activities is reconciled to the IFRS profit before tax in the table below.

(£000)	2025	2024
Operating profit	35,106	32,262
Profit (loss) on investment activities	2,696,772	2,964,102
Net income (loss) attributable to policyholder returns	41,533	40,225
Policyholder taxation	(35,753)	(38,762)
Change in investment contract liabilities	(2,444,864)	(2,739,866)
Fee and commission expenses	(246,822)	(218,304)
IFRS profit before tax	45,972	39,657

Net income (loss) attributable to policyholder returns represents the movement of the ILUK reserves to meet the policyholder tax asset/liability, plus any surplus provision released to profit. Policyholder taxation was lower over 2025 than 2024 based on lower charges taken from policyholders to pay expected future tax liabilities, due to market movements.

Fee and commission expenses relate to payments to third parties from policyholder portfolios, principally to their financial advisers, based on agreements made directly between the policyholder and their advisers.

A.5 Any other information

All relevant and material items are covered in previous sections.

B. System of governance

B.1 General information on the system of governance

B.1.1 Introduction

ILUK's system of governance is consistent with the approach adopted by all Group companies and in line with regulatory expectations. This includes the Risk Management Policy and Framework (RMP and RMF) which is applied on a Group basis. The remainder of this section describes the Group's system of governance – which directly applies to the legal entity, ILUK.

The IHP Board determines the overall strategic direction of the Group's companies and is responsible for the overall management of the Group's business operations. IHP's Board is its main decision making and review body and has overall responsibility for approving Group risk appetite and risk management objectives and policies. ILUK's Board is ILUK's main decision making and review body – it will, where appropriate, contribute to and adopt the strategies, policies and procedures as recommended by the IHP Board. Further, the ILUK Board will consider and scrutinise advice from the IHP Board. The ILUK Board is responsible for approving ILUK's risk appetites and for ensuring ILUK's risk appetites do not cause any conflicts with the Group's risk appetites. Additionally, ILUK's Board is responsible for approving ILUK's strategic plan.

B.1.2 Committees and forums

The ILUK and IHP Boards are supported by a number of Board committees. As at the reporting date, the committees comprised:

- IHP Audit and Risk Committee
- IHP Remuneration Committee
- IHP Nomination Committee
- ILUK Audit and Risk Committee.

The Chief Executive Officers of both ILUK and IFAL have established Executive Committees and, as at the reporting date, three forums feed in from which ILUK draws information and oversight assurance:

- Planning and Development Forum
- Consumer Duty and Conduct Risk Forum
- Financial Crime Forum.

At least one of the executive directors of ILUK is represented on each of the forums.

B.1.3 Roles and responsibilities of Key Functions

The Group operates a 'three lines' risk governance model which provides at least three stages of oversight to ensure that the Company operates within the risk appetite defined by the ILUK Audit and Risk Committee and approved by the ILUK Board. There are four key functions within the three lines model on which ILUK places significant reliance – Compliance, Group Risk Management, Actuarial, and Group Internal Audit. A summary of the roles and responsibilities of each is set out in the rest of this section.

Compliance Function

The Compliance Function provides oversight as part of the second line within the model. It is responsible for providing advice to the ILUK Board and senior management about compliance with relevant statutory and regulatory obligations, including upcoming regulatory changes and monitoring the effectiveness of compliance with responsibilities under the regulatory system.

The Compliance Function acts as the first point of contact with the regulators, which includes regulatory reporting and ad-hoc information requests.

The Compliance Function maintains a Compliance Plan which sets out its responsibilities and duties including areas of activity for the current calendar year. It has access to all necessary information, people, data, books, records and resources to meet its responsibilities.

The Platform Group Head of Compliance escalates regulatory issues (as required) related to ILUK to the ILUK Chief Executive Officer, Audit & Risk Committee, and the Board.

Risk Management Function

The Group Risk Management Function forms part of the second line within the model. It is responsible for facilitating and providing support to the Group's risk management process, giving challenge, advice and guidance on best practice to the business.

The Group Risk Management Function has a key role in establishing the RMF and RMP which ensure that risks are appropriately controlled and mitigated and that appropriate risk behaviours are being demonstrated consistently across the business.

The Group Risk Management Function assists the business in the identification, assessment and reporting of risk exposures; it monitors the effective management of these against the agreed Board risk appetites. It will report on issues raised by this process and make recommendations on these and other risk matters. This reporting is achieved through a quarterly risk report provided by the Group Chief Risk Officer to the ILUK Audit and Risk Committee. The Chair of the ILUK Audit and Risk Committee subsequently informs the Board of any relevant and material issues for discussion and approval.

Responsibility for coordinating the Own Risk and Solvency Assessment (ORSA) process lies with the Group Risk Management Function.

Actuarial Function

The Actuarial Function forms part of the first line within the model and is responsible for coordinating the calculation of the Technical Provisions, ensuring the appropriateness of the data, assumptions and methodologies used and informing the Board of the reliability and adequacy of the calculation of the Technical Provisions. The Actuarial Function is also responsible for ensuring the validation of the Technical Provisions is undertaken independently of the calculations.

Other areas of responsibility of the Actuarial Function include providing input to the ORSA process, reviewing and analysing outputs of the ORSA process, as well as contributing to the conclusions and recommendations of the ORSA process, working closely with the Group Risk Management Function.

Internal Audit Function

The Group Internal Audit Function forms the third line within the model and is responsible for providing independent and objective assurance to those charged with governance of the Group (including the ILUK Audit and Risk Committee and the ILUK Board) that risks are identified, reported, and appropriately managed and controlled in accordance with RMF and Board approved risk appetite levels. The Group Internal Audit Function also aims to create, protect and sustain the value of the Group to help meet its objectives and advises executive management on ways of improving the effectiveness of governance, risk management and internal controls. This is achieved by assessing, and providing independent, objective and risk-based assurance on, the effectiveness of the design and operation of controls in accordance with the documented procedures and policies of the Group, and the adequacy of processes to deliver compliance with applicable laws and regulations.

B.1.4 Material changes in the system of governance

There were no material changes in the Company's system of governance in the reporting period.

B.1.5 Remuneration policy

The Remuneration Committee is established as a committee of the Board of Directors of the parent company IHP and its membership is comprised of independent non-executive directors of IHP. The Committee's purpose is to review/set and/or agree the overall remuneration policy and strategy for the Group. The Remuneration Committee aims to align remuneration with the successful achievement of the Group's long-term objectives, while taking into account market rates and value for money. It also reviews the appropriateness and effectiveness of the Remuneration Policy with particular regard to best practice as well as regulatory and risk management considerations. The Remuneration Committee ensures that its decisions take into account the long-term interests of the Group's clients, advisers, shareholders, investors, suppliers and other stakeholders.

The Remuneration Committee also ensures that the structure of the remuneration for certain members of staff whose actions have a material impact on the risk profile of any company within the Group, including the percentage of variable elements as a proportion of their total remuneration, is unlikely to lead to conflicts of interest that might encourage inappropriate risk-taking.

ILUK does not employ its own staff. Instead ILUK procures services from within the Group. IFAL provides wrapper administration, custody trading and settlement services to ILUK. IFAL procures these services from ISL. ISL provides all other services directly to ILUK. The level and form of remuneration (including pay awards and bonuses) for employees of ISL are proposed by the ISL Chief Executive Officer. All employees' pay awards are in the form of regular salaries and discretionary bonuses. In particular, no form of sales related commission is paid. The pay award and bonuses of the IHP Chief Executive Officer are proposed by the Chair of the IHP Board. The Chief Risk Officer prepares a report for the Remuneration Committee on the risk arrangements and out-turns which incorporates insight from the Platform Group Head of Compliance on compliance with applicable regulation. The Chief Financial Officer provides assurance that the awards are affordable and appropriate in the context of the financial provision and results. Their recommendations are considered by the Group's Remuneration Committee. The proposals for individuals undertaking Senior Management Functions or who carry overall responsibility for any regulatory matters for ILUK were shared with the Board for consideration prior to the Remuneration Committee's decisions being made.

A target bonus is set annually by the Group. The bonus payable will be determined by reference to the Group's performance against the targets and employees' own performance is assessed and their overall bonus award adjusted, upward or downward, in line with both the Group performance and their individual performance assessed against performance criteria.

A Share Incentive Plan (that meets HMRC rules) is open to all Group staff except for employees of T4A who currently retain their own remuneration model, and a deferred bonus into shares is open to all staff at the discretion of the IHP Chief Executive Officer.

The pension component of remuneration is payable as a fixed percentage of salary with a further salary sacrifice option for those who wish to increase their pension contributions. The Group has no defined benefit pension schemes and there are no supplementary or enhanced early retirement provisions for any of the Group's senior management or directors.

B.1.6 Material transactions

Dividends to IHP

Over the reporting period ILUK paid dividends totalling £25,300k (2024: £41,200k) to IHP, its parent company. The 2024 dividends included a special dividend of £19,000k, whereas no special dividend was paid in 2025. ILUK has ensured that it complies with the PRA's expectations concerning dividends as set out in Supervisory Statement 4/18 “Financial management and planning by insurers”.

The Actuarial and Group Risk Management teams continue to work closely with the Board to ensure the appropriate financial analysis is completed prior to the payment of dividends. Throughout the period, ILUK has continued to be able to make, and has made dividend payments.

Payments to ISL

ILUK has a services agreement with ISL to provide policy administration, tax, legal and regulatory compliance services. ILUK paid ISL £5,889k (2024: £6,643k) over the reporting period.

The charges owed by ILUK to ISL are reflected in ILUK's statement of financial position as an intercompany creditor and the balance is settled by ILUK each month.

Payments to IFAL

Payments to IFAL over the year totalled £21,533k (2024: £17,887k), due to ILUK paying wrapper administration fees direct to IFAL. IFAL paid £17,115k of the £21,533k on to ISL for providing the staffing for these services.

Additionally, IFAL charges ILUK a proportionate share of trading costs for the costs it incurs directly trading and settling assets for the Group.

The charges owed by ILUK to IFAL are reflected in ILUK's statement of financial position as an intercompany creditor and the balance is settled by ILUK each month.

Payments to Transact IP Ltd

ILUK pays a royalty fee to TIP for the use of the Transact platform.

The charges owed by ILUK to TIP are reflected in ILUK's statement of financial position as an intercompany creditor and the balance is settled by ILUK each month.

