AIG Life Limited

Directors’ Report and Financial Statements

For the year ended 31 December 2023

Registered Number: 06367921

AIG Life Limited

Directors’ Report and Financial Statements

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AIG Life Limited

Directors and Officers

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Strategic Report for the Year Ended 31 December 2023

The Company

AIG Life Limited ("the Company") was originally established in 2008 as Fortis Life, an innovative provider of long-term life insurance, critical illness and income protection products, sold through Independent Financial Advisers (IFAs), intermediaries and distribution partners. The Company was acquired by American International Group, Inc. ("AIG") on 31st December 2014. As at the end of December 2023, the Company increased its market share to 10.7% (2022: 10.5%) of the total published UK individual protection market. During the year the Company has been the winner of a number of awards including "Outstanding Underwriting Team" (Organised by Cover Magazine), "Outstanding Claims Management Team" (Organised by Cover Magazine) and "Best Adviser Marketing by an Insurer" (Organised by Protection Review) The award-winning business is designed around a technology led proposition, which makes it easier for both intermediaries and customers to buy protection products and is focused on:

- Developing quality products designed to meet the real needs of customers
- Achieving operational excellence
- Working with and empowering distribution partners

The Company's strategic ambition is to help people live better lives by moving towards becoming a customer centric health and wellbeing focused life insurance provider. The Directors are pleased to report that this strategic ambition continues to drive growth. In relation to the individual protection business sales for 2023, the Company performed strongly considering the challenging economic environment with new business sales higher than prior year. The group protection business, consisting of group life, critical illness and income protection products, has continued to grow although at a slower rate than in prior years. The group protection business has been impacted by higher levels of mortality resulting in increased number and value of claims and is the main reason for the operating loss in the year of £34.1m (2022: profit £0.2m).

New business sales are measured using Annual Premium Equivalent ("APE") which is one year's worth of premiums for a new policy sold and is a standard measure used by insurance companies. New and existing business numbers for the year are listed below. There was a decrease on number of group protection customers as the Company did not renew the minority share held in a group protection scheme for a large corporate client:

	2023	2022	Increase
New business sales (APE)			
Individual Protection	**£85.2m**	£80.2m	6%
Group Protection	**£82.0m**	£77.7m	6%
Gross Premiums			
Individual Protection	**£479.8m**	£437.1m	9.8%
Group Protection	**£250.1m**	£222.0m	12.7%
Number of Customers			
Individual Protection	**1,366,996**	1,275,778	7.2%
Group Protection	**1,209,815**	1,413,103	(14.3%)

Product and Business Development

In November 2023, the Company launched its new Underwriting Rules Engine for individual protection business. This includes an enhanced underwriting journey to ensure more individuals are able to obtain and understand the protection insurance they are buying. It has improved technology and simpler questions to make it easier to apply for insurance, ensure more people are covered, that cover is more affordable, and frees up underwriters for more complex cases.

In 2022, the Company undertook a refresh of its Critical Illness proposition to reduce the level of complexity and provide better cover for individuals including improvements to child Critical Illness. As a result, critical illness sales have increased during 2023 with total premiums 18.5% higher than in the previous year.

The Company strives to ensure high levels of service underpin all of AIG Life Limited's activities. During 2023, the Company transitioned some middle and back office functions to Accenture, a leading global professional services company and a longstanding partner of AIG, to enable sustainable processes and systems to manage the significant growth that has happened and is expected to continue in the Company's business as well as identify new ways to deliver value to customers and stakeholders. This has raised challenges in certain areas of customer service, particularly in claims and underwriting. The Company has worked with Accenture who have provided experienced UK based resources and increased training of the offshore teams and this has led to improvements to levels of service by the end of the year.

During 2023, the new Consumer Duty regulations from the Financial Conduct Authority were implemented across the industry, to ensure customers are receiving fair value, fit for purpose products that they understand, and receive support as needed. This is a very positive change for the industry and is in keeping with the Company's own behaviours with a systems thinking approach to make customer centric decisions. During the year, the Company created a series of customer principles aligned to Consumer Duty to continue to ensure a customer focused culture.

Cost of Living

2023 has continued to be a year of significant economic uncertainty with increased inflation leading to higher interest rates and yields, and cost of living pressure on individuals. The Company has continued to support customers through this economic uncertainty and also encouraged customers to use the value added services available, particularly Smart Health. Despite the pressures on customers, the Company has seen an increase in new business year on year on both Individual and Group Protection and the in-force book has continued to grow.

Business Performance

The Key Financial Performance Indicators used by the Directors to manage the Company are below:

	2023 £m	2022 £m
New business sales (APE)	**167.2**	157.9
Gross written premiums	**729.9**	659.1
Gross claims incurred	**469.9**	355.1
Net claims incurred	**220.8**	174.1
Expenses	**95.4**	78.2
Operating (loss)profit	**(34.1)**	0.2

The operating loss of £34.1m in 2023 compared with a profit of £0.2m in 2022 is largely due to the impact of higher claims on the group protection business as well as additional one-off expenses related to the transition of certain middle and back office services to Accenture.

The Directors also consider non-financial performance indicators in line with their corporate governance responsibilities, below is an example of our non-financial KPIs

In line with our aim to create a better outcome for our customers, the Company has monitored its performance in certain areas. During the year there have been nearly 200k calls, over 158k individual policies and over 10k new group schemes sold. There were over 1,500 polices saved from cancellation by customers activating the policy flexibility option.

With the introduction of the enhanced Smart Health initiative introduced during the year, we have seen significant positive feedback, 96% of customers would recommend the service and 92% of customers were very satisfied or satisfied. (Source: Smart Health Management Report)

Commentary on the key financial performance indicators is provided below.

New Business

During 2023 there was an increase of 6% (2022: increase 8%) in the level of new business compared to prior year, with APE of £167.2m (2022: £157.9m). This was a significant achievement in a competitive market and given the challenging economic conditions impacting all insurers. The business saw an increase in sales of new group protection business, with APE achieved of £82.0m (2022: £77.7 million), an increase of 6% (2021:

increase 7%). This new business led to significant increase in the in-force group protection from £222m at the end of 2022 to £249m at the end of 2023. There was an increase of 6% (2022: increase 9%) in the level of new individual protection business achieved with an APE of £85.3m (2022: £80.2 m).

Analysis of the distribution channels for new individual protection business is shown below:

	2023	**2022**
	% Share	**% Share**
IFA/intermediary	**74.4%**	77.6%
Distribution partners	**23.1%**	18.7%
Aggregators	**2.5%**	3.7%

The majority of new business sales on the individual protection business continue to come from the IFA / intermediary sector but there has been an increased share in the year from distribution partners (Neilson, Direct Line Group, Royal Bank of Scotland and NFU Mutual) although there has been a decrease in the share from aggregators. The IFA sector is intended to remain a core distribution channel although the Company's ambition is to continue to broaden its distribution footprint.

Gross Written Premiums

Gross Written Premiums also increased, from £659.1m in 2022 to £729.9m in 2023, an increase of 10.7% (2022: 12.1% increase), reflecting the increase in new business sales on both group protection and individual business.

Gross Claims Incurred and Net Claims Incurred

Gross claims incurred were higher in the year at £469.9m (2022: £355.1m) with higher claims on both the individual protection business and group protection business. This is partly due to the higher in-force book on both businesses, as well as an increase in the level of claims particularly on the group protection business with increase in both the number and average value of claims reflecting trends in mortality during the year.

Net claims incurred were also higher in the year are at £220.8m (2022: £174.1m) largely due to an increase in claims on the group protection business with increase in number and average value of claims. The bulk of individual protection claims continue to be reinsured at a rate between 90% and 100%.

Expenses

The Company maintained its focus on cost efficiency although expenses associated with writing increased volume and higher value new business resulted in an increase in expenses compared to 2022. In addition, there were a number of additional one-off expenses related to the transition of certain middle and back office services to Accenture of approximately £10.1m. Total operating expenses were £95.4m compared with £78.2m in the prior year. As a result total expense per policy has increased to £77.40 compared to £66.76 in prior year. Excluding one-off expenses, total operating expenses were £ 85.3m and expense per policy is £69.21, increase of 3.7% on prior year.

UK GAAP *Results*

The Company had an operating loss of £34.1m in 2023 compared with a profit of £0.2m in 2022 largely due to the impact of higher claims incurred on the group protection business as well as the additional one-off expenses. There was a loss after tax of £27.8m compared with £0.5m loss in the prior year.

Capital and Funding

As the in-force book on the individual protection business has grown and with the growth of the group protection business, in the normal course of business, the Company does not expect to require additional capital or funding.

The final Solvency II solvency capital requirement coverage ratio at 31 December 2023 was 165% (31 December 2022 was 216%). The AIG Life Limited rating from AKG Financial Analytics Limited has remained at B+.

Change of Ownership

At 1st January 2022, the Company was a wholly owned subsidiary of SAFG Retirement Services, Inc., a US entity. SAFG Retirement Services, Inc. was 90.1% owned by American International Group, Inc. ("AIG") and 9.9% owned by Argon Holdings LLC, a wholly owned subsidiary of Blackstone Inc.

On 28th March 2022, it was announced that SAFG Retirement Services, Inc. was to be renamed as Corebridge Financial, Inc.

On 19th September 2022, Corebridge Financial, Inc. completed an initial public offering (the "IPO") in which AIG sold 80,000,000 shares of Corebridge Financial, Inc. representing 12.4% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock. As at 31st December 2022, AIG owned 77.7% of the common stock of Corebridge Financial, Inc.

In June 2023, AIG sold 74.75 million shares of Corebridge common stock in a secondary offering, representing approximately 10.0% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange

On 2nd August 2023, AIG announced that it would be considering a sale of AIG Life Limited. In September 2023, AIG announced that Aviva plc would acquire AIG Life Limited from Corebridge Financial, Inc. On 28th March 2024, the acquisition received the relevant regulatory approvals and is expected to close on 8th April 2024.

In November 2023, AIG sold 50,000,000 shares of Corebridge common stock in a secondary offering, representing approximately 7.9% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange.

In December 2023, AIG sold 35,000,000 shares of Corebridge common stock in a secondary offering, representing approximately 5.5% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange.

As at 31st December 2023, AIG owns 52.2% of the common stock of Corebridge Financial, Inc, with 9.9% owned by Argon Holdings LLC and the remaining 37.9% listed on the New York Stock Exchange.

Future Developments

Notwithstanding the impact from the sale of AIG Life, the Company expects to continue to enhance both its individual and group protection business within its core markets during 2024, by continuing to develop new product propositions and offering excellent service to intermediaries, partnerships, companies and customers. The market for protection remains price competitive and we expect this to continue but the Company believes that its excellent service and innovative products position it well to compete in this market.

Going Concern

The Financial Statements have been prepared on a going concern basis. The Directors have considered all available information, both quantitative and qualitative, which includes, but not limited to, a review of the Company's current and projected future: performance, solvency position, liquidity, potential risks and uncertainties. Severe but plausible downside scenarios have been considered including, but not limited to, any potential impact from current economic uncertainty and cost of living pressures on customers. The Company has used forecasts based on its strategy to consider these downside scenarios, with stress testing being performed on factors such as performance, solvency position, liquidity and capital. Retrospective analysis has also been conducted to assess the historical accuracy of past budgets.

As a consequence, the Directors consider that the Company is well placed to manage its business risks and has adequate financial resources to meet its liabilities and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. As a result, the Company continues to prepare its financial statements on a going concern basis.

In September 2023, Aviva plc entered into an agreement with AIG and Corebridge Financial, Inc. to acquire AIG Life Limited. The acquisition has received the relevant regulatory approvals and is expected to close on 8th April 2024. The Directors do not know the intent of Aviva plc management regarding the future plans, strategy, or financing for the Company post acquisition. The Directors consider that the impact of any change of ownership represents a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Principal Risks and Uncertainties

Note 24 to the Financial Statements sets out the Company's approach to risk management.

Yield volatility has historically been a significant risk to the Company's results and capital coverage, has continued to be an issue during 2023, and remains a key risk. While global market conditions are outside the control of management, yields are monitored on an ongoing basis with the Company having a number of levers that can be used to mitigate this risk.

