

Directors' report

For the year ended 31 December 2024

The Directors present their annual report and the audited financial statements for the year ended 31 December 2024.

The Company has chosen, in accordance with section 414c(11) of the Companies Act 2006, and as noted in this Directors' report, to include certain additional matters in its strategic report, that would otherwise be required to be disclosed in this Directors' report:

- details of dividends declared;
- a summary of the Company's trading activities, future prospects and principal activities of the Company are included in the activities and business review section of the strategic report; and
- risk management of financial instruments disclosures are stated in note 1 to the financial statements.

Directors and Secretary

The names of the present Directors and Company Secretary are listed on page 1.

From 1 January 2024 to date the following changes have taken place:

Director	Appointed	Resigned
JP Greenwood		21 March 2024
AC Winslow	21 March 2024	
CJ Hagh	21 March 2024	
ND Manser		10 October 2024
JC Poole	10 October 2024	

Going concern

As a standalone business, the Directors believe that the Company has sufficient financial resources to meet their financial needs, including managing a mature portfolio of insurance risk. The Directors believe the Company is well positioned to manage its business risks successfully in the current economic climate. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 6 and in this report. In addition, note 3 to the financial statements includes the Company's objectives, policies and processes for managing its insurance and financial risks and capital.

Having made due enquiries, the Directors believe they can reasonably expect that the Company has adequate resources to continue in operational existence on a standalone basis for at least 12 months from 7 March 2025 (the date of approval of the financial statements). Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Material uncertainty in relation to going concern

On 23 December 2024, the Boards of DLIG and Aviva plc ("**Aviva**") reached an agreement pursuant to which Aviva agreed to purchase the entire share capital of DLIG, subject to regulatory and shareholder approval. Although the Directors cannot be certain about the actions of Aviva should a deal complete, they consider that the ability of the Company to continue as a going concern should not be adversely affected by the transaction should it proceed. In making this assessment, they have considered many factors, including the strategic fit of Aviva for DLIG as well as Aviva's record of executing transactions, including integrating a number of acquisitions, and of delivering profitable growth. While the Directors would expect Aviva to continue to deliver long term value from the Company's ongoing operations they note however, that it is beyond their control as to whether Aviva would undertake any restructuring of the Group's legal entities. Therefore, given the potential change in control, the Directors consider these conditions to constitute a material uncertainty (as defined under IAS 1) which may cast significant doubt over the Group's and therefore, the Company's ability to continue as a going concern. The Directors would not expect this to impact the continued operation of the Company's core insurance activities.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Existence of branches outside the UK

The Company has branches in the Republic of South Africa and the Republic of Ireland. During 2024, the Company applied to the Central Bank of Ireland to close the Republic of Ireland branch. The branch's authorisation was withdrawn by the Central Bank of Ireland on 19 December 2024, the process to formally close the branch is still under way.

Employees

All staff are employed by a fellow subsidiary undertaking of DLIG, DL Insurance Services Limited. Disclosures relating to employees may be found in the annual report and financial statements of DL Insurance Services Limited.

Disclosure of information to the Auditor

Each person who was a Director of the Company on the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Company's Auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

KPMG LLP have expressed their willingness to continue in office as Auditor and it is the intention of the Directors to seek shareholder approval to reappoint KPMG LLP so as to be able to take advantage of deemed of reappointment provisions in future years.

Directors' indemnities

Directors' report

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DLIG has made qualifying third-party indemnity provisions for the benefits of the Directors of the Company which remain in force at the date of this report.

Statement of corporate governance arrangements

The Directors are committed to maintaining the highest standards of corporate governance. The Company did not apply a separate corporate governance code as its parent Direct Line Insurance Group plc applied the UK Corporate Governance Code, which was applied across the Direct Line Group and accordingly also to the Company. The Group provides each member company with access to its central resources and provides policies in all key areas such as finance, risk, human resources and the environment. These central resources and policies are aligned to the Group's governance framework, which is consistent with the 2018 UK Corporate Governance Code.

The core elements of the Group's governance framework are the:

- Schedule of Matters Reserved to the Board and the Board Committees' Terms of Reference;
- High Level Control and System of Governance Framework document;
- risk appetite statements;
- Enterprise Risk Management Strategy and Framework;
- Group policies, which address specific risk areas, are aligned to the Group's risk appetite, and inform the business how it needs to conduct its activities to remain within risk appetite; and
- minimum control standards, which interpret the Group policies into a set of requirements that can be implemented throughout the Group.

During the year, the Company complied with the Group's governance framework. Further information on the system of governance in operation throughout the Group can be found in the DLIG annual report 2024.

Business relationships

Examples of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year can be found in the corporate governance report of the DLIG annual report 2024 on pages 75 to 100.

Directors' report

For the year ended 31 December 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards, and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the end of the year and the profit or loss of the Company for the financial year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, the Company's financial position at any time; and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Company's assets and, hence, taking reasonable steps to prevent and detect fraud and other irregularities.

Approved by the Board of Directors and signed on behalf of the Board by:

**J C Poole**

Director

7 March 2025