B.2 Fit and proper requirements

B.2.1 Fit and proper

The Group has a process for assessing the fitness and propriety of persons covered under the Suitability Policy (Members), and of other certified staff. An assessment of suitability (which includes the fitness and propriety assessment) is carried out during the recruitment phase and before any regulatory application is made, as well as at least annually. This includes a minimum set of basic screening requirements for the recruitment of all staff. Additional enhanced screening requirements are implemented for individuals, including non-executive directors and senior managers, who are subject to the FCA and PRA Senior Manager and Certification Regime (SMCR).

Holders of Key Functions are Members who due to their position have considerable influence on the Group. These have been identified as individuals who have responsibility for the oversight and operation of the Internal Audit, Compliance, Risk Management, and Actuarial functions. A record of our Key Functions and the reasoning for their identification is maintained. This is reviewed at least annually or more frequently if there are any structural changes to the Group.

All Members and staff are required to observe the applicable conduct standards as prescribed by the PRA and FCA. The Group will notify the PRA and FCA of any change in the fit and proper status of Members (including should instances arise, where Members have been replaced because they are no longer fit and proper), and of any breaches to conduct rules by Members and staff.

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk management strategy

Risk management is a key component of the Group's strategic management. Responsibility for risk management resides across all 'three lines' of the risk governance model within our business, from the senior management team to departmental team managers and their staff. The RMP and RMF define risk management roles and responsibilities. In turn these are incorporated into each employee's job description, ensuring, on a day-to-day basis, compliance with the FCA's code of conduct and the applicable policies and prevailing regulatory and legislative requirements.

The Group's risk management strategy supports the business in making informed and risk based decisions.

The Group has identified the following risk principles:

- Risk strategy is set in conjunction with the annual business planning cycle to ensure it is aligned with the Group's strategic objectives.

- The Group will adopt a risk culture that has risk management informing all key strategic decision making.
- The Group will be proactive in understanding, assessing and managing risks to promote the achievement of its business objectives and principles.

B.3.2 Risk management objectives

The Group is committed to a proactive approach to risk management. Risk management activity is aligned to the business plan objectives and priorities. Risk management is integrated into the Group's management processes and lies at the heart of its decision making.

The RMF further supports the achievement of ILUK and the Group's objectives. Effective risk management helps to provide focus on the priorities of ILUK and the Group, delivering a better assessment of risk in the decision-making process through open discussion about risks and opportunities. Effective risk management promptly identifies, measures, manages and reports risks that affect the achievement of the strategic, operational and financial objectives.

This includes reviewing ILUK's risk profile in line with the stated risk appetite and responding proactively to emerging threats and opportunities that may have the potential to cause harm.

B.3.3 Risk management processes

The Board, supported by reviews and recommendations from the ILUK Audit and Risk Committee, holds overall responsibility for and provides oversight of the Company's RMF and ORSA process. The Board has adopted and embedded the Group's RMF which provides a consistent approach to identification, assessment, mitigation and reporting of risks throughout the Company. The ORSA is a key part of the RMF and by applying the ORSA process, the Company actively manages its current and future risks.

The risk management process is illustrated below:

The ILUK Board determines the level of risk they are willing to assume to achieve their objectives by setting risk appetites derived from the business strategy.

B.3.4 Risk reporting

In the application of the RMP, ILUK has established various reporting including the following:

- Departmental risk register updates, with review and challenge by the Group Risk Management Function
- Senior management risk reporting to the ILUK Executive Committee members
- Audit and Risk Committee reports
- Board reports
- Project progress reporting

The Group Chief Risk Officer presents reports to the ILUK Audit and Risk Committee and IHP Audit and Risk Committee on at least a quarterly basis. These reports include the latest summary of ILUK's risk profile.

B.3.5 Risk procedures

Transact platform processes are mapped, and procedures documented for inter and intra departmental processes. A standardised format and nomenclature are used in all business process management work.

Process maps include identification of the significant risks in the process and any risk mitigation that is in place. References used in the process maps can be tracked to those used to identify the risk in the risk register.

Each process owner ensures that process maps and procedure documents are kept up to date to reflect any changes that are approved.

B.3.6 Own Risk and Solvency Assessment

ORSA activity is carried out throughout the year. Work on the ORSA report commences in October with planning and allocation of responsibilities. From November onwards, work on the calculation of the Economic Capital Model (ECM) and Standard Formula results (coinciding with the business planning cycle) progresses and the report is reviewed and challenged by the ILUK Audit and Risk Committee and then recommended to the ILUK Board for approval by the ILUK Board in March.

This has changed from previous years, where the ILUK Board approved the ORSA report in December at the same time as the financial statements. The amended timing of the production, review and approval of the ORSA report allows adequate time for the ILUK Executive Committee to engage and provide challenge before the ILUK Audit and Risk Committee and the ILUK Board do likewise. This is expected to improve the robustness of the ORSA process and the overall quality of the ORSA report.

If there are significant changes in the risk profile then a "non-regular" ORSA would be triggered which would mean that certain elements of the ORSA process may be brought forward.

ILUK's ORSA includes the elements set out below:

- Continuous compliance with the MCR and SCR
- Business strategy
- Risk appetites
- Corporate governance
- Risk management
- Data quality and model governance
- Capital and liquidity management plan
- Own capital using the ECM model
- Review risk profile and external environment
- Financial projections including forward looking capital and solvency
- Stress and scenario testing, reverse stress testing
- Use test of the ORSA.

ILUK monitors its solvency position on an on-going basis, supported by full financial model runs each quarter, with the completion of the ORSA annually. Stress and scenario testing is conducted at least annually as part of the ORSA or more frequently if there are material changes to ILUK's risk profile or the external environment. To ensure ILUK considers how its financial position may be impacted under stressed conditions, it is important that a wide range of scenarios are considered. Group Risk Management organises an annual workshop with Senior Management to discuss scenarios that could affect the Group and to review and validate the 'horizon scanning' register which monitors the external environment that may affect the business. The scenarios are provided to the ILUK Audit and Risk Committee to review and challenge and then recommended to the ILUK Board, including the basis of the parameters that are to be stressed.

The ORSA also includes a projection of the capital and solvency position which is carried out as part of the planning process and is updated monthly. This ensures that ILUK complies with the regulatory requirements throughout the planning period.

The ORSA process is conducted throughout the year and is used to facilitate decision making throughout the business.

B.4 Internal control system

The Group recognises that in order to achieve its business objectives a robust and consistent system of internal controls is required. An internal control framework, proportionate to the Group's processes, activities and associated risks is established, implemented and maintained across the Group. The Group's internal control system and framework are designed to secure compliance with decisions and procedures at all levels within the Group and covers all functions, activities, plans, culture, behaviours, policies, systems, processes, reporting arrangements and procedures that, when taken together:

- Facilitate effective and efficient operations by enabling identification and assessment of current and emerging risks (including compliance risks) and changes in the legal environment.
- Ensure action is taken to correct any identified weaknesses or deficiencies in internal controls, procedures and other systems of governance or failure to comply with legal or regulatory obligations or internal policies and procedures.
- Support timely and appropriate action to rectify significant control failures and to safeguard resources.
- Aim to minimise the likelihood and impact of: poor judgement in decision-making, the occurrence of risk-taking that exceeds the levels agreed by the Boards of the companies within the Group, human error, or deliberate circumvention of control processes.
- Provide assurance that financial statements are prepared accurately and reported correctly and that financial and non-financial information is available and reliable.
- Provide assurance that clients' interests are protected including in relation to security controls, access controls relating to hardware, systems and data and the integrity of records and information.
- Support compliance with laws, regulations and administrative provisions (including those related to data production) related to business activities, processes, objectives and overall strategy.
- Aim to identify and manage any areas of potential conflicts of interest.

The Group's RMF is implemented through a 'three lines' model, to enable delineation of responsibility and to ensure that ILUK operates within the risk appetites set by the ILUK Board.

The 'first line' business is responsible and accountable for managing risks on a day-to-day basis within appetite and in line with risk policies. This is then combined with oversight from the 'second line' Group risk management and compliance functions, and independent assurance is provided by the 'third line' Group internal audit function to form a 'three lines' model.

The Internal Control System is supported by having a Group structure that defines clear lines of authority (including formal delegated authority as appropriate), responsibility and accountability and establishes appropriate lines of reporting and segregation of duties. The Group recognises that accurate, timely and effective management information is crucial to the success of the Internal Control System.

B.5 Internal Audit Function

B.5.1 Implementation of the Internal Audit Function

The Group's Internal Audit Function produces a risk-based internal audit plan for the following 12 month period containing details of the internal audit engagements that will be performed, the planned date for completion and reporting of the internal audit engagements, and any internal and external resource requirements that are required. The internal audit plan covers the principal and top risks faced by the Group with consideration given to coverage over each of the Group's subsidiaries including ILUK. The internal audit plan is presented to the ILUK Audit and Risk Committee for approval at least annually or when any material changes are proposed, and quarterly review points of the plan are carried out to ensure the plan remains focused on the key areas. The Chief Internal Auditor also presents details on the Internal Audit Function's progress with completing the internal audit plan, to the ILUK Audit and Risk Committee on a quarterly basis.

The internal audit plan is developed in consultation with the Group Risk Management Function – however, the Group Internal Audit Function performs its own assessment of the risks to the Group and then ensures that the selection of planned audits is aligned to its view of the principal and top risks faced by the Group.

B.5.2 Independence of the Internal Audit Function

The Chief Internal Auditor reports functionally to the Chair of the ILUK Audit and Risk Committee and other subsidiary Audit and Risk Committees in the Group (who are independent non-executive directors) and administratively to the Group Chief Executive Officer. The Chief Internal Auditor will ensure that the Group Internal Audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others. Group Internal Audit will not perform any operational functions or activities that could compromise its independence.

Group Internal Audit's own Charter states that it will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties; exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined; make balanced assessments of all available and relevant facts and circumstances; and take necessary precautions to avoid conflicts of interest, bias, and undue influence. The ILUK Audit and Risk Committee has authorised Group Internal Audit to have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

B.6 Actuarial function

As at the valuation date, the Head of the Actuarial Function is Peter Lee, ILUK's Chief Actuary. He holds the role of Key Function Holder for Actuarial under Solvency II and is designated as SMF20 (Chief Actuary) under the Senior Managers and Certification Regime (SMCR). The Chief Actuary reports directly to the CEO and has a formal reporting line to the Board for all actuarial matters. Additionally, the Chief Actuary is a Fellow of the Institute and Faculty of Actuaries and is employed by ISL.