The Company is a regulated entity and is exposed to the risk of costs arising from customer detriment, however the emphasis on high standards of conduct and active monitoring of compliance and risk management ensures this risk is kept to a minimum.

Stakeholder Relationships and Engagement

This reports sets out how the Directors have performed their duty under Section 172 ("s172") of the Companies Act 2006, to promote the success of the Company for the benefit of all its stakeholders, and to have had regard to the following matters:

- The likely consequences of any decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standard business conduct; and
- The need to act fairly as between members of the company.

Key decisions in 2023

The Board considers all strategic decisions in the long term, identifies current and future stakeholders who may be impacted, and carefully considers their interests and potential impact in the decision making.

The Board have been engaged as appropriate with the process from decision to put the Company up for sale through to the decision to sell the Company to Aviva plc and the subsequent planning. Throughout this process, the Board have considered all stakeholders, for example ensuring that the rights of customers are protected. They have also ensured regular communication to stakeholders as appropriate through the acquisition process.

The Board considered all stakeholders when the Company launched its new Underwriting Rules Engine for individual protection business. This includes improved technology and simpler questions to make it easier for individuals to apply for insurance, ensure more people are covered, that cover is more affordable, and frees up underwriters for more complex cases. It therefore met the needs of all the Company's stakeholders, particularly its customers and regulators as it improves the product offering to customers, and its shareholder as it will enable more efficient underwriting.

During the year, the Company was able to launch a new Smart Health service in the Group Protection Market with three new services for group income protection customers, including a mystrength app, 24/7 mental health helpline and legal and financial support for individuals. Smart Health provides a fully integrated virtual care service through a single provider enabling individuals to manage their healthcare issues and access the healthcare they need whether on-demand consultations with UK based GPs to complex case review from the UK's top specialists. This service was made available to all those covered through our policies, both individual and group protection, as well as all employees. This helps the Company provide a better healthcare service to customers and employees for the long term, which ultimately benefits all the Company's stakeholders.

Key stakeholders

- Employees – our employees are fundamental to the success of the Company. As a result, the Company seeks to ensure employees are fully supported in their work, with a strong flexible work culture to encourage everyone to feel they belong and can bring their whole selves to work. There are also regular engagement activities further explained in the Report of the Directors below.
- Customers – the Company's success has been built on having an award-winning business which makes it easier for customers to buy protection products and is focused on quality products designed

to meet the real needs of customers. Therefore we continue to pro-actively review products to ensure they continue to meet needs of customers, and regularly monitor customer outcomes and metrics throughout the year. For example, in November the Company withdrew its Life Start and Critical Illness Start products from future sales following research which indicated there was low take up of these products and other products better met customer needs by offering flexibility and choice.

- Suppliers, Intermediaries and Distribution partners – the Company's business has grown through working closely with intermediaries and distribution partners, empowering them to be able to meet the real needs of their customers. We continue to engage closely with all our intermediaries and distribution partners, in particular to ensure appropriate risk management and customer service.
- Communities – the Company recognises the importance of contributing to our communities, and supports one health related charity each year with various fundraising activities. For 2023, the chosen charity was Age UK. The Company also provides time off for employees for volunteering. The Company also recognised the importance of educating the public on the value of protection and in May 2023, launched a podcast with the television host, Jonnie Irwin, which led to front page news coverage and an increase in individuals making searches to find out more about protection insurance.
- Regulators – as an insurance company, AIG Life Limited is subject to financial services regulations and approvals, and maintains an open and constructive relationship with the UK regulators. In 2023, this included constant engagement during the year, particularly on implementation of the Consumer Duty regulations.
- Shareholder – the Company is wholly owned by Corebridge Financial, Inc. as its immediate parent, and ultimately by American International Group, Inc. ("AIG"). The Company has regular engagement with the management of its immediate parent company as a key part of this entity listed during 2023 as Corebridge Financial, Inc. on the New York Stock Exchange. The Company engages regularly through frequent and open dialogue on strategy and business planning, financial performance, and critical staff appointments, and particularly this year in relation to the proposed sale of the Company.

Conduct

Culture, values and standards underpin how a company creates and sustains value over the longer term. As a result, the Board considers it critical that the Company maintains high standards of business conduct in its dealings with all stakeholders. There is a regular Customer Committee held by management which reviews key conduct metrics in all the Company's operations. Management, employees and others involved with the Company are trained and monitored on how they meet the values and standards of the Company.

This report was approved by the Board of Directors on 2nd April 2024 and signed on its behalf by:

5th April 2024

Donald MacLean

Chief Financial Officer

The AIG Building, 58 Fenchurch Street, London, EC3M 4AB

Report of the Directors

Registered Number: 06367921

The Company has chosen in accordance with section 414C(11) of the Companies Act to set out in its Strategic Report information that is otherwise required to be contained in the Directors' Report. This applies to important events which have occurred since the end of the financial year, likely future developments in the business and in relation to the use of financial instruments, the financial risk management objectives and policies of the Company and the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk.

Directors

The Directors who served during the year are set out below:

Philip Willcock

Donald MacLean

Martin Pike, Independent Non-Executive Chairman

Karen Penney (appointed 13 July 2023)

Laura McCracken (resigned 31 March 2023)

Robert Sewell (appointed 30 March 2023, resigned 20 July 2023)

Todd Solash (resigned 17 August 2023)

Tim Heslin was appointed as director on 27 March 2024.

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group company (Corebridge Financial, Inc. 2919 Allen Pkwy Woodson Tower Suite L4-01 Houston, TX 77019, United States) purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Results and Dividends

As set out in the Strategic Report above the result for the year is a loss after taxation of £27.8m, (2022: loss of £0.5m). The Directors do not propose to pay a dividend for this year (2022: £nil).

Assets

The primary assets held by the Company at 31 December 2023 are the reinsurers' share of insurance contract liabilities, cash and fixed term investments. These assets represent the Company's expected reserves, working and solvency capital requirements. In addition the deferred acquisition cost asset, goodwill and other intangible assets are supported by the value of future expected cash flows and are reviewed regularly to ensure that this remains the case. Debtors include recovery of claims and commission receivable from reinsurers and amounts due from policyholders. The balances with reinsurers (after allowing for any amounts due to reinsurers) are regularly reviewed to ensure any issues with recoverability are resolved. The amounts due to policyholders are subject to review and there is a process for continual chasing of items overdue.

Liabilities

The liabilities at 31 December 2023 includes creditors in respect of the Company's day to day trading activities, principally with reinsurers, reserves for insurance contract liabilities, loans and other creditors.

Share Capital

At 31 December 2023 the authorised share capital comprised 316,885,000 ordinary shares of £1 each, all fully paid up.

Shareholders' Equity

Unrealised loss on investments net of taxation of £23.4m (2022: loss of £54.6m) were recorded in the Statement of Comprehensive Income on page 28. At 31 December 2023 the total shareholders' equity was £375.9m (2022: £399.3m).

Cash and Cash Equivalents

Cash and cash equivalents available to the Company have decreased by £3.2m (2022: decreased £1.8m. The Company has also been able to use part of its investment portfolio as collateral for repurchase agreements and this amounted to £36.8m at 31 December 2023 (2022: £20.0m). The repurchase agreements are principally used to support short term liquidity needs to manage the different timings for receipts and payments. The cash year-end position of £9.2m (2022: £12.4m) remained above the Company's liquidity needs. Surplus cash funds are transferred to the investment manager for investment in fixed income securities where appropriate.

Employees

The average number of employees in the United Kingdom during the year was 388 (2022: 460) and their aggregate remuneration is shown in Note 7. The number of employees has decreased in the year due to the transfer of some middle and back office functions to Accenture.

Employee Involvement

Employees are kept up to date about a wide range of Company developments through a programme of engagement activities, delivered through a variety of channels. This includes formal monthly Director briefings for all employees, with a quarterly focus on financials, as well as regular bulletins and employee newsletters. In addition, AIG Life Limited continues to run an annual engagement survey of all AIG Life Limited employees.

Gender Pay Report

AIG Life is committed to fostering diversity, equity and inclusion and belonging (DEIB) for all its employees. The Company is working to reduce any gender pay gap and to achieve stronger gender representation parity in the leadership pipeline. Our 2023 gender pay gap analysis shows AIG Life continues to have a close to parity gender pay gap as a result of the high number of women we have in senior positions.

Our position changed slightly as a result of the preparation for the separation of the Life & Retirement business from AIG, Inc. and initial public offering (IPO) of Corebridge Financial, Inc., AIG Life's parent company. A number of senior colleagues transferred from AIG UK (or from "elsewhere in the Group") into AIG Life so they could continue to provide a centralised service to other group companies, which led to a small change in our reported pay gap.

The Company continues to hire the best people based on their talents and have a flexible working approach, to maintain our culture of success, reward, opportunity and work life balance.

Our Pay Strategy

AIG Life is confident that men and women are paid equally for doing equivalent jobs across our business. The Company will continue to ensure our policies and processes are fair and equitable to all employees. We employ tools and practices that enable us to benchmark our total remuneration against our chosen markets/peer group to ensure that our package is fair and competitive in the market.

The Company continues to recognise, develop and reward the contribution of all our employees. In an ever-competitive market for talent, we strive to attract highly-motivated people, keep them engaged and help them achieve their career aspirations.

Recruitment, Promotion and Succession Activity

The Company appoints people to roles based entirely on talent and merit, regardless of age, race, gender, marital status, sexual orientation, disability, gender identity, or religion, belief and or any other characteristic protected by law. The language and activities we adopt in our recruitment process are reflective of our inclusive culture.

Our Talent Acquisition team proactively aim to build diverse candidate slates, from both within and outside the sector. When working with external agencies and partnerships, we brief them on the importance for diverse slates and if necessary, we extend the recruitment timescales to ensure inclusion of diverse candidates.

At each contact point with candidates, we share positive stories about our culture and the way we work, emphasising:

- All new employees learn about the importance of DEIB and allyship at their corporate induction;
- Career progression, and the opportunity for challenging and exciting moves;
- The culture characterised by collaboration, inclusion and support; and
- Professional development for all, either via programmes available through AIG, or on an individual basis.

Our succession and talent planning activities include a focus on diverse talent, including the consideration of 'emerging' diverse talent whose development we can support. All outputs of succession and talent planning are analysed to ensure we understand the demographic of the talent pipeline and where to target our efforts to help increase the diversity of the population as a whole.

We support employees in their career development and progression through mentoring, technical and leadership development programmes. All vacancies are advertised internally, and we support lateral and cross-departmental moves that help employees broaden their skills. In 2023, we continued to have a 50:50 balance of women on our early careers programme and ensured there was a diverse slate of representation.

Our Diversity Strategy

The Company is intentional about our Diversity, Equity, Inclusion and Belonging (DEIB) approach because we recognise that creating a diverse, equitable and inclusive workplace benefits our employees, drives innovation and contributes to the long-term success of our company. We provide strategic support and advice to Employee Resource Groups within Corebridge to impact employee engagement, belonging and talent strategies.

The Company creates an environment of shared understanding, curiosity and engagement in advancing inclusion and equity. Our marketing has a DEIB focus, as do our communications and external partnership opportunities, to amplify our internal workforce and the communities we serve. We utilise our 3E framework to Educate, Equip and Engage our colleagues – to support learning about different cultures, traditions and to show our support, allyship and appreciation for the diversity within our company. Our DEIB Council has ensured a continued focus on identifying and developing talent and ensuring our processes are constantly reviewed for improvements. Through these efforts, we continue to have a good gender balance in our pipeline for senior leadership.

Diversity, Equity, Inclusion and Belonging

Through our DEIB framework, we are creating a workplace that nurtures inclusivity, where everyone feels they belong and can bring their whole authentic selves to work.