The Actuarial Function is further staffed by appropriately skilled and experienced actuarial professionals. The key responsibilities of the Actuarial Function are:

- to calculate the technical provisions in line with the requirements under the PRA Rulebook and to report to the Board on the reliability and adequacy of technical provisions;
- to calculate the SCR and MCR;
- to monitor the ILUK capital position, and financial condition, and to report to the Board on any findings by preparing an Actuarial Valuation Report on a quarterly basis;
- to support the required Solvency II regulatory reporting by producing the actuarial inputs for the Quantitative Reporting Templates (QRT);
- to compile and produce the annual Solvency and Financial Condition Report for the regulator and for the public;
- to contribute to the effective risk management of ILUK by carrying out stress and sensitivity testing of the Solvency II technical provisions, SCR and surplus; and

- to oversee product development, pricing and reinsurance activities.

Independent actuarial peer review is provided by Broadstone Regulatory & Risk Advisory Limited, an external actuarial consultancy.

B.7 Outsourcing

B.7.1 Outsourcing policy

ILUK's outsourcing arrangements are governed by the Group's Supplier Management Policy. This policy sets out the roles and responsibilities for ensuring ILUK's outsourcing arrangements are appropriate.

B.7.2 Intra group outsourcing arrangements

ILUK has outsourced the provision of wrapper administration, custody, trading and settlement activity to IFAL. There is an intra-group agreement in place between ILUK and IFAL which sets out the activity outsourced and ILUK's ultimate responsibility for IFAL's performance of the activity.

All the UK companies in the Group except for ILInt and T4A are resourced directly or indirectly from ISL – the Group's services company. ILInt, based on the Isle of Man, has its own staff but outsources non-core income generating corporate and administrative activities to ISL. ISL employees, including Senior Management Function Holders and Key Function Holders, are provided to ILUK under the terms of an intra-group services agreement. ISL also provides under the same agreement, all operational services including systems access, office equipment and supplies, document management, printing, storage and destruction services. ISL sub-outsources the printing of certain insurance documentation including contract notes. ISL and IFAL are both located in the UK.

B.7.3 External outsourcing arrangements

ILUK has outsourced to Broadstone Regulatory & Risk Advisory Limited, an external actuarial consultancy, the provision of actuarial review services under an agreement governed by and construed in accordance with English Law. Broadstone Regulatory & Risk Advisory Limited is located in the UK.

B.8 Any other information

All relevant and material items are covered in previous sections.

C. Risk profile

The risk profile of the Company is set out in this section. Further details on the quantification of these risks is provided in section 0 and in Appendix 1.

C.1 Underwriting risk

C.1.1 Description of risk

Underwriting risk (or insurance risk) is the risk of loss arising from actual experience being different than that assumed when an insurance product was designed and priced. For ILUK, insurance risk includes lapse risk, expense risk and mortality risk.

Lapse risk

Lapses occur when funds are withdrawn, partially or fully, from the platform for any reason. Pension transfers and bond surrenders typically occur where policyholders' circumstances and requirements change. However, these types of lapses can also be triggered by operational failure, competitor actions or external events such as regulatory or economic changes.

Pension commencement lump sum payments, drawdown payments, lump sum withdrawals and bond regular withdrawals also result in funds being withdrawn from the platform but are of less concern as they are expected as part of the product's life-cycle.

As the unit-linked policies are fully matched, any payout for lapsed funds will be met by the matched assets held on the policyholder's behalf. As a result, there is no direct risk of loss upon lapse. The risk for lapses is therefore that of a secondary impact, being the reduction of ILUK's net income due to future management charges and wrapper charges no longer being received on lapsed policies.

Expense risk

Expense risk arises where costs increase faster than expected or from one off expense shocks. As ILUK's expenses are primarily staff related, the key inflationary risk arises from salary inflation. Expense shocks could arise from events such as system failures or Financial Services Compensation Scheme levies. As ILUK has the right to amend charges to policyholders, expense risk refers to the residual difference between increased expenses and the level to which ILUK can, or wishes to, pass this increase on to policyholders.

Mortality risk

Mortality risk is the risk that the number of policyholder deaths is greater than expected. As the unit-linked policies are fully matched, the portfolio value payout upon death will be met by the matched assets held on the policyholder's behalf. Deaths produce a strain when the benefit paid out on death is greater than the value of the policyholder's portfolio. This applies for all onshore bonds (where a death benefit of 0.1% of the portfolio value is payable). A secondary mortality risk is also present which reflects the reduction of ILUK's net income due to future management charges and wrapper charges no longer being received on policies terminating due to death.

C.1.2 Risk exposure and concentration of risk

Lapse risk

As at the reporting date the total cash and investments held in policyholders' portfolios was £29,858,714k (2024: £25,749,827k) for which the present value of future net income (i.e. the VIF as defined in section D.2.2) at risk under lapse events was £422,372k (2024: £401,699k).

The exposure to lapse risk has been analysed to determine the level of concentration to any single adviser firm. The analysis showed there is no material exposure to any one adviser firm.

Expense risk

ILUK's total administrative expenses over the 12-month period to the reporting date were £32,103k (2024: £29,898k), including cost of sales. These figures include non-underlying expenses of £0k (2024: £(196)k).

Mortality risk

As at the reporting date ILUK was exposed to direct mortality risk of £2,525k (2024: £1,965k). This represents the Sum at Risk (i.e. total death benefits payable less value of policyholders' portfolios) for the onshore bonds. In addition there was a secondary mortality risk exposure of £422,372k (2024: £401,699k) in respect of the present value of future net income (i.e. the VIF as defined in section D.2.2) at risk upon death

C.1.3 Risk mitigation

Lapse risk

ILUK predominantly accepts new policyholders through authorised financial advisers who are provided with Target Market and Fair Value Statements to distribute to clients ahead of policy inception. These financial advisers perform a detailed needs analysis and financial appraisal before recommending that the potential policyholder opens an ILUK wrapper. This process is designed to ensure initial product suitability and appropriateness, reducing future lapses.

Service standards and pricing competitiveness are monitored and product enhancements are introduced when HMRC rules permit, in order to maintain the overall quality and value for money of the ILUK/Transact offering.

Lapse risk is mitigated by focusing on providing exceptionally high levels of service. Lapse rates are closely monitored and unexpected experience is investigated.

Expense risk

ILUK's expenses are governed at a high level by the Group's Expense Policy. The monthly management accounts are reviewed against projected future expenses by the Board and by senior management and action is taken where appropriate.

A proportion of the salary costs are paid as a discretionary bonus and share scheme awards, which could be removed or reduced without changes to staff contracts. Controls are in place to require Senior Management approval for expenses in excess of limits.

Mortality risk

The mortality risk on the onshore bond policies is not reinsured. This is because the Sum at Risk is a minimal 0.1% of the fund value.

C.2 Market risk

C.2.1 Description of risk

Market risk is the risk of loss arising either directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and other financial instruments.

C.2.2 Risk exposure and concentration of risk

Market risk from reduced income

ILUK's income is exposed to market risk. As the unit-linked policies are fully matched, any fall in asset prices will cause a fall in the value of the unit-linked policies of equal magnitude. ILUK's main source of income is derived from annual management charges which are linked to the value of the unit-linked policies.

Market uncertainty stemming from a variety of political and geopolitical events noted in section A.1.6.9, among others, may increase the volatility of ILUK's revenues.

Market risk from direct asset holdings

The overriding principles of ILUK's investment policy for non-linked assets are security and liquidity of capital. ILUK has limited exposure to primary market risk – there is minimal primary impact on the solvency of the Company from market fluctuations as:

- The Company only writes unit-linked insurance and has only unit-linked insurance business in force.
- Linked assets are invested as per the policyholders' instructions. ILUK maintains the right to limit policyholders' investment options.
- The Company fully matches the liabilities underlying the unit-linked products so there is no asset-liability mismatch risk.
- The Company's non-linked assets are invested in predominantly high quality, highly liquid, short-dated investments.
- The Company is not directly exposed to significant currency risk.

ILUK's balance sheet and capital requirements are relatively insensitive to first order impacts from movements in interest rates. The Company is exposed to a primary level of interest rate risk on its two Gilt holdings of £8,096k (2024: £0k). The risk here arises from a shift in interest rates reducing the market value of the asset. The short-dated nature of the Gilts, redeemable in October 2025 and July 2026, means that the market value is relatively insensitive to a change in interest rates.

ILUK provided an intra-Group loan of £10,000k to IHP in January 2021, repayable over a period of 10 years with variable interest payments based on SONIA plus a margin agreed on normal commercial terms. The outstanding loan is currently valued at £5,000k, with no adjustment for expected credit losses. The market value is insensitive to a change in interest rates. ILUK holds capital for the loan under the credit spread and market concentrations sub-modules of market risk.

The Company has no defined benefit staff pension schemes.

C.2.3 Risk mitigation

All contracts are unit-linked and linked assets are fully matched, therefore ILUK's linked liabilities will move in line with the assets.

ILUK collects wrapper administration charges that do not depend on market movements, ensuring a proportion of revenue is unaffected by market movements.

Prudent Person Principle - Linked assets

ILUK fulfils its obligations regarding the Prudent Person Principle via the investment policy. All policyholder investments are held as individual internal linked funds. The choice of investments is controlled by the financial adviser or discretionary investment manager subject to qualitative requirements that have been laid down by the Company, and subject to HMRC rules for eligible investments. The investment objective of each individual linked fund is agreed between the adviser and the policyholder taking account of the policyholder's expectations and risk appetite. This will include agreement on the characteristics of the assets e.g. their quality, liquidity, currency etc., the diversification of assets held in each individual fund and the policyholders' other assets and liabilities.

The "Product Onboarding Process" imposes a set of qualitative requirements that each product must meet before it is made available for investment, e.g. legal structure of asset, custodian, etc. This allows the Company to offer investment flexibility whilst still being able to meet the Prudent Person Principle and to be able to monitor the security and quality of the portfolio as a whole.

Each product will be reviewed on a trigger based approach through the "Product Review Process" to ensure that it continues to meet the qualitative requirements. If at any time a product ceases to meet these qualitative requirements, then new investments will no longer be permitted. In the event that any existing holding ceases to meet the requirements (such as where a unit trust loses its authorised status) then the link between the value of the units and policy benefits will be stopped at the first reasonable opportunity, bearing in mind policyholders' best interests.

Non-linked assets

The overriding principles of ILUK's non-linked investment policy are security and liquidity of capital. To meet these principles non-linked reserves and shareholder capital are split between cash held in UK regulated banks, money-market funds, UK Gilts and an intra-Group loan.

Investment return is not the primary aim of the non-linked investment policy. Returns commensurate with those achievable on Gilts with outstanding duration of less than five years are sought after taking account of quality, liquidity and diversification.