As we continue to follow a strategic roadmap towards greater inclusivity, our initiatives focus on all aspects of inclusion, rather than solely on gender balance. Activities include:

Education and Awareness

The Company continued to promote opportunities for our managers and employees to increase their inclusive awareness through initiatives like monthly DEIB-focused communications. In this last year, our DEIB Council (made up of employees) has continued to foster a culture of inclusion and belonging through a series of events and all-employee webinars. Our employees complete and continue to engage in a wide range of DEIB topics and learnings. We continue to support employees experiencing menopause and raise awareness with their managers and colleagues through Menopause for Manager Awareness training. We introduced a women's health assessment through private medical cover for all employees. We also sponsored a number of DEIB initiatives across the insurance industry including the annual Dive In Festival, and continue to raise the profile of events specifically focused on gender.

Development and Mentoring

All our employees are actively encouraged to engage with the extensive learning materials and programmes that are available through AIG. At the mid-level, we ran our fourth UK/EMEA cohort of the Accelerated Leadership Development programme for under-represented talent. We are already seeing progress from the cohorts of this programme, with strong promotion rates.

The Company also ensures gender balance in participant groups in our internal leadership and management programmes. We continue to partner with Everywoman, to provide online development for all junior to mid-level employees, not just women, through leadership focused webinars, podcasts, workbooks and articles.

All employees are expected to contribute to the DEIB agenda, via their goals and objectives and their behaviours. Their performance is then evaluated at year-end and contributes to an overall rating

Parental and Caring support

We continue to promote flexible working and our parental toolkit continues to provide employees and managers with online support for parents before, during and after parental leave. We also continue to partner with Work Life Central to provide resources, webinars and support groups to parents and carers. We also continue to offer mentoring for individuals returning from a career break.

Gender Pay Gap

UK government legislation requires employers with 250 staff or more to publish statistics outlining the difference between the average pay of male and female employees. The analysis is based on data as at April 5 every year.

Companies must disclose the gender pay gap and the gender bonus gap based on mean and median averages, the proportion of men and women that receive a bonus, and the proportion of men and women in each quartile.

This is different to Equal Pay, which legislates that men and women in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010. It is unlawful to pay men and women differently for performing the same job. Bonus pay for the purpose of gender pay gap reporting includes any rewards related to profit-sharing productivity, performance, incentive or commission.

Pay Gap

The percentage difference in pay between men and women (largely men higher than women) is shown below:

Mean	2023	2022
Hourly fixed pay	9%	8%
Bonus paid	32%	33%

Median	2023	2022
Hourly fixed pay	4%	3%
Bonus paid	6%	5%

Our 2023 gender pay gap analysis shows a modest increase in the mean and median average hourly fixed pay. This was in part as a result of our parent company's business restructure and the transfer into AIG Life of some senior colleagues from elsewhere in the Group.

The median bonus gap increased in 2023, however the mean bonus gap decreased, attributed to the maturity of long-term incentive (LTI) plans awarded to some of our most senior male and female employees.

Percentage of Employees awarded a Bonus is shown below:

	Bonus	No Bonus
Men	95%	5%
Women	94%	6%

The proportion of men and women receiving a bonus fell slightly in 2023 as a result of eligibility criteria based on hire date.

Pay Quartiles

Quartiles are calculated by ranking the hourly pay for each employee from highest to lowest. The list is then divided into four equal sized groups of men and women. The below table shows the percentage of men and women in each group. This data shows that we have more senior men than women in higher paying roles.

Quartiles for 2023

	Men	Women
Lower	53%	47%
Lower Middle	47%	53%
Upper Middle	52%	48%
Upper	58%	42%

Quartiles for 2022

	Men	Women
Lower	54%	46%
Lower Middle	47%	53%
Upper Middle	53%	47%
Upper	60%	40%

Future Plans to address the Gender Pay Gap

- Engaging in activities to attract more women into the life insurance market and to raise the profile and attractiveness of the insurance industry to under-utilised talent markets;
- Maintaining the Company's focus on having a gender diverse slate of candidates when hiring and monitoring the impact on the gender balance of early careers, pipeline, and senior leaders. Continuing to look for opportunities to make improvements in our recruitment, promotion and succession planning process and practices to reduce bias;
- Promoting inclusion training and tools available to employees and managers including people manager training focused on promoting inclusion and flexible/agile working topics including people manager training focused on promoting inclusion and flexible/agile working topics;
- Continuing to support flexible/agile working and provide support for those returning to work after a career break, and promoting our parental leave policies;
- Encouraging leaders to be involved in career development and sponsorship of women and managers to mentor women. Providing inspiring examples of career progression to women;
- Continue to be involved and invest in the wider promotion of inclusion and gender balance in the insurance industry, for example through the ABI Talent & Diversity Network, and the Women in Protection network.

The Company continues to explore opportunities for further progress and we are committed to investing in activities that will enable more women to reach senior positions and to ensure that we encourage diversity at all levels of the organisation. We continue to build on the great work achieved through our award-winning DEIB framework and are proud of the contribution that inclusion makes to our culture.

Disability

The Company is committed to being an Equal Opportunities employer and creating an environment which embraces differences and fosters inclusion.

The Company welcomes applications by prospective employees with a disability and ensures that no job applicant suffers discrimination because of their disability. The Company aims to ensure that role outlines accurately reflect the duties and responsibilities of the job, and that specifications only include relevant selection criteria which are job related. Suitability for employment is measured against the stated requirements of the job and no aspect of a person's disability is used to assess how well an applicant will integrate with the workforce.

The Company ensures that all employees have equal access to training and development opportunities. Decisions about promotion and career progression are made on a fair and non-discriminatory basis. For employees with a disability, every effort is made to understand and support any reasonable adjustments needed to overcome barriers caused by their disability. The Company provides appropriate training and partner with the Business Disability Network to ensure that manages have the tools they need to support employees with a disability to thrive.

Non-financial and sustainability information statement

The Directors consider that the climate-related risks and opportunities of the Company, including how they are identified, assessed and managed, are integrated with those of Corebridge Financial because of AIG Life Limited being a wholly owned subsidiary of Corebridge. Further, one of the AIG Life Limited Directors is the shareholder representative and sits on the Corebridge executive leadership team.

The principal climate-related risks and opportunities for the company are the transitional risks associated with future government and regulatory measures and the physical risks connected with changing climate affecting mortality and morbidity experience. Both of these have been considered in AIG Life Limited's scenario analysis and will continue to be monitored by the Directors as more information becomes available. The Directors do not consider that it is necessary for an understanding of the company's business to establish specific AIG Life Limited targets or key performance indicators yet, because of the nature of these risks.

AIG Life Limited's approach to sustainability-related risks and opportunities includes instituting sound governance, advancing the workforce of the future , and managing an ever increasing and interrelated set of risks. AIG Life Limited integrates climate risk into its Risk Appetite Statement (RAS). Climate change has three distinct, yet highly interrelated, mechanisms that create risk:

- **Physical Risk**: Both direct and indirect impacts from event driven (acute) or longer-term (chronic) shifts in climate patterns. Climate change contributes to an increase in the frequency and severity of natural disasters and the creation of uncertainty as to future trends and exposures for areas including mortality and morbidity experience.
- **Transition Risks**: Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.
- **Liability Risks**: May arise from people or businesses seeking compensation for losses they may have suffered from physical or transition risks. This may be due to policy and technological changes, as well as from third parties who seek to influence policy or recover losses from others whom they believe are responsible by means of failure to mitigate, adapt and/or disclose.

AIG Life Limited considers the potential impact from climate-related issues on its business over short-, medium- and long-term time horizons. It considers both direct physical impacts and indirect effects that may emerge through transition risks, particularly those driven by new legal and regulatory requirements.

In the short- to medium-term, AIG Life Limited's investment activities create potential legal and regulatory risks due to increased focus on ESG-related litigation and regulatory action. In the medium- to long-term, chronic physical risks such as shifting temperatures, precipitation levels, droughts and sea water levels could influence AIG Life Limited's mortality and morbidity underwriting exposures to climate change. Additionally, in the short-, medium- and long-term, actions that governments, regulators and society may take to transition towards low or net zero carbon economies may impact on the Company's operations, for example, the introduction of new policies and adoption of new technologies.

Current Risk Assessment

The Company has completed climate stress tests in its Own Risk and Solvency Assessment (ORSA) following, as guidance, approaches prescribed by the local regulatory authority (PRA). These exercises considered the physical, transition and liability risks for various climate-related scenarios.

Natural Catastrophe Risk

The Company recognises that climate change has implications for insurance industry exposure to natural catastrophe risk. Physical manifestations of climate change may challenge business continuity for some of the locations of AIG Life Limited's operations (directly and indirectly via third parties). Assessing the near-term impacts of climate-related risks is managed through operating a diversified location strategy and having business continuity plans in place for AIG Life Limited and its material third parties.

Investment and Credit Risk

As efforts to move away from a carbon-intensive economy gather pace, financial market participants may fundamentally reassess the value of carbon-intensive assets and the businesses that rely on them. Shifts in consumer behaviour as well as regulatory incentives and penalties may affect the long-term viability of these businesses and, in turn, the value of the instruments that they issue. At times, revaluation may lead to asset impairments and corresponding credit exposure in respect of those instruments. Accordingly, AIG Life Limited's investment managers seek to consider ESG matters to the extent applicable to implementing its investment strategies. AIG Life Limited considered in 2023 how different transition scenarios could affect the asset performance of its investment portfolio and discussed this analysis with its Directors.

Litigation and Legal Risk

Litigation related to climate change has grown. These trends could affect a company's risk profile, influence norms for disclosure and expectations for corporate action around climate change, and have potential impacts for litigation against companies and their Directors and officers.

Regulatory Guidelines and Requirements

In recent years, regulators in the UK and Europe have increased their scrutiny on companies' risk oversight, disclosures and practices in connection with climate change and other Environmental, Social and Governance (ESG) issues. AIG Life Limited continues to monitor the regulatory landscape surrounding these issues.

AIG Life Limited has adopted Supervisory Statement SS3/19: Enhancing banks' and insurers' approaches to managing the financial risks from climate change. Issued by the PRA In April 2019, this set out how the regulator expects firms to address the financial risks from climate change as part of their governance arrangements, existing risk management practices, scenario analysis and disclosures.

Operational and Business Continuity Risk

AIG is exposed to the physical impacts of climate change on facilities and office locations, both directly and indirectly (e.g. the locations of its material third party outsourcing partners). AIG has business continuity plans in place to help respond to climate change-related incidents that may disrupt business operations, including extreme weather events. AIG Life Limited regularly reviews its existing incident management, business continuity, and disaster recovery practices, and those of its material third parties.

Technology Risk

Technological advancements that support the transition to a lower-carbon, energy-efficient economic system may have an impact on a wide range of companies and other organisations. This economic transition may affect the demand for insurance products with carbon disclosures. Although this may not necessarily reduce the overall demand for insurance products and services, it may alter demand patterns.

Reputational Risk

Investors, customers, regulators and other stakeholders are placing greater scrutiny on climate-related topics. Companies that are unable to meet stakeholders' diverging expectations could suffer from negative publicity, reputational harm or loss of customer or investor confidence, which could adversely affect operations.

Risk Management and Mitigation

AIG Life Limited reflects climate risk in its Risk Appetite Statement and manages climate-related risks through modelling, monitoring its investment portfolio and credit exposures, and business continuity planning.

Climate Governance

ERM supports climate-related risk management and wider ESG activities by identifying risks, monitoring external business and regulatory developments, and designing stress scenarios based on the Prudential Regulatory Authority's Climate Biennial Exploratory Scenarios ("CBES").

Climate Scenario Modelling

AIG Life Limited completed climate stress tests in 2023. These exercises considered risks for various climate-related scenarios.

Forward Looking Assessment

Climate change presents financial implications for AIG Life Limited in areas such as pricing, future claims, investments, and operations. Climate change presents challenges to our ability to predict future changes to mortality and morbidity trends; however, there are actions that AIG Life Limited could implement to mitigate or reduce exposure.

Climate change-related risks may also adversely affect the value of the assets held or lead to credit risk of counterparties that the Company transacts business with, including reinsurers. AIG Life Limited's reputation could be affected negatively because of changing customer or societal perceptions of organisations that it either insures through its Group Protection business, or invests in, due to their actions with respect to climate change.

In addition, lawmakers and regulators have imposed and may continue to impose new requirements or issue new guidance aimed at addressing or mitigating climate change-related risks and efforts undertaken in response thereto. Additional actions by foreign governments, regulators and international standard setters could result in additional regulation.

Energy Report & Carbon Statement

The Company is committed to reducing its global carbon footprint and we recently achieved and exceeded an emission reduction target in our UK operations through our participation in the UK Carbon Reduction Commitment. The Company shares facilities and facility related services with other AIG companies in the UK, principally AIG UK Limited. AIG in the UK have demonstrated this commitment by increasing the efficiencies of internal company operations and physical assets under the company's control and reducing energy usage.

All material Greenhouse Gas emissions are reported using 'tonnes of CO2 equivalent' ('tCO2e') as the unit of measurement and energy use in kWh. The Company has also chosen to use Full Time Equivalents ("FTE") of employees during the year as an intensity metric. Our report for 2023 is shown below:

Greenhouse Gas Emissions Source	**AIG LIFE 2023**	AIG LIFE 2022	Trend
Scope 1 - Fuel combustion in vehicles and buildings (tCO_2e)	**39**	12	235%
Scope 1 - Fugitive Emissions	**12**	n/a	n/a
Scope 2 – (Location-based) - Electricity (tCO_2e)	**46**	58	(22%)
Scope 2 – (Market-based) - Electricity (tCO_2e)	**0**	0	0
Scope 3 - Business travel (tCO_2e)	**47**	116	(59%)
Scope 3 - Waste generated in operations	**0.3**	n/a	n/a
Scope 3 - Indirect emissions from water (tCO_2e)	**0.6**	0.3	99%
Scope 3 - Fuel and energy-related activities (tCO_2e)[1]	**11**	14	(19%)
Total Scope 1 & 2 (Location-Based)	**97**	70	39%
Total Scope 1 & 2 (Market-Based)	**51**	12	341%
Total Scope 3	**59**	130	(54%)
tCO2e per FTE (Scope 1 & 2 Location-Based)2	**0.25**	0.15	65%
tCO2e per FTE (Scope 1 & 2 Market-Based)2	**0.13**	0.03	423%

1 Includes WTT emissions from fuels and electricity transmission and distribution losses

2 Value of average FTE at year end in line with the Financial Statements Note 7. FTE in 2023 was 388 (2022: 460).

Overall, across Scope 1, 2 and 3 (market-based) our emissions decreased by 22% compared with the previous year. AIG Life's Scope 1 and 2 location-based emissions have increased by 39% in the year. This was largely due to increased natural gas use in the Omnibus office in Reigate, as more employees return to office working, which the Omnibus office accounts for 73% of all Natural Gas usage. Scope 1 and 2 location-based emissions have also increased due to the inclusion of emissions from refrigerants in this year's disclosure for the first time.

Overall purchased electricity emissions decreased by 22% in 2023 compared to 2022 due to a reduction in purchased electricity consumption in The AIG Building.

Scope 3 emissions have decreased in 2023 by 54% compared to 2022, driven by a large decrease in emissions from business travel and FERA - electricity.

Changes in the methodology for business travel have been the main driver of this decrease, despite an increase in actual business travel spend. Updated and more accurate spend-based emission factors were used in 2023, reflecting AIG Life's commitment to improving data accuracy and methodologies to align with the GHG protocol and best practice.

The proportion of emissions for FERA – electricity decreased following the reduction in actual consumption in the AIG office.

This year water consumption was provided for the AIG office. In 2023, water consumption was estimated for the first time for the Omnibus building, using sector average benchmarks.

Additionally, Scope 3 waste data from all operations was included in this year's report for the first time. Waste data was collected for both The AIG office and the Omnibus offices. The waste data for the Omnibus office has been partially extrapolated using consumption per day to cover the full reporting period.

Total energy usage in kWh has increased from the previous year by 19% due to the increased consumption of natural gas at the Omnibus office. This increase in natural gas consumption outweighs the decrease in both diesel consumption and electricity consumption across the reporting period.

AIG Life continue to purchase electricity from 100% renewable sources.

During the reporting period, AIG Life's total fuel and electricity consumption totalled 433,567 kWh. All of this was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Energy consumption (kWh)		
Electricity	**219,957**	300,618
Natural gas	**213,201**	62,382
Fuels	**409**	1,146
Total energy use	**433,567**	364,146

The above information has been prepared in accordance with the environmental and climate change regulations and summarises how we have incorporated climate-related initiatives into our governance, strategy and risk management approaches, as well as the metrics and targets we use to track performance.

Independent Auditors

With the expected acquisition of the Company by Aviva plc on 8th April 2024, auditors for the year ended 31 December 2024 will be appointed in accordance with Section 485(2) of the Companies Act 2006.

Information provided to the auditors

The members of the Board, and the dates of their appointment and resignation as applicable, are shown on page 10. The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board of Directors on 2nd April 2024 and signed on its behalf by:

5th April 2024

Donald MacLean

Chief Financial Officer

Statement of Directors' responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of AIG Life Limited

Report on the audit of the financial statements

Opinion

In our opinion, AIG Life Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The matter giving rise to the material uncertainty is the agreement that American International Group, Inc. and Corebridge Financial, Inc. have entered with Aviva plc in September 2023 to sell the company to Aviva plc. The acquisition has received the relevant regulatory approvals and is expected to close on 8 April 2024. The Directors do not know the intent of Aviva plc management regarding the future plans, strategy or financing for the Company post acquisition. These conditions, as further explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the directors' going concern assessment and challenged the rationale for assumptions underpinning management's forecasts used to support the going concern assessment. We used our knowledge of the Company's business performance and corroborated to external market evidence where available. Our assessment included reviewing management's stress testing and scenario analyses.
- Tested the mathematical integrity of management's forecasts underpinning going concern assessment.
- Considered the Directors' assessment of the regulatory solvency coverage and liquidity position in the forward looking scenarios considered, which have been derived from the Company's Own Risk and Solvency Assessment.
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict the Directors assessment of going concern.
- Enquired and understood the actions taken by the Directors to mitigate the risks arising from the impacts of economic uncertainty, including review of Board and Audit Committee minutes and attendance at Audit Committee meetings.
- Evaluated the historical accuracy of the budgeting process to assess the reliability of the data.
- Reviewed and assessed the appropriateness of the going concern disclosures made in the Financial Statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Context

This is a statutory audit engagement under UK GAAP. The Company provides long term life insurance, critical illness and income protection products for individual and group customers. In addition to forming this opinion, in this report we have also provided information on how we approached the audit, how it has changed from the previous year and details of key audit matters that we have discussed with the Audit Committee.

Overview

Audit scope

- We designed our audit by determining materiality and assessing the risks of material misstatements in the financial statements. Accordingly, our audit scope has been determined to provide coverage of all material financial statement line items.

Key audit matters

- Material uncertainty related to going concern.
- The risk of misstatement of insurance contract liabilities due to the use of inappropriate persistency and mortality assumptions.
- The risk of misstatement of insurance contract liabilities due to the use of inappropriate expense assumptions.

Materiality

- Overall materiality: £7,298,000 (2022: £6,590,000) based on 1% of gross earned premiums.
- Performance materiality: £5,473,500 (2022: £4,943,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The risk of misstatement of insurance contract liabilities due to the use of inappropriate persistency and mortality assumptions.

Refer to the Note 18: Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions, Note 2: Critical accounting judgements and estimates and Note 24: Risk Management.

The insurance contract liabilities are a significant estimate on the balance sheet. They are sensitive to the choice of assumptions regarding persistency and policyholder mortality. The persistency assumption is set using a combination of the company's own experience data and wider market information. The company sets mortality assumptions based on experience, with some weight placed on relevant industry data where the claims volumes are not yet fully credible. Although assumptions are set considering the company's own experience data, external factors are also considered which may mean that historic experience is not indicative of future experience.

The impact of Covid-19 on data in recent years has specifically been considered.</td><td>We critically examined the results of the most recent experience analyses for persistency and mortality assumptions and the judgements applied in setting the assumptions. We also:
Assessed the appropriateness of the assumptions in light of the specific characteristics of the business, industry practices, economic environment and other available information such as general population data;
Tested the design and operating effectiveness of controls within the experience analysis processes;
Considered the appropriateness of the CMI model used for setting mortality improvement assumptions given the release of CMI_2022 in June 2023; and
Benchmarked the company's assumptions against others in the industry (where available) to evaluate the appropriateness of the assumptions, taking into account the nature of the business.
We considered the extent to which experience can be said to have returned to normal since COVID-19, and therefore how much confidence can be placed in data over the last year being reflective of long term trends given the impact of COVID-19 on mortality and critical illness claims, and policyholder behaviour.

From the evidence obtained we found the assumptions and methodology used to be appropriate.</td></tr>
<tr><td>The risk of misstatement of insurance contract liabilities due to the use of inappropriate expense assumptions.

Refer to the Note 18: Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions and Note 24: Risk Management.

The insurance contract liabilities are a significant estimate on the balance sheet. The Company is required to include the cost of servicing policies as an element of the calculation of insurance contract liabilities. The assumptions that have the most significant impact on the cost of servicing policies are:
the allocation of expenses between maintenance and new business;
the assumed projection of expenses in future years, including inflation and adjustments for economies of scale as policy volumes change over time;
the allocation of expenses to different policy types; and
the treatment of any project costs and other non-standard expenditures.</td><td>We have understood the basis on which expense allocations are made and how expense assumptions are derived. Last year management applied a new methodology which more explicitly shows the unit cost and inflation elements of the expense basis. This year, a key focus of our audit was assessing how the actual expenses incurred over the prior year compared to the expected expenses based on the assumptions which were set using this updated methodology. We also:
Assessed the ongoing appropriateness of the per policy expense assumptions, taking into account the actual costs incurred over the past 12 months and how this compared to expectations;
Considered the Company's forecasts, taking particular note of the actual sales over the past 12 months and the impact on the anticipated rate of new business growth, in assessing the ongoing appropriateness of any allowances made by management for economies of scale; and
Assessed the appropriateness of the proposed expense inflation assumption considering both the continued high levels of inflation in the UK, the view of long term inflation rates and the comparison to others in the industry.
From the evidence obtained we found the assumptions and methodology used to be appropriate.</td></tr>
</table>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company is a UK domiciled insurer. We performed a full scope audit of the company using the overall materiality of £7,298,000. In determining the scope of the audit, we performed risk assessment procedures which included understanding the business operations, internal control environment and process for the preparation of the financial information.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£7,298,000 (2022: £6,590,000).
How we determined it	1% of gross earned premiums
Rationale for benchmark applied	We believe that the gross earned premium is the primary measure used by the users in assessing the performance of the entity. It is considered to address the needs of the users of the financial statements in the current year and in the future.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £5,473,500 (2022: £4,943,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £364,900 (2022: £329,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgemental areas particularly in relation to the insurance contract liabilities. Audit procedures performed by the engagement team included:

- Discussing with the Audit Committee, management, internal audit, senior management involved in the Risk and Compliance function and the company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing correspondences and minutes of the meetings with the PRA and FCA.
- Reviewing minutes of the board and audit committee meetings.
- Reviewing complaints reports, internal audit reports, compliance reports in so far as they related to non-compliance with laws and regulations and fraud.
- Identifying and testing journal entries based on risk criteria.
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the insurance contract liabilities.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 1 September 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2015 to 31 December 2023.

Alexis Gish

Alexis Gish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 April 2024

Profit and Loss Account
For the Year Ended 31 December 2023

	Note	2023	2022
		£'000	**£'000**
Written premiums net of reinsurance			
Gross written premiums	3	**729,862**	659,080
Outward Reinsurance premiums		**(345,479)**	(315,193)
		384,383	343,887
Investment Income/(Expense)	4	**3,821**	(800)
Other Operating Income	5	**48,231**	47,704
		436,435	390,791
Claims paid, net of reinsurance			
Gross claims paid	17	**(406,479)**	(378,672)
Reinsurers' share	17	**208,102**	198,492
		(198,377)	(180,180)
Change in insurance contract liabilities			
Gross claims	17	**(275,873)**	736,311
Reinsurers' share	17	**253,444**	(730,227)
		(22,429)	6,084
Operating expenses			
Acquisition expenses	6	**(218,609)**	(188,908)
Administrative expenses	6	**(31,164)**	(27,566)
		(249,773)	(216,474)
Operating (loss)/profit		**(34,144)**	221
Finance costs		**(1,234)**	(274)
Loss on ordinary activities before tax		**(35,378)**	(53)
Tax on loss on ordinary activities	8	**7,549**	(481)
Loss for the financial year		**(27,829)**	(534)

All of the above results relate to continuing operations.