ILUK's Risk Appetite determines the degree of diversification between banks and the credit quality assessment requirements.

Liquidity is maintained by predominantly retaining non-linked asset investments in cash, money-market funds and UK Gilts. This is in line with non-linked liabilities which are represented in the main by expenses and tax liabilities.

C.3 Credit risk

C.3.1 Description of risk

Credit risk (or counterparty default risk) is the risk of loss arising from a party defaulting on any type of debt due to the Company.

C.3.2 Risk exposure and concentration of risk

For ILUK, the exposure to credit risk arises primarily from:

- corporate assets directly held by ILUK
- exposure to policyholders
- exposure to other Group companies
- exposure to other debtors.

The other exposures to credit risk include a credit default event which affects funds held on behalf of policyholders and occurs at one or more of the following entities:

- a bank where cash is held on behalf of policyholders
- a custodian where the assets are held on behalf of policyholders
- Transact Nominees Limited which is the legal owner of the assets held on behalf of policyholders.

There is no first order impact on ILUK from the events in the preceding set of bullets. This is because any credit default event in respect of these holdings will be borne by policyholders, both in terms of loss of value and loss of liquidity. However, there is a second order impact where future profits for ILUK are reduced in the event of a credit default event which affects funds held on behalf of policyholders.

Corporate assets and funds held on behalf of policyholders

As at the reporting date, the Company holds £108,606k (2024: £105,934k) of corporate cash. £90,495k (2024: £105,934) of the corporate cash is held in accounts at seven different UK banks, all of which have a Solvency II credit quality step of at least 2. Of the corporate cash, £69,862k (2024: £67,824k) is held to cover tax reserves. Finally, £18,111k of the corporate cash (2024: £0k) is invested in two different money-market funds. The Company also holds £8,096k (2024: £0k) in Gilts, and an intra-Group loan to IHP of £5,000k (2024: £6,000k).

There is no significant concentration to any one UK bank. The corporate cash is held directly by ILUK. Client money is held by IFAL in its own client money accounts on behalf of ILUK for its policyholders.

Counterparty default risk exposure to policyholders

The Company is due £6,919k (2024: £6,715k) from fee income owed by policyholders. Fees are paid monthly from policyholder funds, largely clearing this balance. A conservative bad debt provision of £213k (2024: £191k) is held for the fees that cannot be paid due to policyholders holding insufficient liquid assets.

Counterparty default risk exposure to other Group companies

As well as the inconvenience and operational issues arising from the failure of other Group companies, there is also a risk of a loss of assets. Other than the £5,000k intra-Group loan, the Company is due £48k (2024: £230k) from other Group companies, however, offsetting payables to the same companies ILUK is due £4k (2024: £1k).

Counterparty default risk exposure to other debtors

Other than prepayment assets, which are valued at nil in line with PRA Rulebook for Solvency II firms – Valuation (2.1), the Company has no other debtors arising, due to the nature of its business, and the structure of the Group.

C.3.3 Risk mitigation

Policyholders retain the credit risk for cash held in life company wrappers in banks in the event of insolvency.

ILUK holds cash with banks that have at least a Solvency II credit quality step of 3 and ensures cash is spread across at least four different banks.

ILUK sets limits on the amount of cash each bank can hold and this is regularly monitored through the Bank Account and Custodian Dashboard. ILUK assesses banks upon on-boarding and subsequently on an annual basis.

ILUK auto-sells client assets where clients do not hold sufficient cash in their funds to pay fees to the Company. The auto-sell process is carried out on a monthly cycle prior to the payment of fees.

ILUK regularly monitors the credit risk premium on the intra-Group loan to IHP.

C.4 Liquidity risk

C.4.1 Description of risk

Liquidity risk is the risk that cash is not accessible such that the Company, although able to meet its regulatory capital requirements, does not have sufficient liquid financial resources to meet obligations as they fall due, or can secure such resources only at excessive cost.

C.4.2 Risk exposure and concentration of risk

The Company's risk exposure and concentration of liquidity risk is as follows:

- Surrender of policies: ILUK is not exposed to liquidity risk when policyholders surrender their unit-linked investment assets. This is because policyholders take their own liquidity risk in the event that their investment assets cannot be immediately sold for cash. This is set out in the terms and conditions of the policies. Additionally, ILUK places policyholder cash in bank deposits with terms ranging from immediate access to 95 days. ILUK has robust controls in place to mitigate this liquidity risk, through setting limits and actively monitoring the percentage of cash not held in immediately available deposits.
- Benefit payments and expenses: ILUK is exposed to liquidity risk relating to the payment of mortality benefits and other liabilities (e.g. operating expenses). This requires access to liquid funds.
- Charges from policyholder assets: There is a risk that there is insufficient cash held in the unit-linked policies to settle the charges or that the assets cannot be converted into cash in order for the charges to be collected. Liquidity risk arising from clients holding insufficient cash is concentrated in portfolios where clients have illiquid assets and no cash.
- ILUK's own accounts: Whilst ILUK does have £108,606k (2024: £105,934k) exposure to an insolvency event

affecting UK banks and money-market funds, the Company considers this to be a remote risk. This is because these banks are of high systemic importance and, as such, any insolvency event affecting one of the banks is likely to fall within the remit of financial and operational crisis management principles set out in the Memorandum of Understanding between HM Treasury and the Bank of England (including the PRA). Corporate cash is split across seven banks and two money-market funds. However, there are limitations of the number of banks with which we could operate.

- Intra-Group loan to IHP: The market liquidity for the intra-Group loan is untested as it is the only outstanding loan exposure to the issuer. However, it is noted that there is a liquid market in loan exposures to other FTSE 250 companies, and as such, the asset can be considered to represent a low liquidity risk.

C.4.3 Risk mitigation

There are robust controls in place to mitigate liquidity risk:

- ILUK maintains a minimum of four corporate accounts across a range of banks to mitigate the risk of a single point of failure.
- Concentration and limits are monitored using the Bank Account and Custodian Dashboard, where limits have been set for the amount of cash that can be held with each bank based on the bank's total customer deposits.
- Credit ratings of banks are regularly monitored to foresee any future liquidity issues before they arise.
- An arrangement with a back-up bank is in place to continue operations as normal should the main operating bank's system fail.
- Transact's Terms and Conditions require clients to maintain two per cent of their holdings in cash in each wrapper at all times to ensure that clients continue to be able to pay their charges when due. To mitigate the risk of clients not maintaining sufficient assets in cash to pay the fees, the Terms and Conditions allow the "auto-sell" of assets to restore the minimum two per cent cash level. Auto-sell is run monthly.
- Where clients have illiquid assets and there is insufficient cash to collect fees due, fees are suspended to mitigate an increase in negative cash.

C.5 Operational risk

C.5.1 Description of risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. This risk arises mainly from the administration of its business while operating within a highly regulated environment.

C.5.2 Risk exposure and concentration of risk

Analysis of ILUK's operational risks shows that the majority of the top operational risks relate to information security, IT infrastructure failure and cyber risk, regulatory and tax failure and operational process failure risks. This is as expected given the strong reliance ILUK has on its data, IT systems and the significant volume of operational processes carried out under a number of regulatory frameworks including the outcomes-based Consumer Duty regime which has applied to ILUK since 31 July 2023.

C.5.3 Risk mitigation

The Company aims to minimise operational risk at all levels through a robust, well-resourced control environment and an operational structure that benefits from continuous investment in both people and systems. The Group maintains a dedicated financial crime team and operates an ongoing fraud and cyber risk awareness programme to strengthen its resilience against emerging threats. In terms of operational resilience, the Group carries out regular IT system maintenance, Business Continuity Plan element testing and system vulnerability testing to ensure ongoing stability and preparedness. These activities are supported by the Group's strong corporate governance framework, which is firmly embedded across ILUK and the wider Group.

C.6 Other material risks

C.6.1 Strategy risk

For ILUK, strategy risk includes:

- business sources risk
- contract mix risk
- reputational risk.

These three risks are assessed in the remainder of this section.

C.6.1.1 Business sources risk

Description of risk

Business sources risk is the risk that ILUK's single source of business (Transact) leads to potential contagion and reputational risks.

Risk exposure and concentration of risk

The sole source of ILUK business is Transact which is marketed to UK regulated financial advisers.

Transact delivers several elements which are not within the control of ILUK including non-insurance based wrappers and offshore insurance based tax efficient wrappers.

ILUK is exposed to any failings of this single source of business, primarily reputational risk arising from failings in another part of the Transact business. This could result in high levels of lapse of existing business and failure to write new business.

As ILUK's purpose is to provide the onshore, long-term insurance business, tax efficient savings wrappers to the clients of IFAL as an integral part of Transact, this risk exposure is accepted.

Almost all Transact business is written with advice provided by UK regulated financial advisers. This exposes ILUK to unfavourable changes to this business source e.g. new business could cease if the UK financial adviser market shrank due to many financial advisers retiring or if it consolidated as large financial advisers and competitor platforms bought smaller financial adviser firms affecting both new and existing business.

Risk mitigation

Consideration has been and continues to be given to mitigation strategies. Details of how the associated lapse and reputational risk is mitigated is set out in Sections C.1 and C.6.1.3 respectively.

C.6.1.2 Contract mix risk

Description of risk

Contract mix risk is the risk that the mix of ILUK's policies (for example by age of policyholder, size of portfolio or type of product) is not at the optimum level.

Risk exposure and concentration of risk

ILUK writes only unit-linked contracts, which removes the Company's exposure to investment risk. However the Company is still exposed to FSCS levies which often arise as a consequence of an investment failure. These levies are outside the control of the Company.

ILUK has a high concentration of pension business with 92% of existing funds under direction being pension related. This exposes ILUK to:

- Changes to drawdown rules resulting in higher outflow amounts.

- Any moves towards a flat rate of tax relief on pension contributions which potentially results in lower inflows.
- Auto enrolment which has the potential to reduce the available market.
- A maturing policyholder base potentially resulting in higher levels of outflow.
- Changes in policyholder behaviour based on unused pensions becoming subject to inheritance tax, resulting in higher levels of outflow.

Risk mitigation

ILUK accepts that withdrawals will increase over time due to asset value growth, price inflation and an ageing portfolio. Requiring all clients to have a financial adviser is expected to mitigate extreme levels of withdrawals that may otherwise result from changes to pension access rules.

Changes to legislation that reduce pension allowances or tax reliefs cannot be directly mitigated. In such circumstances new and renewal business would be expected to continue albeit at a lower level. Transfer business would be expected to be less affected.

ILUK also writes investment bonds which provide a degree of mitigation against the concentration of pensions business.

C.6.1.3 Reputational risk

Description of risk

Reputational risk is the risk that current and potential clients' desire to do business with the Company reduces due to the perception of Transact in the market place. It should be noted that clients don't directly purchase policies from ILUK – they are provided as part of the Transact investment platform service. Therefore the reputation of the Transact brand is where the risk lies.

Risk exposure and concentration of risk

The Transact brand is exposed to a wide range of future events which may have a significant adverse impact on its reputation. These include consequences of operational risk events e.g. errors, fraud or regulatory fines. In these cases, reputational risk would be triggered on the event of the operational risk failure becoming public knowledge. External reputational risk could also arise from public opinion of the whole investment platform sector diminishing. Reputational risk can be triggered by a one-off event resulting in a significant loss or could be the result of a gradual decline in how the Company is perceived.

Risk mitigation

The risk that reputational damage control is not properly managed is monitored through the RMF and is mitigated to some extent by internal operational risk controls, error management, complaints handling processes, and reputational crisis management training.

C.6.2 Group risk

Description of risk

Group risk is the risk that one regulated entity in the group is negatively affected by the actions of another entity in the group.

For the purposes of this assessment, the group is considered to be the IHP Group.

Risk exposure and concentration of risk

The following exposures have been identified:

Group contagion risk

- 'Transact' is the name that holds the Group's brand value. ILUK is associated with this brand. Therefore any reputational event that affects this brand or, to a lesser extent any other company within the Group, will also affect ILUK due to contagion.

Group services risk

- Inter-company agreement with IFAL: IFAL provides trading services and administration of investment and cash assets to ILUK, which are regulated activities. ILUK is ultimately responsible for any losses resulting from trading processing errors, though it is expected that IFAL would be the initial party that incurs any losses.
- Inter-company agreement with ISL: ISL provides policy administration, tax, legal and regulatory compliance services to ILUK. ILUK is ultimately responsible for any losses resulting from legal, compliance, tax and other operational errors, though it is expected that ISL would be the initial party that incurs any losses which would where appropriate be recharged to ILUK.
- ISL and IAD: ISL outsources the core systems' (IAS and TOL) development and maintenance to IAD. Any expenses resulting from failure in IAD operations may affect the Group as a whole.

Group payments risk

- There are no intra-group loans that ILUK relies on for maintaining its capital position. ILUK has provided a loan to IHP on a commercial contract basis which falls within the terms of the Board approved ILUK investment policy. IHP will make loan repayments from dividend income received from subsidiaries within the Group.
- There are no defined benefit pension schemes within any of the companies in the Group.
- All non-regulatory capital within the Group is fully fungible. Other than the loan provided to IHP, ILUK has no capital dependencies on members of the Group.

Risk mitigation

- CASS compliance: There are strict rules that IFAL must comply with to ensure the safeguarding and protection of ILUK policyholders' investment and cash assets. The CASS Assurance Framework is in place to ensure a) compliance with CASS rules, b) that all risks are identified and c) that there are effective controls to mitigate those risks.
- Solvency: Each regulated company is expected to maintain regulatory solvency on a solo basis; this means that each regulated company assesses its own risks and allocates the appropriate capital against them, without any direct reliance on other companies within the Group.
- Inter-company agreements: There are agreements signed among the Group companies which provide a contractual framework in their relationship. These include clearly setting service levels and remedial approaches.
- Reputational management: The ILUK Chief Executive Officer has received reputational crisis management training.
- Business Continuity Plan (BCP): The Group has implemented continuity arrangements to ensure it maintains its operations. The approach has been based on designed plans which had been regularly tested. The crisis management team has undertaken a strategic review of the BCP and re-aligned the approach in light of experiences from the COVID-19 pandemic as well as for third party service providers. Documentation and the strategy have been updated to reflect actual operational experiences following invocation of its BCP.
- Bank Account and Custodian Dashboard: A monthly MI pack produced by Client Accounting and Finance designed to monitor all banks, custodians and term deposit financial institutions. It includes balances, credit ratings, credit quality steps and limits.
- Other than the loan provided to IHP, ILUK has no capital dependencies on members of the Group. Intra-group balances are monitored, settled and reported in the monthly accounts to senior management under related parties' transactions.

C.6.3 Climate change

Description of risk

Climate change presents a material and increasing financial risk to firms and to the financial system. Minimising the future risks from climate change remains a key regulatory priority. Financial risks from climate change can be categorised and described as follows:

- Transition risks, which may arise as a result of the process of adjustment towards a low carbon economy. For example, climate change-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations.
- Physical risks, which relate to specific weather events (e.g. heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (e.g. precipitation, extreme weather variability, sea level rise and rising mean temperatures). These risk factors may result in increased frequency, severity or volatility of extreme weather events impacting non-life insurance, life insurance (e.g. heatwaves increasing mortality rates) or physical damage to the value of financial assets or property.
- Liability risks, which may arise from people or businesses seeking compensation for losses they may have suffered for physical or transition risks as a result of climate change, as defined above.
- Operations, with an increasing level of government pressure and social focus, it is becoming increasingly more important for businesses to manage their operational environmental footprint. This includes a corporate responsibility to ensure that the business takes steps to understand and manage both its current and future carbon footprint, failure to do so may result in reputational damage a loss of business or the potential for future penalties.

Risk exposure and concentration of risk

The following exposures have been identified:

Transition risk

- The direct impact of this risk on ILUK is expected to be immaterial. However, the impacts on the value of linked investment holdings may be significant as some company values are seriously damaged and others gain. This could have a positive or negative impact on ILUK's future income dependent on the underlying holdings. These holdings are generally widely diversified and so would be expected to include both companies that thrive under a low carbon economy (e.g. green energy developers) as well as companies that suffer (e.g. fossil fuel companies).
- Transact, the advised UK investment platform service, facilitates the management and execution of retail clients' investment portfolios by their financial advisers and, to a limited extent, by the retail clients themselves. The responsibility for the choice of underlying holdings is borne by the client, financial adviser or discretionary investment manager, subject to regulatory and tax requirements, and is therefore not within the direct control of ILUK.

Physical risk

- Given ILUK's business model, limited mortality risk on its book of business and no non-life risk exposures, the direct impact of climate change related physical risk is expected to be immaterial.

Liability risk

- Given the above assessments for transition and physical risks, the direct impact of liability risk on ILUK is expected to be immaterial.

Operations

- The provision of services to clients requires an operational infrastructure (e.g. office space and equipment) as well as the use of services from third parties (e.g. power companies and business support services). Failure to assess the resiliency of the infrastructure used and the service providers, may well associate the Transact brand with a poor reputational image. The UK Government has set a target of reaching a net zero position by 2050 and expects businesses to align with this goal. Failing to demonstrate a level of compliance not only impacts reputation but may well result in potential future penalties. Climate-related financial disclosures, consistent with the TCFD recommendations, will be provided at a Group level.

Risk mitigation

- Continue with close monitoring of ILUK's business performance against its business plans. It should be noted that the impact of changes in the value of underlying investment holdings on ILUK's future income is already considered in the current suite of stress and scenario testing.
- Continue to consider ILUK's climate footprint as part of its strategic operational model exploring and reviewing opportunities in areas such as office space, use of renewable energy and reducing the need for printing. In addition, assessing the resiliency of third-party suppliers is an important factor supporting the drive to embrace corporate responsible behaviours.
- Continue with risk horizon scanning, covering, for example, the competitive environment for the emergence of disruptive technology or business models in the investment platform sector, or shifting sentiment and societal preferences related to use of investment platforms.

C.7 Any other information

C.7.1 Stress tests and scenario analyses

A number of extreme but plausible scenarios have been developed following consultation across the business. The scenarios were created by considering both current risks and risks that may materialise in the future. Collectively, these scenarios cover the main risks ILUK is exposed to, including:

- Market downturn
- Mass lapse
- Increase in outflows
- Decrease in inflows
- One-off spikes in operating costs, resulting in an increase in future expenses
- Prolonged period of high expense inflation
- Reduction in fee income.

C.7.2 Stressed projection methodology and assumptions

In general, the approach is to model the Solvency II balance sheet and capital requirements over future time periods, allowing for experience in line with financial and demographic assumptions. The modelling approach has been chosen to strike a balance between technical accuracy and ease of calculation, whilst enabling the process of running and analysing the results to be carried out by an efficient and controlled process. The relevant shocks and trends are then added to the financial model.

To illustrate the severity of the scenarios modelled, the following table sets out some of the key changes in parameters made in the scenarios. The most severe scenarios modelled assumed a number of these changes occurred within the same scenario during the business planning period.

Table: Assumptions underlying the stress scenarios

Risk factor	Stress applied to base case assumption
Market downturn	An equity market fall of 33%
Mass lapse	30% drop in the number of clients over three months
Increase in outflows	95% increase in outflow rates for up to twelve months.
Decrease in inflows	30% decrease in inflow rates for twelve months.
One-off spikes in operating costs	Up to £5.5m one-off spike in operating costs depending on the underlying stress scenario.
Prolonged high expense inflation	10% expense inflation for three years
Reduction in fee income	Reduction in fee income by up to 35% as a result of other stresses.

Potential management actions have been identified and included in the modelling for the scenarios where there is a reasonable expectation that the management action would be taken.

ILUK remains within its solvency and liquidity risk appetites under all scenarios modelled.

C.7.3 Sensitivity testing

A series of sensitivity tests have been carried out to changes in key modelling parameters, calculated as at 30 September 2025.

Sensitivity	Description	SCR coverage ratio	Impact on SCR coverage ratio
Base	-	133%	
Interest rate up	+1%pt shift across yield curve	134%	+1%
Interest rate down	-1%pt shift across yield curve	132%	(1%)
Lapses down	1%pt reduction in lapse rates (transfers out/full surrenders only)	131%	(2%)
Expenses up	10% increase in expense assumptions	130%	(3%)
Mortality down	10% decrease in mortality assumptions	133%	0%
Inflation up	1%pt increase in assumption	132%	(1%)
Credit spread	All Bond Credit Quality Steps down 1 step	131%	(2%)
Equity stress	Symmetric adjustment increased by 1%pt	132%	(1%)

The sensitivity results demonstrate that the SCR coverage ratio is relatively insensitive to small changes in interest rates, lapse assumptions, expense assumptions, mortality assumptions, inflation assumptions, widening credit spreads and equity stress parameters.