The notes on pages 32 to 60 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023	2022
		£'000	**£'000**
Loss for the financial year		**(27,829)**	(534)
Other comprehensive income/(expense):			
Net change in fair value of available for sale financial assets		**5,900**	(72,144)
Total tax on other comprehensive income/(expense)	8	**(1,475)**	18,036
Total other comprehensive income/(expense) for the year, net of tax		**4,425**	(54,108)
Total comprehensive expense for the year		**(23,404)**	(54,642)

All of the above results relate to continuing operations.

The notes on pages 32 to 60 form an integral part of these Financial Statements.

Balance Sheet

As at 31 December 2023

	Note	2023	2022
ASSETS		**£'000**	**£'000**
Intangible Assets			
Other intangible assets	9	**18,603**	22,732
Goodwill	9	**16,937**	20,324
		35,540	**43,056**
Investments			
Investments in group undertakings	10	**1,300**	1,300
Other financial investments	11	**130,818**	125,315
		132,118	**126,615**
Reinsurers' share of insurance contract liabilities	17	**565,724**	312,280
Debtors	12	**165,408**	219,317
Current tax Assets	13	**8,668**	2,023
Deferred tax Asset	13	**12,718**	13,401
Other assets			
Tangible assets	14	**581**	847
Cash and cash equivalents		**9,171**	12,397
		9,752	**13,244**
Prepayments and accrued income			
Deferred acquisition costs	15	**288,833**	241,950
Other Prepayments and accrued income		**5,272**	3,293
		294,105	**245,243**
Total Assets		**1,224,033**	**975,179**

EQUITY AND LIABILITIES	Note	**2023**	2022
		£'000	£'000
Capital and reserves			
Called up share capital	16	**316,885**	316,885
Share premium account		**86,725**	86,725
Profit and Loss Account		**14,097**	41,926
AFS Reserve		**(41,839)**	(46,264)
Total Shareholders' Fund		**375,868**	**399,272**
Insurance contract liabilities	17	**631,755**	355,882
Creditors arising out of direct insurance operations		**5,659**	7,278
Creditors arising out of reinsurance operations	19	**147,393**	175,297
Loans	20	**36,768**	20,011
Other creditors including taxation and social security	19	**19,905**	12,167
Accruals and deferred income	19	**6,685**	5,272
Total Liabilities		**848,165**	**575,907**
Total Equity and Liabilities		**1,224,033**	**975,179**

The Financial Statements on pages 27 to 60 were approved by the Board of Directors on 2nd April 2024 and signed on its behalf by:

5th April 2024

Donald MacLean,

Chief Financial Officer

The notes on pages 32 to 60 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital	Share Premium	Profit and Loss Account	AFS Reserve	Total
	£'000	£'000	£'000	£'000	£'000
Opening Balance 01.01.2022	316,885	86,725	42,460	7,844	453,914
Other comprehensive (expense)	-	-	-	(54,108)	(54,108)
Loss for the financial year	-	-	(534)	-	(534)
At the end of the year 31.12.2022	**316,885**	**86,725**	**41,926**	**(46,264)**	**399,272**
Other comprehensive income	-	-	-	4,425	4,425
Loss for the financial year	-	-	(27,829)	-	(27,830)
At the end of the year 31.12.2023	**316,885**	**86,725**	**14,097**	**(41,839)**	**375,868**

The AFS reserve includes the cumulative net change in the fair value of available for sale investments, net of tax, until the investment is derecognised. Upon de-recognition or impairment of available for sale investments, the relevant portion of the available for sale reserve is reclassified to profit or loss.

The notes on pages 32 to 60 form an integral part of these Financial Statements.

Notes to the Financial Statements for the Year Ended 31 December 2023

AIG Life Limited ("the Company") is a private company, limited by shares, domiciled and incorporated in London, England and Wales. The Company is primarily involved in long term protection insurance.

The registered office and principal place of business is: The AIG Building, 58 Fenchurch Street, London EC3M 4AB. The Financial Statements were approved for issue by the Board of Directors on 2nd April 2024.

1. Accounting Policies

a. Basis of Presentation

The Financial Statements have been prepared in compliance with the Companies Act 2006 and the requirements set out in Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as they relate to insurance companies. The Company's Financial Statements have been prepared in compliance with Financial Reporting Standard (FRS) 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and FRS 103, Insurance Contracts (FRS 103).

The Financial Statements have been prepared under the historical cost basis except that certain assets and liabilities are measured at revalued amounts or fair values, as described in the accounting policies below. These policies have been applied on a consistent basis for all years presented.

The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The primary economic environment within which the Company operates is the United Kingdom; and, therefore, its functional and presentational currency is Pounds Sterling. Items included in the Company's Financial Statements are measured and presented in thousands of Pounds Sterling.

The Financial Statements are separate Financial Statements and contain financial information related to the Company as an individual company and do not contain consolidated financial information related to the Company being the parent of a group.

The Company has taken advantage of section 401 of the Companies Act 2006, which exempts an intermediate parent company that is a subsidiary of a parent established outside the United Kingdom (UK), from the requirement to prepare consolidated financial statements if it is included in the consolidated financial statements of a larger group drawn up in a manner equivalent to consolidated financial statements produced in accordance with Part 5 of the Act and in accordance with accounting standards which are equivalent to UK-adopted international accounting standards, as determined in accordance with Commission Regulation (EC) No 1569/2007 of 21 December 2007, as amended by The Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/707) (paragraph AG9) (Section 401 (2)(b) sub paragraph (iv)).

The Company and all of its subsidiary undertakings are included in the consolidated Financial Statements of Corebridge Financial, Inc., a company incorporated in the State of Delaware, United States of America. It has been determined that, for the years presented, these consolidated Financial Statements, prepared in accordance with US GAAP, are drawn up in a manner equivalent to consolidated financial statements produced in accordance with Part 5 of the Act and in accordance with accounting standards which are equivalent to UK-adopted international accounting standards, as determined in accordance with Commission Regulation (EC) No 1569/2007 of 21 December 2007, as amended by The Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/707) (paragraph AG9) (Section 401 (2)(b) sub paragraph (iv)). These Financial Statements are publicly available and may be obtained from The AIG Building, 58 Fenchurch Street, London EC3M 4AB. The Company has therefore not prepared consolidated Financial Statements.

The Financial Statements have been prepared considering the Application Guidance in FRS 100, Application of Financial Reporting Requirements. The Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Reconciliation of the number of shares outstanding at the beginning and the end of the year;
- Share-based payment arrangements; and
- Compensation paid to key management personnel.

The Financial Statements have been prepared on a going concern basis. The Directors have considered all available information, both quantitative and qualitative, which includes, but not limited to, a review of the Company's current and projected future: performance, solvency position, liquidity, potential risks and uncertainties. Severe but plausible downside scenarios have been considered including, but not limited to, any potential impact from current economic uncertainty and cost of living pressures on customers. The Company has used forecasts based on its strategy to consider these downside scenarios, with stress testing being performed on factors such as performance, solvency position, liquidity and capital. Retrospective analysis has also been conducted to assess the historical accuracy of past budgets.

As a consequence, the Directors consider that the Company is well placed to manage its business risks and has adequate financial resources to meet its liabilities and to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. As a result, the Company continues to prepare its financial statements on a going concern basis.

In September 2023, Aviva plc entered into an agreement with AIG and Corebridge Financial, Inc. to acquire AIG Life Limited. The acquisition has received the relevant regulatory approvals and is expected to close on 8th April 2024. The Directors do not know the intent of Aviva plc management regarding the future plans, strategy, or financing for the Company post acquisition. The Directors consider that the impact of any change of ownership represents a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

b. Classification of Policies

The Company classifies its products for accounting purposes as insurance contracts which include whole of life, term assurance, critical illness and income protection products. They are non-linked and non-profit long term insurance contracts.

c. Revenue

i) Premiums

Premiums received and reinsurance premiums paid relate *to insurance contracts and are* accounted for on accruals basis. Accruals are calculated using the date that policies are on risk and presented in the Profit and Loss Account on a gross basis.

ii) Investment Income

Investment income comprises interest income and net realised gains and losses from available for sale financial assets earned in the year. Interest income is recognised as it accrued in the Profit and Loss Account, using the effective interest method.

d. Claims

Claims paid and reinsurance recoveries relate to insurance contracts, changes in the provisions for outstanding claims as well as any loss adjustments expenses and are accounted for when incurred.

e. Income Tax

Income tax expense in the Profit and Loss Account for the year comprises current and deferred tax, except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity. Both current and deferred tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date.

i) Current tax

Current tax is the tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

ii) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes as well as revaluation on deferred tax assets. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

f. Tangible Assets

Tangible Assets consisting of leasehold improvements, furniture and fittings, and IT equipment are stated at cost less accumulated depreciation. Cost comprises the fair value of the consideration paid to acquire the asset and includes directly related expenditure. These assets are depreciated on a straight line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

- Leasehold improvement: 5 years
- Furniture & Fixture: 3 years
- IT Equipment: 3 years

g. Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Profit and Loss Account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

h. Intangible Assets

An intangible asset is an identifiable non-monetary asset and is recognised at cost if, and only if, it will generate future economic benefits and if the cost of the asset can be measured reliably. Intangible assets are amortised over the estimated useful life and the amortisation charged to Administrative Expenses in the Profit and Loss Account.

i) Capitalised Software

Capitalised software costs represent costs directly related to obtaining, developing or upgrading internal use software. Such costs are capitalised and amortised on a straight line basis over the software's useful life which is a period not exceeding ten years.

ii) Acquired Intangible Assets

On acquisition of an insurance business, either directly or through the acquisition of a subsidiary undertaking, the fair value of the acquired contracts, acquired customer relationships and acquired distribution network are recognised as intangible assets.

These assets are amortised on a straight line basis over their estimated useful lives. The amortisation charge represents the movement in the value of the asset and is recorded in the Profit and Loss Account as an Administrative Expense.

The estimated useful lives are as follows based on cash flow models and expectations for the period at the time of acquisition of the business:

- Value of Customer Relationships: 7 years
- Value of Distribution Network: 12 years

Where external factors, such as technological advancement, changes in market price or changes in market interest rates or other market rates of return, indicated that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. This also applies in relation to internal sources of information, such as evidence of the obsolescence of an asset, or significant changes to the Company which impact the way the asset is used, or where the economic performance, including operating results and cash flows, of the asset is or will be worse than expected

Intangible assets are reviewed annually for impairment to assess whether an impairment indicator or changes in circumstances indicate that the carrying amount may not be recoverable.

i. Investment in Group Undertakings

Investments in group undertakings are stated at cost less impairment. Investments are reviewed for impairment whenever an impairment indicator or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is more than the recoverable amount, an impairment charge is recognised in the Profit and Loss Account.

j. Deferred Acquisition Costs

The method of calculating the deferred acquisition costs assumes that the assumed long term level of acquisition costs, comprising all direct and indirect costs, will be recovered from future premiums payable.

Types of acquisition costs and qualification for deferral:

- Expenses related to the actual sale of insurance contracts, for example commissions to agents; and
- Expenses related to business submitted by agents and for setting up the necessary records including costs incurred to underwrite the policy, for example salaries of employees involved in the underwriting and policy issuance, medical and inspection fees; and
- Other expenses allocated to the acquisition of business, for example portal costs, policy documentation fulfilment costs, and indirect costs associated with supporting the writing of new business such as attributable support function staff costs.