C.7.4 Results

The results demonstrate that over the business planning period ILUK is projected to continue to have sufficient capital to cover its regulatory Standard Formula capital requirements and will have sufficient liquid capital resources without recourse to capital injections.

D. Valuation for solvency purposes

D.1 Assets

D.1.1 Introduction

ILUK's assets have been valued in accordance with the PRA Rulebook for Solvency II firms – Valuation (2.1) which requires that the assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction. ILUK has implemented this via the Asset Pricing Policy and the associated processes and procedures.

The following table sets out ILUK's asset valuation as at the reporting date.

(£000)	2025	2024
Assets held for index-linked and unit-linked contracts	29,858,714	25,749,827
Investments (other than assets held for index-linked and unit-linked contracts)	8,096	-
Cash and cash equivalents	108,606	105,934
Loans and mortgages	5,000	6,000
Receivables (trade, not insurance)	7,092	7,986
Total assets	29,987,509	25,869,747

D.1.2 Asset valuation approach

The primary approach is to value assets using quoted market prices in active markets. The only differences between the asset valuation method used in ILUK's IFRS financial statements and the Solvency II valuation relate to the valuation of gilts and the treatment of prepayments. Gilts are valued on a market value basis for Solvency II, but on amortised cost under IFRS. Prepayments are included in the assets of the IFRS financial statements but are excluded from the Solvency II valuation in line with PRA Rulebook for Solvency II firms – Valuation (2.1). ILUK also holds an asset relating to the loan to IHP, and whilst technically the valuation requirements are different between IFRS and Solvency II, the value of the loan to IHP is aligned on both valuation methods (see also section C.2.2). Further details on the IFRS asset valuation approach and the financial assets held are provided in note 1(b) (Fair value of financial instruments) and in note 24 to ILUK's financial statements.

The following table sets out the differences between ILUK's assets on an IFRS basis and on a Solvency II basis.

(£000)	2025	2024
IFRS current and non-current assets	130,371	121,232
Remove prepayments	(1,574)	(1,311)
Revaluation of Gilts under SII	(3)	-
Cash held for the benefit of policyholders	1,616,712	1,385,006
Investments held for the benefit of policyholders	28,242,002	24,364,821
Solvency II total assets	29,987,509	25,869,747

As the Solvency II balance sheet also contains deferred tax liabilities, where a deferred tax asset is held it is included in the net deferred tax liabilities line in the Quantitative Reporting Templates.

There were no changes made to the asset recognition and valuation bases used over the reporting period.

D.1.2.1 Listed securities

Listed securities are valued at the mid-point between closing bid and closing offer. In the event that closing bid and closing offer are not available for a particular day, the last known price will be used.

D.1.2.2 Collective Investment Schemes

Collective Investment Schemes (CIS) are valued using the latest quoted price made available by the issuer of the CIS.

D.1.2.3 Unlisted securities

The Group does not hold a material amount of unlisted securities. Where unlisted securities are held, the asset will be valued in one of three ways. These are using the matched bargain facility where possible; the last known price until a price is released; or audited accounts from which a price can be derived.

D.1.2.4 Impairment of asset value

A monthly stale pricing review is performed of all policyholder assets to assess whether the price being used to value the asset is a fair reflection of market value. Assets which are identified through the monthly stale pricing work as not pricing in line with expected frequency and that have not priced in over two years will have their last known price adjusted using a phased approach, as detailed below:

- 50% reduction in the last known price from two years hence, where the asset is liquidating/ in administration/ delisted or suspended, and where there has been no material update on the status of the asset from an external party in over two years;
- A further 50% write down if no update is received on each annual anniversary thereafter;
- Fully written down to zero after five years with no updated price and no material update on the status of the asset.

In addition, assets for which a price is not available at the expected frequency are considered stale and may be adjusted in line with the documented Asset Servicing Stale Pricing procedure.

The rationale behind the nil value applied to prepayments is explained in the first paragraph of section D.1.2.

D.1.2.5 Receivables

Receivables are valued at their par amount less any provision for impairment, other than prepayments, which are valued at nil in the Solvency II balance sheet. Other than the intra-Group loan to IHP, all receivables are due within less than one year.

D.2 Technical Provisions

D.2.1 Introduction

All of ILUK's business is written in the line of business defined within the PRA Rulebook (Technical Provisions Further Requirements Annex 1 Part D) as 'Index-linked and unit-linked insurance'. The Technical Provisions have been calculated in accordance with the PRA Rulebook for Solvency II firms. The following table sets out ILUK's Technical Provisions as at the reporting date.

(£000)	2025	2024
Unit Linked Reserve	29,858,714	25,749,827
Value of Inforce	(422,372)	(401,699)
Best Estimate Liability	29,436,343	25,348,128
Risk Margin	38,506	40,022
Technical Provisions	29,474,849	25,388,151

The Unit Linked Reserve is equal to Liabilities for linked investment contracts in the IFRS financial statements.

D.2.2 Actuarial method

The Technical Provisions are calculated as the sum of the Best Estimate Liability (BEL) and the Risk Margin.

There are two further sub-components when calculating BEL for unit-linked business;

- a unit-linked reserve, which is the value of units attached to the policy. This reflects the value of unit-linked benefits payable on death, maturity or transfer.
- A value of inforce (VIF), which reflects the value of future fees generated from the annual management charges and other policy fees (the income) less expenses, tax and any death benefits payable in addition to the unit values (the outgo).

D.2.3 Assumptions

The PRA Rulebook for Solvency II firms – Technical Provisions requires that the assumptions used to calculate the Technical Provisions are "realistic". The following sections summarise the material assumptions underlying the calculation of the Technical Provisions.

D.2.3.1 Discount rate/yield curve/fund growth assumptions

The discount rate is used to discount the future cashflows to generate a value in present-value terms.

The PRA publishes risk-free yield curves for each currency on a monthly basis which must be used for discounting. The risk-free rate of return is the theoretical rate which could be earned on a risk-free investment. In practice there is no such thing as an risk-free investment as even the most secure investments carry a small amount of risk. Typically swap yields offer a good approximation to a risk-free rate of return and the PRA's methodology is based on this approach. ILUK's liabilities are denominated in Sterling and hence the GBP yield curve is used.

ILUK also uses the same risk-free rate to estimate the growth in policyholders' unit values. This assumes that the assets are priced on a market related basis consistent with the risk-free rate.

As at the reporting date the 10, 15 and 20 year risk free spot rates applicable to ILUK were 4.2% p.a., 4.5% p.a. and 4.7% p.a. respectively.

Full details of the rates used can be found on the PRA's website:

www.bankofengland.co.uk/prudential-regulation/key-initiatives/solvency-ii/technical-information.

D.2.3.2 Lapse assumptions

Lapses occur when funds are withdrawn from the platform for any reason. This could be where all of the funds are withdrawn leading to closure of the policy (for example a transfer of funds to a competitor) or a portion of the funds are withdrawn and the policy remains open (for example pension commencement lump sums for pension policies).

The table below shows the average lapse assumptions as at the reporting date.

Product	Average lapse rate (% p.a.)	
	2025	2024
Onshore bonds	8.1%	8.0%
Pensions	8.8%	7.9%

To provide a larger pool of data, and hence greater reliability in the assumptions, the lapse data underlying the investigation is from a three-year period. Additional demographic factors such as age, sex and fund size are also used within the investigations to inform of trends and expectations at a more granular level. Average lapse rates have increased, resulting in an increase in SCR coverage but a decrease in surplus capital.

D.2.3.3 Expense assumptions

The expense assumptions have been set based on an expense analysis undertaken by ILUK.

Expense assumptions are set separately for fixed expenses, variable expenses and expense inflation.

The analysis takes all of ILUK's expenses into account. This includes acquisition, administration, investment management, claims management and overhead expenses. The analysis splits the expenses into two categories – acquisition and renewal. The renewal expenses are used in the calculation of the Technical Provisions after a further split between per policy/fixed and variable costs has been applied.

Renewal expense assumptions are set based on the Company's expenses over the past year. Long term expense inflation is applied based on the rate implied by UK yield curve data at the valuation date for the duration of the modelled expenses. For the first three projected years, the greater of the three year spot rate implied by UK yield curve data and projected expense inflation in the Company's business plan is used.

Expense assumption	2025	2024
Per policy	£65	£61
Variable (% of Funds Under Direction)	3.8bps	4.4bps

The combined change in expense and expense inflation assumptions has led to an increase in surplus capital but a reduction in SCR coverage.

D.2.3.4 Mortality assumptions

Mortality assumptions are based on published standard mortality tables. These tables are adjusted by applying a fixed percentage adjustment factor to reflect the past experience of ILUK's policyholders.

The table below shows the mortality assumptions for the reporting date.

Age (x)	Mortality table	2025	
		Male adjustment	Female adjustment
0<=x<20	ELT17	100%	100%
20<=x<76	PML16 / PFL16	58%	56%
x>=76	PML16 / PFL16	71%	64%

Over the period, ILUK updated the mortality tables on which it defines its mortality assumption to the most recent published set of tables. The lowest age in these updated tables was 20, as opposed to 17 in the old tables. In order to compare the current mortality assumptions on a consistent basis with the prior year, a comparison using the old mortality tables is shown below.

Age (x)	Mortality table	2025		2024	
		Male adjustment	Female adjustment	Male adjustment	Female adjustment
0<=x<17	ELT17	100%	100%	100%	100%
17<=x<76	AMC00 / AFC00	52%	47%	51%	50%
x>=76	AMC00 / AFC00	59%	57%	58%	58%

Mortality assumptions have been increased for male lives, but reduced for female lives, in line with ILUK's own mortality experience over calendar years 2022 to 2024. Given the low mortality risk of ILUK's book of business, the impact on ILUK's solvency position is not material, resulting in a small increase in surplus capital and SCR coverage.

D.2.4 Level of uncertainty in the value of Technical Provisions

The calculation of Technical Provisions is based on modelling processes. It is important to bear in mind that all models have an inherent degree of uncertainty – this is particularly so where extreme events are modelled as data to calibrate the models is scarce. Calculation of the VIF component of the Best Estimate Liability requires assumptions relating to future economic and demographic experience which are parameterised using historical data and current market conditions. However, such historical experience cannot be guaranteed to be appropriate to the future experience that is being modelled – for instance the historical data may contain an anomaly which the data analysis has not fully captured.

Even assuming that the "correct" parameters have been chosen for the model, there will always be some statistical variation in the actual results compared to the experience predicted by the model.

Analysis of how the model results compare to actual experience over time is useful to assess the causes of variations in actual experience compared to that modelled. This analysis is carried out as part of the assumption setting process.

Sensitivity of the results to different assumptions is also an important part of understanding how the model may not reflect the "true" position. The sensitivity of the results to some of the key assumptions is considered in the assumption setting process.

ILUK is confident that the value of Technical Provisions is reasonably certain. This is based on the robust processes and controls in place regarding data quality, the assumption setting process and model governance.

D.2.5 Reinsurance recoverables

ILUK has no reinsurance recoverables.

D.2.6 Risk Margin

The Risk Margin is calculated as the present value of the SCR^{RM} (the SCR excluding hedgeable components of market risk) adjusted using the regulatory time dependent tapering Lambda factor, over each future annual time period discounted at the risk-free rate multiplied by the Cost-of-Capital rate of 4%.

The SCR^{RM} is recalculated over a projection period of 120 years.

D.2.7 Differences between IFRS financial statements and Solvency II valuation

D.2.7.1 Best Estimate Liability

The PRA Rulebook requires that the Best Estimate Liability component of the Technical Provisions is calculated using best estimate assumptions and that all future cashflows are included. These future cashflows include future income generated on the existing business and the expenses of administering the policies. This generates a significant positive result in respect of the VIF component of BEL (reduction in the overall BEL) for which no credit is taken in the IFRS financial statements. As the unit-linked reserve component of BEL is a simple statement of the value of policyholder's unit-linked assets at the valuation date, there is no forward-looking assumptions or estimates involved.

D.2.7.2 Risk Margin

The PRA Rulebook requires that a Risk Margin is added to the Best Estimate Liability to calculate the Technical Provisions. There is no Risk Margin in the IFRS financial statements.

D.3 Other liabilities

(£000)	2025	2024
Deferred tax liabilities	139,198	114,230
Payables (trade, non insurance)	3,681	3,087
Contingent liabilities	0	449
Current and Other provisions	15,239	38,200
Current tax liability	695	0
Other liabilities	158,813	155,965

Payables (trade, non insurance) are valued at fair value, and are in line with the IFRS financial statements.

The contingent liabilities for 2024 related to the possibility of remediation payments relating to assets in policyholder linked funds which were under review. This approach differed from the IFRS financial statements where a nil value was placed. The view of the business is that it is remote that ILUK would need to pay remediation payments in relation to these assets and thus no contingent liability is held for the 2025 year-end. Further details on the IFRS valuation approach are provided in note 27 to the IFRS statements.

Current and other provisions (other than technical provisions) are valued in line with the IFRS financial statements. This item mostly comprises tax provisions. Further details are provided in note 21 to the IFRS statements.

Current tax liability is valued in line with the IFRS financial statements, with details provided in note 23.

The decrease in provisions other than technical provisions over the year is driven by a decrease in tax provisions that will either be returned to policyholders or paid to HMRC depending on policyholder investment returns within onshore bonds.

The following table sets out the differences between ILUK's deferred tax liabilities on an IFRS basis and on a Solvency II basis.

(£000)	2025	2024
IFRS deferred tax liabilities	49,955	29,305
Deferred tax asset on Solvency II contingent liability	0	(112)
Deferred tax asset on prepayments	(393)	(328)
Tax payable on VIF and Risk Margin	87,527	83,679
I-E shareholder deferred tax liability	2,110	1,685
Solvency II deferred tax liabilities	139,198	114,230

In both 2025 and 2024 there is a deferred tax liability position in both the IFRS financial statements and on the Solvency II balance sheet. The deferred tax liabilities on the Solvency II balance sheet differ from those in the IFRS financial statements as, on a Solvency II basis, they allow for the future corporation tax payable on the VIF and Risk Margin. Additionally, a deferred tax asset is created on the Solvency II balance sheet due to the difference in treatment of prepayments and the contingent liability from the treatment in the IFRS financial statements. This deferred tax asset is appropriately included within net deferred tax liabilities on the Solvency II balance sheet.

Within the Solvency II deferred tax liability I-E shareholder tax is recognised based on the future corporation tax payable on the VIF and Risk Margin.

D.4 Alternative methods for valuation

£1,666k (2024: £1,629k) of policyholder assets have been categorised using alternative methods for valuation, based on the last known price that the Company has been able to source for these assets. All other financial instruments have been categorised as fair value through profit or loss, except for cash and cash equivalents, accrued income, other receivables and trade and other payables, which have been categorised as amortised cost. Further details are provided in note 1(b) (Fair value of financial instruments) and in note 24 to the IFRS statements.

D.5 Any other information

No transitional arrangements, and neither the matching adjustment nor volatility adjustment have been applied in the Solvency II valuation.

E. Capital management

The Company's capital management strategy is to maintain a sound and appropriate system of capital management in order for the Company to meet its strategic objectives. The Company has a preference for a simple system of capital management which reflects the nature of the business.

ILUK's Capital and Liquidity Management Policy sets out the principles the Company has adopted for managing its capital. This policy formalises the link between capital management and risk management processes.

ILUK manages its capital over the business planning period of three years.

At the present time, there is no intention to change the current, relatively simple, capital structure of the Company. This is kept under review and if any change is required the formal Capital and Liquidity Management Plan (which is monitored by the Board) will be amended.

The Risk Appetite Framework sets a series of triggers and risk appetites with respect to both the solvency and liquidity position of the Company, and any breach may lead to action under the Capital and Liquidity Management Plan. Potential actions include reductions in dividends and seeking sources of new capital.

E.1 Own Funds

E.1.1 Structure of Own Funds

The table below sets out the Own Funds at the reporting date.

Table: Own Funds

(£000)	2025	2024
Total Assets	29,987,509	25,869,747
Technical Provisions	29,474,849	25,388,151
Other Liabilities	158,813	155,965
Sub-ordinated Liabilities in Basic Own Funds	-	-
Total Liabilities	29,633,663	25,544,116
Excess of Assets over Liabilities	353,846	325,632
Subordinated Liabilities	-	-
Foreseeable Dividends	(27,400)	(12,500)
Total Basic Own Funds	326,446	313,132
Ancillary Own Funds	-	-
Total Own Funds	326,446	313,132

Table: Analysis of Change of Own Funds

2024 Own Funds (£000)	313,132
Change in VIF[2] and Risk Margin	22,189
Change in non linked assets	8,874
Change in tax liabilities	22,120
Change in deferred tax liability	(24,968)
Change in foreseeable dividends	(14,900)
2025 Own Funds	326,446

Investment movements on existing business, the impact of new business, changes in lapse, partial withdrawal and expense assumptions, and change in the yield curve discount rate are the main drivers of the movement in VIF and Risk Margin.

Distributions to shareholders are included within Change in non-linked assets.

E.1.2 Tiering of Own Funds

The PRA Rulebook sets out three tiers of capital to distinguish between capital with different levels of availability, quality and loss absorbing capacity – Tier 1 representing the highest quality. The table below shows how ILUK's capital is split between the recognised Solvency II tiers.

Table: Tiering of Own Funds

Basic Own Funds £000	Tier 1	Tier 2	Tier 3
30 September 2025	326,446	-	-
30 September 2024	313,132	-	-

E.1.3 Own Funds items

The following table sets out a description of the Own Funds items as at the reporting date.

Table: Description of Own Funds

(£000)	2025	2024	Description
Called up ordinary share capital	1,000	1,000	Allotted, issued and fully paid ordinary share capital and capital contributions.
Share premium account	700	700	The portion of Shareholders' Funds formed from the premium paid for new shares above their nominal value.
Reconciliation reserve	324,746	311,432	Excess of Solvency II assets over liabilities with ordinary share capital and share premium account deducted.
Solvency II Own Funds	326,446	313,132	

[2] As movements in the unit reserve element of the BEL are 100% matched with movements in the associated asset portfolio, there is no impact on Own Funds, and instead we focus only on VIF and Risk Margin.

The reconciliation reserve is primarily driven by changes in the Best Estimate of Liabilities and Risk Margin, which in turn also affect the deferred tax liability created for tax payable on VIF and Risk Margin. These items are all affected by levels of new business, policy decrements, market movements and changes in both economic and non-economic assumptions, as set out in section D. The other main influence on the reconciliation reserve is movements in non-linked assets, which increase closely in line with profits, and reduce based on dividend payments.

E.1.4 Reconciliation between IFRS Financial Statements and Solvency II Own Funds

The table below summarises the differences between the IFRS Equity in ILUK's financial statements and the Own Funds calculated on the Solvency II basis as at the reporting date.

(£000)	2025	2024
IFRS Equity	60,800	50,640
Deduct prepayments	(1,574)	(1,311)
Deduct contingent liability	0	(449)
Gilt revaluation to SII rules	(3)	0
Reduce deferred tax liability due to prepayments	394	328
Reduce deferred tax liability due to Solvency II contingent liability	0	112
Add impact of using Solvency II best estimate assumptions in the BEL	422,372	401,699
Deduct Solvency II Risk Margin	(38,506)	(40,022)
Deduct net tax liability on BEL and Risk Margin	(89,637)	(85,364)
Deduct foreseeable dividends	(27,400)	(12,500)
Solvency II Own Funds	326,446	313,132

E.1.5 Distribution to shareholders

Over the reporting period ILUK paid dividends totalling £25,300k (2024: £41,200k) to IHP, its parent company. The 2024 dividends included a special dividend of £19,000k, but no special dividend was paid in 2025.

E.1.6 Any other information

ILUK has no Ancillary Own Funds or net deferred tax assets.

No transitional arrangements have been applied in respect of any of the Own Funds.

No capital injections have occurred during the reporting period and there are no plans to raise additional capital over the business planning period.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement (SCR)

The regulatory SCR is calculated using the Standard Formula. The results are summarised in the table below.

Table: Regulatory Standard Formula Results

(£000)	Solvency Capital Requirement	
	2025	2024
Market risk	216,809	194,072
Life underwriting risk	179,767	177,371
Counterparty default risk	296	5,365
Diversification	(82,438)	(81,239)
Basic SCR	314,434	295,569
Loss absorbing capacity of Technical Provisions	-	-
Loss absorbing capacity of deferred taxes	(74,833)	(70,776)
Operational risk	5,167	4,717
Solvency capital requirement excluding capital add-on	244,768	229,510
Capital add-on already set	-	-
Solvency Capital Requirement	244,768	229,510

ILUK has not adopted any of the simplified calculations set out in the PRA Rulebook for the calculation of the Standard Formula SCR and has not adopted any Undertaking Specific Parameters. The SCR may change as a result of supervisory assessment.

The deferred tax liability arising from tax payable on VIF and Risk Margin (see section D.3) provides loss absorbing capacity with which to partially offset the Solvency Capital Requirement.