The balance of acquisition costs to be recovered from the margins in future premiums of existing contracts are shown as deferred acquisition costs in these Financial Statements. When a deferred acquisition cost asset is created, the rate of amortisation of the asset is consistent with a prudent assessment of the expected pattern of receipt of the relevant future margins over 5 years in which the contracts are expected to be in force. Any balances not considered recoverable are written off.

k. Acquisition Expenses

Acquisition expenses are not limited to the change in deferred acquired acquisition costs as also includes some operational expenses and commission amounts. Commissions payable to agents are incurred for acquiring new and renewal insurance business. The initial commissions payable is recognised as acquisition expenses in the Profit and Loss Account.

l. Reinsurance

The Company cedes reinsurance to reduce its exposure to potential losses by reinsuring certain levels of risk with reinsurance companies. Reinsurance contracts that meet the requirements to be classified as insurance contracts are classified as reinsurance contracts held.

Premiums ceded and benefits reimbursed are presented in the Profit and Loss Account and Balance Sheet on a gross basis. On balance sheet, they are shown gross unless balances have been agreed with the reinsurers to be settled net and there is a legal right of offset.

Reinsurance assets include the following:

- debtors arising out of reinsurance operations that represents amounts receivable on claims that have been paid;
- ceded long term business provision that represents amounts due from reinsurers and longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Reinsurance liabilities represent premiums payable for reinsurance.

m. Financial Assets

The company has chosen to apply the recognition and measurement provisions of IAS 39, Financial Instruments: Recognition and Measurement.

Financial assets on the Balance Sheet, are classified into the following categories: Derivatives – at fair value through profit or loss; debt securities and other fixed-income securities – available for sale investments; and Deposits with credit institutions – loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Profit and Loss Account in the investment income/(expense) line.

Available for sale investments are recognised initially at fair value without any deduction for transaction costs the Company may incur on disposal. Purchases of available for sale financial assets are recognised on the trade date, which is when the Company commits to purchase the assets. They are subsequently measured at fair value with changes in fair value reported in a separate component of shareholders' equity until disposal, when the cumulative gain or loss is recognised in the Profit and Loss account. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in profit and loss. Realised gains and losses are included in the Profit and Loss Account in the period in which they arise.

The Company classifies insurance and other receivables as loans and receivables. The Directors have determined that their carrying amounts reasonably approximate their fair values as they are short term in nature.

n. Financial Liabilities

Financial liabilities include insurance and reinsurance payables, as well as amounts due to related parties, interest-bearing loan amounts, borrowings and other payables. Financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the financial instrument. Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs and are recognised in the Profit and Loss Account over the year of the borrowings on an effective interest basis.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Interest-bearing loans and borrowings may be secured through the transfer by the Company of an investment security to another party as part of a repurchase agreement. Where the Company maintains effective control over the transferred asset, the transaction will be accounted for as a secured borrowing and the transferred asset continue to be recognised on the Balance Sheet.

o. Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

p. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss occurs on an available for sale investment where there has been a decline in the fair value and there is objective evidence that the asset is impaired. All impairment losses are recognised in the Profit and Loss Account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Profit and Loss Account only to the extent of previous charge taken to the Profit and Loss Account. The Company does not currently hold available for sale financial assets that are equity securities.

q. Insurance Contracts Liabilities

The insurance contract liabilities are determined annually in accordance with regulatory requirements. The measurement of insurance contract liabilities is based on the rules under the Solvency II Directive with two adjustments:

- A UK GAAP specific yield curve; and
- Zeroisation of net insurance contract liabilities so that the reinsurers' share of insurance contract liabilities cannot exceed the gross insurance contract liabilities.

A gross premium valuation method is used which brings into account the full premiums receivable under the contracts written, estimated renewal and maintenance expenses and contractually guaranteed benefits. Contracts are permitted to have negative reserves where there are no contractual surrender guarantees and these negative reserves can be offset against positive reserves to a minimum of £nil. The estimation techniques and assumptions are periodically reviewed, with any changes in estimates reflected in the Profit and Loss Account as they occur.

r. Liability Adequacy Testing

The adequacy of insurance liabilities, reinsurance assets and associated deferred acquisition costs are tested based on the best estimates assumptions of the cash flows for insurance policies and related investments using a discount rate based on yields on an appropriate blend of corporate and government bonds.

s. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits which have maturity within three months.

t. Operating Leases

Rentals payable under operating leases are charged to the Profit and Loss Account over the term of the lease.

u. Finance Costs

Finance costs comprise interest payable on borrowings calculated on the effective interest basis and are expensed in the Profit and Loss Account in the period to which they relate.

v. Employee Benefits

A defined contribution plan is a post-employment benefit plan under which a company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Profit and Loss Account when they are due.

w. Non-Insurance Provisions

A provision is recognised in the Balance Sheet where there is a present obligation as a result of a past event, and it is probable that the Company will be required to transfer economic benefits in settlement and a reasonable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. No provision is established where a reliable estimate cannot be made.

x. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

y. Dividends

Dividends payable on ordinary shares are recognised when they are paid.

2. Critical Accounting Judgements and Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Significant judgements in applying the accounting policies

The Company makes significant judgements in applying accounting policies. The significant judgement that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below.

i. Recoverability of deferred tax asset

Deferred tax asset of £12,718k (2022: £13,401k) is recognised as fully recoverable. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The recovery of the deferred tax asset is sensitive to changes in the operating results and investment yield assumptions as these are the material drivers of future taxable profits. Recognition therefore involves judgement regarding future financial performance. Where the deferred tax assets relate to the tax on changes in the market value of investments, the ability to hold such investments to maturity as well as the ability to offset any realised losses against forecast taxable profits are also considered. The Company incurred trading losses in 2023 having made trading profits in previous years and the Company expects to generate taxable profits in future years.

b. Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

ii. Estimation of future benefit payments and premiums arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. The carrying amount of the liability included as the long-term business provision is £365,226k (2022: £152,768k). Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted, where appropriate, to reflect the Company's own experience and any Company initiatives or external factors that may cause future experience to deviate from historic experience. The impact of Covid-19 on data in recent years has specifically been considered. Further analysis of the assumptions used is provided in note 18, Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions.

iii. Amortisation of deferred acquisition costs

Deferred acquisition costs of £288,833k (2022: £241,950k) are recognised as an asset. The determination of the amortisation period of the deferred acquisition costs asset is dependent on estimates of the lives of the contracts. The Company has taken a prudent assessment of the lives of contracts of the expected pattern of receipt of the relevant future margins over 5 years in which the contracts are expected to be in force. In general, lapse experience can be volatile and as a result the past experience of the Company may not be an appropriate indicator of its future experience.

3. Gross Written Premiums

Gross premium income is composed of:

	2023 £'000	2022 £'000
Direct insurance	**729,862**	659,080
	729,862	659,080
Comprising		
Individual business	**479,755**	437,071
Group contracts	**250,107**	222,009
	729,862	659,080

All business for current and prior year is written in the United Kingdom, Channel Islands, the Isle of Man or Gibraltar.

4. Investment Income/(Expense)

	2023 £’000	2022 £’000
Income from investments	**4,627**	3,923
Realised loss	**(11)**	(2,432)
Loss on derivative financial instruments	**-**	(1,742)
	4,616	(251)
Investment expenses and charges		
Investment management expenses	**(795)**	(549)
Total investment income/(expense)	**3,821**	(800)

5. Other Operating Income

Other Operating Income comprises:

	2023 £'000	2022 £'000
Commission received from reinsurers	**48,231**	47,704
	48,231	47,704

6. Operating expenses by type

i. Operating Expenses

	2023 £'000	2022 £'000
Acquisition costs		
Operational expenses	**64,266**	50,648
Commission	**201,227**	153,498
Change in deferred acquisition costs	**(46,884)**	(15,238)
	218,609	188,908
Administrative expenses		
Maintenance expenses	**31,164**	27,566
	31,164	27,566

Maintenance expenses are stated after including the following expenses

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	**378**	324
Goodwill amortisation	**3,387**	3,388
Other Intangible Assets Amortisation	**6,103**	5,367
Operating lease rentals	**824**	824

ii. Auditors' Remuneration

During the year the Company obtained the following services from the Company's auditors and their associates at costs as detailed below:

	2023	2022
Fees payable to the Company's auditors and its associates	**£'000**	**£'000**
for the audit of the Company's Financial Statements	**863**	606
Fees payable to the Company's auditors and its associates for other services:		
Audit-related assurance services	**78**	72
	941	678

7. Staff costs

The average number of persons (including executive Directors) employed by the Company during the year was:

	2023 Number	2022 Number
Sales and sale support	**261**	319
Administration	**127**	141
	388	460

The aggregate remuneration payable in respect of the above employees was:

	2023	2022
	£'000	£'000
Wages and salaries	**33,767**	35,493
Social security costs	**3,976**	3,614
Other pension costs	**2,503**	2,706
	40,246	41,813

Directors

The Directors' emoluments were as follows:

	2023	2022
	£'000	£'000
Aggregate emoluments	**1,117**	1,108
Pension contributions	**61**	59
	1,178	1,167

In addition to their salaries, the Company contributes to a post-employment defined contribution plan for 2 Directors (2022: 2) on their behalf. No advances or credits granted to any director subsisted during the year. Also, no guarantees on behalf of any director subsisted during the year.

Highest paid director

The highest paid Directors' emoluments were as follows:

	2023	2022
	£'000	£'000
Aggregate emoluments	**582**	617
Pension contributions	**31**	31
	613	648

The highest paid director did not exercise share options in AIG Group during the year (2022: £nil). No other Directors exercised share options during this year or prior year.

8. Tax on loss

	2023 £'000	2022 £'000
UK Corporation Tax:		
Current tax on income for the year	**(6,852)**	1,100
Adjustments in respect of prior years	**95**	(106)
Total Current Tax	**(6,757)**	994
Deferred tax		
Origination and reversal of timing differences	**(674)**	(611)
Adjustments in respect of prior years	**(118)**	98
Total deferred tax	**(792)**	(513)
Tax on loss on ordinary activities	**(7,549)**	481

Tax expense included in other comprehensive income

	2023 £'000	2022 £'000
Deferred tax		
Origination and reversal of timing differences	**1,475**	(18,036)
	1,475	(18,036)

Factors affecting the tax (credit)/charge for the year

The tax assessed for the period is higher (2022: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2023 £'000	2022 £'000
Loss before tax	**(35,378)**	(53)
(Loss) on ordinary activities before tax multiplied by standard rate of corporate tax in the UK of 23.52% (2022: 19%)	**(8,321)**	(10)
Expenses not deductible for tax purposes	**835**	646
Adjustments to tax charge in respect of previous periods	**(23)**	(8)
Difference in rates between current and deferred tax	**(40)**	(147)
Tax on loss on ordinary activities	**(7,549)**	481

9. Other Intangible Assets and Goodwill

	Development Costs £'000	Other Intangible Assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2023	24,079	15,500	33,874	**73,453**
Additions	1,974	-	-	**1,974**
Transfer	(2,841)	-	-	**(2,841)**
At 31 December 2023	23,212	15,500	33,874	**72,586**
Accumulated Amortisation				
At 1 January 2023	8,895	7,952	13,550	**30,397**
Amortisation for the year	4,115	1,988	3,387	**9,490**
Transfer	(2,841)	-	-	**(2,841)**
At 31 December 2023	10,169	9,940	16,937	**37,046**
Net Book Value at 31 December 2023	**13,043**	**5,560**	**16,937**	**35,540**

	Development Costs £'000	Other Intangible Assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2022	21,250	15,500	33,874	**70,624**
Additions	2,829	-	-	**2,829**
At 31 December 2022	24,079	15,500	33,874	**73,453**
Accumulated Amortisation				
At 1 January 2022	5,516	5,964	10,162	**21,642**
Amortisation for the year	3,379	1,988	3,387	**8,755**
At 31 December 2022	8,895	7,952	13,550	**30,397**
Net Book Value at 31 December 2022	**15,184**	**7,548**	**20,324**	**43,056**

Other Intangible Assets relate to value of customer relationships and distribution networks acquired on acquisition of the Ellipse business during 2018. At acquisition, the value of customer relationships was £11,700k and value of distribution networks was £3,800k. At 31 December 2023, the value of customer relationships was £3,343k (2022: £5,014k) and value of distribution networks was £2,217k (2022: £2,534k).

10. Investments in group undertakings

The carrying value of the Company's investment in group undertakings was as follows:

Shares in group undertakings	2023 £'000	2022 £'000
At 1 January	**1,300**	1,300
At 31 December	**1,300**	1,300

The Company holds 100% of the Ordinary share capital of Group Risk Services Limited, an Insurance Services Company, and its wholly owned subsidiary, Group Risk Technologies Limited which is inactive. Both companies are incorporated in the UK and their registered address is The AIG Building, 58 Fenchurch Street, London EC3M 4AB.

11. Other Financial Investments

Other Financial Investments are further analysed below:

	2023 £'000	2022 £'000
Debt securities and other fixed-income securities	**130,818**	125,315
	130,818	125,315

Debt securities and other-fixed income securities

Debt securities and other-fixed income securities are recorded at fair value through other comprehensive income as per IAS39.

	2023 £'000	2022 £'000
Purchase Price	**192,076**	189,007
Carrying Value	**130,818**	125,315

Further analysed below:

	2023 £'000	2022 £'000
UK Government Securities	**20,779**	22,331
Agencies	**3,342**	3,311
Corporate Bonds	**95,702**	88,602
Supranational Bonds	**10,995**	11,071
	130,818	**125,315**

a) Credit Rating

The credit ratings of the debt securities were as follows:

	2023 £'000	2022 £'000
Investments are analysed by credit rating below:		
AAA	**14,972**	5,126
AA	**37,549**	35,022
A	**50,286**	56,873
BBB	**28,011**	27,573
B	**-**	629
CCC	**-**	92
	130,818	**125,315**

b) Valuation Method

The table below analyses financial instruments measured at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2023 £'000	2022 £'000
Level 1	**-**	-
Level 2	**130,818**	124,955
Level 3	**-**	360
	130,818	**125,315**

Derivative Financial Instrument

During 2022, the Company held a receiver option that expired on 31st December 2022. The Company did not enter into any derivative financial instruments in 2023. As a result, there was no gain or loss recognised in the Profit and Loss account (2022: loss of £1,742k). At 31st December 2023, derivative position includes a current value of £nil (2022: £nil)) and collateral liability of £nil (2022: £nil).

12. Debtors

	2023	2022
	£'000	**£'000**
Debtors arising out of direct insurance operations		
- Policyholders	**68,101**	**87,472**
Debtors arising out of reinsurance operations	**78,231**	**106,436**
Amounts owed by group companies	**4,768**	**2,619**
Other receivables	**14,308**	**22,790**
	165,408	**219,317**

All debtors are receivable within one year and receivable on demand.

13. Tax Receivable

The tax balances provided in the Financial Statements are analysed further below:

The tax balances provided in the Financial Statements is as follows:

	2023	2022
	£'000	**£'000**
Current tax assets	**8,668**	2,023
Deferred tax asset	**12,718**	13,401
	21,386	15,424

The deferred tax asset is further analysed below:

	2023	2022
	£'000	**£'000**
Unrealised gains on financial investments	**13,745**	15,220
Acquired intangible assets	**(1,668)**	(2,166)
Capital allowances	**353**	289
Other timing differences	**288**	58
	12,718	13,401

Changes to the main UK corporation tax rate were substantially enacted as part of the Finance Act 2021, including an increase of the main rate from 19% to 25% with effect from 1 April 2023. Deferred tax is recognised at the rate which is expected to apply upon realisation/unwinding. As a result, all deferred tax balances are recognised at 25%.

The current tax receivable balance is largely expected to be recovered through group relief with other UK companies in the AIG group.

There are unrelieved tax losses carried forward amounting to £263,634k (2022: £258,591k) for which no deferred tax asset was recognised. This unrelieved tax loss is in respect of excess expenses arising on business that the Company wrote prior to 2013 that was categorised as Basic Life and General Annuity Business ("BLAGAB") under the UK life tax rules. This deferred tax asset can only be offset against any income arising on pre-2013 business categorised as BLAGAB and if recognised, would be calculated at the policyholder tax rate of 20%. As a result, this asset has not been recognised as there is insufficient evidence that it will be recoverable.

AIG Life Limited is a member of a multinational Group that will be within the scope of the OECD Pillar 2 Global Anti-Base Erosion (GloBE) Rules for the reporting periods ending after 12/31/2023. AIG Life Limited is a tax resident in the UK which has implemented GloBE Pillar 2 – 15% minimum tax legislation effective from 1 January 2024. Under the legislation, AIG Life may be liable to pay a top up tax for the difference between its effective tax rate, and the 15% minimum rate. We have reviewed the tax position of AIG Life Limited and do not expect any top-up taxes as a result. Due to the complexities in applying the legislation, the quantitative impact of the enacted legislation is not yet reasonably estimable

14. Tangible Assets

	Leasehold £'000	Furniture & Fixture £'000	IT Equipment £'000	Total £'000
Cost				
At 1 January 2023	520	645	1,567	**2,732**
Additions	-	8	104	**112**
At 31 December 2023	520	653	1,671	**2,844**
Accumulated Depreciation				
At 1 January 2023	396	293	1,196	**1,885**
Charge for the period	106	118	154	**378**
At 31 December 2023	502	411	1,350	**2,263**
Net book value at 31 December 2023	**18**	**242**	**321**	**581**

	Leasehold £'000	Furniture & Fixture £'000	IT Equipment £'000	Total £'000
Cost				
At 1 January 2022	520	617	1,284	**2,421**
Additions	-	28	283	**311**
At 31 December 2022	520	645	1,567	**2,732**
Accumulated Depreciation				
At 1 January 2022	286	167	1,108	**1,561**
Charge for the period	110	126	88	**324**
At 31 December 2022	396	293	1,196	**1,885**
Net book value at 31 December 2022	**124**	**352**	**371**	**847**

15. Deferred Acquisition Costs

	2023 **£'000**	**2022** **£'000**
At 1 January	**241,950**	226,712
Expenses for the acquisition of insurance contracts deferred during the year	**172,680**	148,843
Amount written off for lapses	**(10,870)**	(13,191)
Amortisation for the year	**(114,927)**	(120,414)
At 31 December	**288,833**	241,950

16. Called Up Share Capital

	Ordinary Shares **£'000**
In issue at 31 December 2023	316,885
In issue at 31 December 2022	316,885

At 31 December 2023 the authorised share capital comprised 316,885,000 (2022: 316,885,000) ordinary shares of £1 (2022: £1) each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. Insurance Contract Liabilities

Long Term Business Provision Movement in 2023	**Gross £'000**	**Reinsurance £'000**	**Net £'000**
Changes in Long Term Business Provision	**212,458**	**212,458**	**-**
Claims paid	**(406,479)**	**(208,102)**	**(198,377)**
Claims incurred	**469,894**	**249,088**	**220,806**
Change in Insurance Liabilities as shown in profit and loss account	**275,873**	**253,444**	**22,429**
Movement in year	**275,873**	**253,444**	**22,429**
At 1 January 2023	**355,882**	**312,280**	**43,602**
At 31 December 2023	**631,755**	**565,724**	**66,031**

Long Term Business Provision Movement in 2022

	Gross £'000	**Reinsurance £'000**	**Net £'000**
Changes in Long Term Business Provision	(712,714)	(712,714)	-
Claims paid	(378,672)	(198,492)	(180,180)
Claims incurred	355,076	180,980	174,096
Change in Insurance Liabilities as shown in profit and loss account	(736,311)	(730,227)	(6,084)
Movement in year	(736,311)	(730,227)	(6,084)
At 1 January 2022	1,092,193	1,042,507	49,686
At 31 December 2022	355,882	312,280	43,602

Insurance Contract Liabilities	**Gross £'000**	**Reinsurance £'000**	**Net £'000**
As at 31st December 2023			
Long Term business provision	**365,226**	**365,226**	**-**
Claims Payable	**214,002**	**167,927**	**46,075**
IBNR	**52,527**	**32,571**	**19,956**
	631,755	**565,724**	**66,031**
As at 31st December 2022			
Long Term business provision	152,768	152,768	-
Claims Payable	169,106	142,087	27,019
IBNR	34,008	17,425	16,583
	355,882	312,280	43,602

18. Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions

The assumptions used to determine insurance contract liabilities are set by the Board of Directors based on advice given by the Chief Actuary. These assumptions are updated at least at each reporting date to reflect latest estimates. Insurance contract liabilities are calculated using best estimate assumptions with an explicit risk adjustment to allow for prudence in the value of the liabilities. The assumptions used are as follows:

a. Mortality and morbidity

Mortality and morbidity assumptions are set for each product based on the anticipated future experience of the business. The rates are based on published industry tables adjusted to take account of the AIG Life's product features, distribution channels and socio-economic profile as well as historic experience where appropriate. For group business, adjustments are made in respect of factors including industry, occupation class (a combination of industry and salary), location and scheme size. Future trends in mortality and morbidity experience are allowed for in the calculation of the liability. The Company's principal mortality rates are based on TM16/F16 and the principle morbidity rates are based on AC08 for Critical Illness and CMIR12 for income protection. These tables are public data tables set by the Continuous Mortality Investigation supported by the Institute and Faculty of Actuaries.

b. Persistency

Persistency assumptions vary principally by duration of policy, distribution type, commission structure and type of contract to reflect the anticipated experience of the business. The assumptions have been set based on a combination of the Company's own experience and industry-wide expertise. For group business, the assumptions are based on past experience and vary according to the duration relative to the rate guarantee period and scheme size.

c. Expenses

The contracts are valued using our long term expense assumptions which reflect the projected expense cost of the Company. Future expense inflation of 3.75% per annum is assumed. . At 31 December 2023 the maintenance expense assumption for the majority of individual contracts ranges from £7.26 to £7.36 (2022: £8.17 to £8.29) on a consistent basis, i.e. without prudent margins, per policy. For the majority of group business, the maintenance expense assumption is £3.34 (2022: £3.75) per member.

d. Economic

Discount rates used to value insurance contract liabilities and reinsurance assets are based on yields derived from the Barclays Aggregate Sterling Credit Index as at 31 December 2023. The index contains a mix of AAA rated supra-nationals and investment grade corporates. The average credit rating for the index as a whole is slightly better than A. The yield curve includes a reduction for expected credit losses, which is derived using a blend of Moody's long-term average "through-the-cycle" default rates and point-in-time expected default frequencies. The resultant yield has a further reduction applied such that the implied illiquidity premium is consistent with AIG Life's insurance contracts. AIG Life has a buy-and-hold investment strategy.

19. Creditors

Creditors arising out of reinsurance operations are analysed further below:

	2023 £'000	2022 £'000
Amounts owed to reinsurers - third parties	**136,806**	160,161
Amounts owed to reinsurers - group companies	**10,587**	15,136
	147,393	175,297

Other Creditors are analysed further below:

	2023 £'000	2022 £'000
Other creditors - amounts owed to third parties	**5,425**	3,527
Other creditors - amounts owed to group companies	**14,480**	8,640
	19,905	12,167

Accruals and deferred income are analysed further below

	2023 £'000	2022 £'000
Amounts accrued owed to third parties	**3,397**	2,788
Amounts accrued owed to group companies	**3,288**	2,484
	6,685	5,272

All creditors are payable within one year. There are no balances due in relation to other taxes and social security.

20. Loans

The Company had short-term bank loans of £36,768k at 31 December 2023 (2022: £20,011k). These loans were secured against certain gilts under a repurchase agreement. It is repayable within one year at fixed rate between 5.42% and 5.48% per annum (2022: 4.45%). The loans were obtained between 27th November 2023 and 11th December 2023 and were repayable on 5th January 2024.

21. Operating Leases

The total value of non-cancellable operating lease rentals payable is as follows:

Future minimum lease payments

	2023 £'000	2022 £'000
Less than one year	**471**	824
Between one and five years	**442**	914
More than five years	**-**	-

The Company leases one floor of a building in Reigate under an operating lease, this commenced in 2021 and is a 10-year term which includes a 5 year break clause. It also has a lease on one floor of the AIG Building in London which has a remaining term of three months.