There has been a material fall in the Counterparty Default Risk capital requirement this period as a result of the move of corporate assets away from instant-access bank accounts, towards term deposits, notice accounts and money-market funds. These new account types are stressed under the Market Risk module instead.

Investment movements on existing business, the impact of new business, changes in expense assumptions and movements in the discount rate and symmetric adjustment have driven the increase in the SCR over the year, but have been partially offset by changes in lapse and partial withdrawal assumptions.

E.2.2 Minimum Capital Requirement (MCR)

The Minimum Capital Requirement (MCR) is £110,146k (2024: £103,280k) as at the reporting date. The MCR represents a minimum level of required capital below which supervisory intervention will automatically be triggered.

The following table shows the inputs to the MCR calculation as at the reporting date.

(£000)	2025	2024
Unit-linked reserve	29,858,714	25,749,827
Value of inforce	(422,372)	(401,699)
Best Estimate Liability	29,436,343	25,348,128
Capital at risk	424,902	403,684
Linear MCR	206,352	177,719
SCR	244,768	229,510
MCR cap	110,146	103,280
MCR floor	61,192	57,378
Combined MCR	110,146	103,280
Absolute floor of the MCR	3,500	3,495

The increase in the MCR is driven by the increase in the SCR, with the MCR cap continuing to apply.

E.2.3 Analysis of movements in SCR coverage

The breakdown of the main drivers of the change in ILUK's SCR coverage are shown below:

SCR coverage	
30 September 2024	136%
Portfolio movements	12%
Economic assumption changes	(2%)
Non-economic assumption changes	1%
Methodology changes	2%
Dividends (paid and foreseeable)	(16%)
30 September 2025	133%

E.3 Differences between the Standard Formula and any internal model used

ILUK uses the Standard Formula for the purpose of calculating the regulatory SCR and has no plans to adopt an internal model.

E.4 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

During the reporting period, ILUK has been fully compliant with both the MCR and SCR.

ILUK does not foresee any risk of non-compliance with either the MCR or SCR. Ongoing compliance is maintained by the ORSA process.

E.5 Any other information

All relevant and material items are covered in previous sections.

Appendix 1 – SFCR Templates

IR.02.01.02 – Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	8,096
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	8,096
Government Bonds	R0140	8,096
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	29,858,714
Loans and mortgages	R0230	5,000
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	5,000
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Life and health similar to life, excluding index-linked and unit-linked	R0315	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	-
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	7,092
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	108,606
Any other assets, not elsewhere shown	R0420	-
Total assets	**R0500**	29,987,509

		Solvency II value
		C0010
Liabilities		
Technical provisions - total	R0505	29,474,849
Technical provisions - non-life	R0510	-
Technical provisions - life	R0515	29,474,849
Best estimate - total	R0542	29,436,343
Best estimate - non-life	R0544	-
Best estimate - life	R0546	29,436,343
Risk margin - total	R0552	38,506
Risk margin - non-life	R0554	-
Risk margin - life	R0556	38,506
Transitional (TMTP) - life	R0565	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	15,239
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	139,198
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	-
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	4,376
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**	29,633,663
Excess of assets over liabilities	**R1000**	353,846

IR.05.02.01 - Premiums, Claims and Expenses by country

		Home country	Top 5 Countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
			-	-	-	-	-	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	3,653,394	-	-	-	-	-	3,653,972
Reinsurers' share	R1420	-	-	-	-	-	-	-
Net	R1500	3,653,394	-	-	-	-	-	3,653,972
Premiums earned								
Gross	R1510	3,653,972	-	-	-	-	-	3,653,972
Reinsurers' share	R1520	-	-	-	-	-	-	-
Net	R1600	3,653,972	-	-	-	-	-	3,653,972
Claims incurred								
Gross	R1610	2,036,139	-	-	-	-	-	2,036,139
Reinsurers' share	R1620	-	-	-	-	-	-	-
Net	R1700	2,036,139	-	-	-	-	-	2,036,139
Net expenses incurred	R1900	32,103	-	-	-	-	-	32,103

IR.05.03.02 - Income and Expenditure

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written								
Gross direct business	R0010	-	3,653,972	-	-	-	-	3,653,972
Gross reinsurance accepted	R0020	-	-	-	-	-	-	-
Gross	R0030	-	3,653,972	-	-	-	-	3,653,972
Reinsurers' share	R0040	-	-	-	-	-	-	-
Net	R0050	-	3,653,972	-	-	-	-	3,653,972
Claims incurred								
Gross direct business	R0110	-	2,036,139	-	-	-	-	2,036,139
Gross reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross	R0130	-	2,036,139	-	-	-	-	2,036,139
Reinsurers' share	R0140	-	-	-	-	-	-	-
Net	R0150	-	2,036,139	-	-	-	-	2,036,139
Expenses incurred								
Gross direct business	R0160	-	32,103	-	-	-	-	32,103
Gross reinsurance accepted	R0170	-	-	-	-	-	-	-
Gross	R0180	-	32,103	-	-	-	-	32,103
Reinsurers' share	R0190	-	-	-	-	-	-	-
Net	R0200	-	32,103	-	-	-	-	32,103
Other expenses	R0300	-	-	-	-	-	-	-
Transfers and dividends								
Dividends paid	R0440	-	-	-	-	-	-	25,300

IR.12.01.02 - Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Best Estimate								
Gross Best Estimate (direct business)	R0025	-	29,436,343	-	-	-	-	29,436,343
Gross Best Estimate (reinsurance accepted)	R0026	-	-	-	-	-	-	-
Gross Best Estimate	R0030	-	29,436,343	-	-	-	-	29,436,343
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-	-	-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	-	29,436,343	-	-	-	-	29,436,343
Risk Margin	R0100	-	38,506	-	-	-	-	38,506
Amount of the transitional on Technical Provisions								
TMTP - risk margin	R0140	-	-	-	-	-	-	-
TMTP - best estimate dynamic component	R0150	-	-	-	-	-	-	-
TMTP - best estimate static component	R0160	-	-	-	-	-	-	-
TMTP - amortisation adjustment	R0170	-	-	-	-	-	-	-
Transitional Measure on Technical Provisions	R0180	-	-	-	-	-	-	-
Technical provisions - total	R0200	-	29,474,849	-	-	-	-	29,474,849

IR.23.01.01 - 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	1,000	1,000	-	-	-
Share premium account related to ordinary share capital	R0030	700	700	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	324,746	324,746	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
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 Solvency II own funds	R0220	-	-	-	-	-
Total basic own funds	R0290	326,446	326,446	-	-	-
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	R0340	-	-	-	-	-
Letters of credit and guarantees other	R0350	-	-	-	-	-
Supplementary members calls	R0360	-	-	-	-	-

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Supplementary members calls - other	R0370	-	-	-	-	-
Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds	R0400	-	-	-	-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	326,446	326,446	-	-	-
Total available own funds to meet the MCR	R0510	326,446	326,446	-	-	-
Total eligible own funds to meet the SCR	R0540	326,446	326,446	-	-	-
Total eligible own funds to meet the MCR	R0550	326,446	326,446	-	-	-
SCR	R0580	244,768	-	-	-	-
MCR	R0600	110,146	-	-	-	-
Ratio of Eligible own funds to SCR	R0620	133%	0%	0%	0%	0%
Ratio of Eligible own funds to MCR	R0640	296%	0%	0%	0%	0%

IR.23.01.01.02

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	353,846
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	27,400
Deductions for participations in financial and credit institutions	R0725	-
Other basic own fund items	R0730	1,700
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	324,746

IR.25.04.21 - SCR

		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	216,809
Interest rate risk	R0070	5,739
Equity risk	R0080	158,358
Property risk	R0090	1,165
Spread risk	R0100	18,634
Concentration risk	R0110	8,926
Currency risk	R0120	87,571
Other market risk	R0125	-
Diversification within market risk	R0130	(63,584)
Counterparty default risk	R0180	296
Type 1 exposures	R0150	295
Type 2 exposures	R0160	1
Other counterparty risk	R0165	-
Diversification within counterparty default risk	R0170	(0)
Life underwriting risk	R0270	179,767
Mortality risk	R0190	6,914
Longevity risk	R0200	264
Disability-Morbidity risk	R0210	-
Life-expense risk	R0220	-
Revision risk	R0230	-
Lapse risk	R0240	179,409
Life catastrophe risk	R0250	619
Other life underwriting risk	R0255	-
Diversification within life underwriting risk	R0260	(7,439)
Total health underwriting risk	R0320	-
Health SLT risk	R0280	-
Health non SLT risk	R0290	-
Health catastrophe risk	R0300	-
Other health underwriting risk	R0305	-
Diversification within health underwriting risk	R0310	-
Non-life underwriting risk	R0370	-
Non-life premium and reserve risk (ex catastrophe risk)	R0330	-
Non-life catastrophe risk	R0340	-
Lapse risk	R0350	-
Other non-life underwriting risk	R0355	-
Diversification within non-life underwriting risk	R0360	-
Intangible asset risk	R0400	-
Operational and other risks	R0430	5,167
Operational risk	R0422	5,167
Other risks	R0424	-
Total before all diversification	R0432	473,062
Total before diversification between risk modules	R0434	402,039
Diversification between risk modules	R0436	(82,438)

		C0010
Net of loss-absorbing capacity of technical provisions		
Total after diversification	R0438	319,601
Loss-absorbing capacity of technical provisions	R0440	-
Loss-absorbing capacity of deferred taxes	R0450	(74,833)
Other adjustments	R0455	-
Solvency capital requirement including undisclosed capital add-on	R0460	244,768
Disclosed capital add-on - excluding residual model limitation	R0472	-
Disclosed capital add-on - residual model limitation	R0474	-
Solvency capital requirement including capital add-on	**R0480**	244,768
Biting interest rate scenario	R0490	Decrease
Biting life lapse scenario	R0495	Mass

IR.28.01.01 - MCR

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	206,352

Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	-
Obligations with profit participation - future discretionary benefits	R0220	-	-
Index-linked and unit-linked insurance obligations	R0230	29,436,343	-
Other life (re)insurance and health (re)insurance obligations	R0240	-	-
Total capital at risk for all life (re)insurance obligations	R0250	-	424,902

Overall MCR calculation

		C0070
Linear MCR	R0300	206,352
SCR	R0310	244,768
MCR cap	R0320	110,146
MCR floor	R0330	61,192
Combined MCR	R0340	110,146
Absolute floor of the MCR	R0350	3,500
Minimum Capital Requirement	R0400	110,146