22. Parent Company

The Company is a wholly owned subsidiary of Corebridge Financial, Inc., renamed on 14th September 2022 from SAFG Retirement Services, Inc. (2021: SAFG Retirement Services, Inc.), an entity incorporated in the State of Delaware, United States of America. On 1st May 2021, 100% of the shares in the Company were transferred from AIG Holdings Europe Limited to SAFG Retirement Services, Inc.

Corebridge Financial, Inc. is a leading international life insurance organisation serving customers in the United States of America, United Kingdom and Ireland. Corebridge Financial, Inc. common stock is listed on the New York Stock Exchange. The Company is consolidated into the Financial Statements of Corebridge Financial, Inc. which forms the smallest group of undertakings to consolidate these Financial Statements at 31 December 2022. Copies of the Corebridge Financial, Inc. consolidated Financial Statements can be obtained from the Company Secretary, The AIG Building, 58 Fenchurch Street, London EC3M 4AB.

The ultimate parent undertaking and controlling party is American International Group, Inc. ("AIG"), a company incorporated in the State of Delaware, United States of America. AIG is a leading international insurance organisation serving customers in more than 130 countries and jurisdictions. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange. The Company is consolidated into the Financial Statements of AIG which forms the largest group of undertakings to consolidate these Financial Statements at 31 December 2022. Copies of the ultimate parent company's consolidated Financial Statements can be obtained from the Company Secretary, The AIG Building, 58 Fenchurch Street, London EC3M 4AB.

Up to 2nd November 2021, SAFG Retirement Services, Inc. was a wholly owned subsidiary of AIG. On 2nd November 2021, AIG, Inc. sold 9.9% of SAFG Retirement Services, Inc. to Argon Holdings LLC, a wholly owned subsidiary of Blackstone Inc. On 19th September 2022, Corebridge Financial, Inc. completed an initial public offering (the "IPO") in which AIG sold 80,000,000 shares of Corebridge Financial, Inc. representing 12.4% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock. As at 31st December 2022, AIG owns 77.7% of the common stock of Corebridge Financial, Inc.

In June 2023, AIG sold 74.75 million shares of Corebridge common stock in a secondary offering, representing approximately 10.0% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange

On 2nd August 2023, AIG announced that it would be considering a sale of AIG Life Limited. In September 2023, AIG announced that Aviva plc would acquire AIG Life Limited from Corebridge Financial, Inc. The acquisition is subject to regulatory approvals and is expected to close in the first half of 2024.

In November 2023, AIG sold 50,000,000 shares of Corebridge common stock in a secondary offering, representing approximately 7.9% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange.

In December 2023, AIG sold 35,000,000 shares of Corebridge common stock in a secondary offering, representing approximately 5.5% of the total shares of Corebridge Financial, Inc., to the public on the New York Stock Exchange.

23. Related Party Transactions

During the year, the Company has had a number of transactions and balances with companies wholly owned by AIG, Inc. These are listed below.

From time to time, the Company has entered into various reinsurance agreements with American International Reinsurance Company, Limited. ("AIRCO") based in Bermuda. In 2018, the Company ceded risks relating to the payment of obligations of life-contingent annuity claims in the annuitisation phase of the contracts on or after 30 June 2018. In 2019 and 2020, the Company and AIRCO entered into treaties whereby AIRCO assumed risks relating to certain whole life policies issued prior to and subsequent to 1 July 2019, respectively. Reinsurance assets related to these agreements were £52,226k (2022: £50,531k) as at 31 December 2023. Amounts payable to AIRCO were £10,587k (2022: £15,136k) as at 31 December 2023. Ceded premiums related to these agreements were £29,643k (2022: £33,479k), claims recovered were £2,033k (2022: £1,773k) and ceded commissions received were £6,546k (2022: £5,098k) in the year ended 31 December 2023.

The Company leases from American International Group UK Limited ("AIGUK") one floor of AIGUK's Fenchurch Street building. The total rent and service charge cost in 2023 was £1,145k (2022: £1,123k) and had an amount payable at 31 December 2023 of £374k (2022: £749k).

Up to August 2023, the Company continued to use AIG Europe Services Limited to settle 3rd party invoices which are then directly passed through to the Company as well as using AIG, Inc. to settle some IT and contractor costs that were also directly passed through to the Company. From September 2023, the Company has been able to settle 3rd party invoices directly and no longer uses AIG, Inc., although some costs are still passed through from AIG Europe Services. At 31 December 2023, the amount payable to AIG Europe Services Limited was £1,313k (2022: £7,979k) and amount payable to AIG, Inc. was £2,437k (2022: £nil).

During the year, the Company used AIG Technologies, Inc. to maintain the group cloud based server solution hosted by Amazon Web Services. The total cost incurred with AIG Technologies, Inc. was £3,801k (2022: £2,295k) and amount payable at year end was £1,707k (2022: £1,013k).

In prior years, the Company received a head office charge from AIG PC International, LLC ("PCIL") for various services and group IT functions. There was a refund in 2023 of £213k (2022: charge £817k) and there remained an amount payable to PCIL of £947k (2022: £1,184k).

In 2022, the Company incurred certain staff related costs from American International Co. Ltd ("AICO"). These largely ceased on 2023, so that costs incurred were £7k (2022: £923k) and amount payable with AICO was £16k (2022: £801k).

The Company has also had a number of transactions and balances with companies wholly owned by Corebridge Financial, Inc. and these are listed below.

In 2022, the Company was able to recharge American General Life Insurance Company ("AG Life") for certain costs incurred by the Company for AG Life. In 2023, the Company continued to be able to recharge costs but AG Life also charged the Company for costs principally related to the contract with Accenture. Income of £377k was billed to AG Life (2022: £311k) and £7,196k (2022: £nil) costs incurred with AG Life. The amounts receivable at 31 December 2023 was £775k (2022: £311k) and payable of £7,196k (2022: payable £70k) with AG Life.

From September 2022, the Company uses its wholly owned subsidiary, Group Risk Services Limited ("GRS"), to settle all salary and related costs and provide employee benefits to the Company's employees. During the year, the Company was recharged £1,011k (2022: £nil) for employee benefits provided by GRS and there was a balance receivable from GRS of £2,744k (2022: £3,156k) at year end.

24. Risk Management

The Company believes that a strong, effective and embedded risk management framework is crucial for maintaining successful business operations and delivering sustainable, long-term profitability within its risk appetite. The Company achieves this through a risk culture articulated by Enterprise Risk Management ("ERM") senior leadership and embodied by management at all levels through the Company's governance structure and risk management processes.

The Company operates a Risk Management Framework. The framework outlines the risk management elements and associated risk management processes, including:

- The regular risk identification, assessment, management and monitoring which is undertaken by each functional Head supported by the Risk Management team. This provides input to the quarterly key risk report for the Board Audit and Risk Committee and ultimately Board.
- Risk Policies - including Risk Appetite and limits and minimum standards.

- Capital and liquidity management including model governance and stress testing.
- The annual Strategy and Business planning cycle which includes the forward looking assessments of risk and solvency capital requirements, stress and scenario testing and reverse stress testing with the production of the Own Risk and Solvency Assessment (ORSA) Report.
- Data management, IT and Information security.
- Monitoring of the control environment with key risk indicators.

The AIG Life Limited enterprise risk management framework is underpinned by the AIG Life Limited risk policy framework which in turn is aligned to the various AIG Group and Corebridge Financial risk policies. A regular self-assessment and breach reporting process is in place to confirm adherence to the respective policies.

The Company utilises the “Three Lines of Defence” model for risk management, as described further below. Overseeing the Company’s risk management framework is a risk governance structure that encompasses its principal business operations and risk areas and defines a framework of risk committees, risk reporting and risk controls embedded throughout the Company.

The Company’s approach to risk-taking is quantified through its risk appetite statement which aligns the Company’s strategic business goals against the risks it faces, ensuring that these risks are maintained at levels consistent with the Company’s financial resources. This, in tandem with continuous management and monitoring of the Company’s capital position, ensures that the Company continues to manage its business in an environment of controlled, proportionate risk-taking to generate sustainable earnings and deliver long-term value for Corebridge Financial, Inc. shareholders.

The AIG Life Limited Board has ultimate responsibility for development and oversight of the risk management framework; the Board delegates the management of risks within its risk appetite and the risk governance framework to the AIG Life Limited Board Audit and Risk Committee and Risk and Capital Committee. These Committees in turn escalate matters of importance to the Board as needed.

The “Three Lines of Defence” Model

The Company’s enterprise risk management framework is based on the “Three Lines of Defence” model. This structure allows for each function and individual to have a clear understanding of their risk management responsibilities and aids embedding an effective risk culture across the Company:

- **First Line of Defence**

  Composed of senior management (executive/business/operational), along with all staff in the organisation who are responsible for implementing and maintaining the controls necessary for achievement of the Company’s strategic and business objectives, the ownership and management of its inherent risks, its compliance with corporate standards and its legal and regulatory obligations.

- **Second Line of Defence**

  Composed of the oversight functions (ERM and Compliance) that are responsible for defining the risk framework and for monitoring the effectiveness of risk controls and for reporting their weaknesses or failures to the Board Audit and Risk Committee. In this context, these functions are the “Second Line of Defence” against failure. Both functions also partner with the business in providing advice.

- **Third Line of Defence**

  AIG’s Internal Audit Group (IAG) delivers the “Third Line of Defence” by providing independent assurance to the Board, through the Board Audit and Risk Committee, regarding the effectiveness of the First and Second Lines of Defence.

Risk Culture

The Company has an ongoing commitment towards maintaining an effective risk culture, as it is critical to its success in maintaining and developing an effective risk management system. The elements which underpin the risk culture are:

Visible Leadership

Senior management takes an active role in promoting the risk management framework. AIG Life Limited defines a framework of risk committees, risk reporting, and controls embedded throughout the business. The principal risk committees of the AIG Life Limited Board and management are designed to support AIG's efforts in embedding a strong risk culture through the integration of risk management with business activities.

Communication

Internal communication to all levels of management and staff to describe and inform (to an appropriate level of detail) the risk framework (strategy, governance), risk policies / procedures and the company risk profile of AIG Life Limited. Without effective communication of AIG Life Limited's risk profile, key stakeholders within the business will not be able to make appropriate decisions required to manage AIG Life Limited as a risk-aware business.

Involvement

Appropriate contribution at all level of management and staff to the processes of identifying, assessing, managing, monitoring and reporting risks. All employees have a responsibility to raise risk concerns and manage risk via a 'raise your hand' risk culture. AIG Life Limited utilises the "Three Lines of Defence" model for risk management:

- First Line of Defence: Composed of those profit centres and corporate functions that originate risks and have primary responsibility for managing risks, including identifying, assessing, controlling, monitoring, and reporting risk quantities.
- Second Line of Defence: Composed of ERM and other assurance functions, such as AIG Life Limited Compliance, which perform independent risk assessments; ERM, as an independent function, undertakes a review and challenge covering the First Line of Defence.
- Third Line of Defence: Corebridge Financial Inc.'s Internal Audit Group (IAG) comprises the independent assurance provided to the Audit Committee of the AIG Life Limited Board. IAG undertakes a program of risk-based audits covering aspects of the First and Second Line of Defence.

Governance and Incentives

AIG is committed to remunerating people to behave in a manner that aligns incentives with prudent risk-taking. The company's incentive compensation framework is therefore included in the company's approach to risk management and is supported by Board oversight.

AIG Life Limited believes that an effective risk must achieve an effective blend of both constraints and incentives. This structure allows for each function and individual to have a clear understanding of their risk management responsibilities and aids embedding an effective risk culture across the Company. The current risk governance structure provides an oversight and decision-making framework within which material risks are continually identified, assessed, monitored and managed at a company level.

The governance structure has three distinct levels of committees: Board committees; Executive committees; and Management forums. It is designed to support AIG Life Limited's efforts in embedding a strong risk culture through the integration of risk management with regulatory requirements and business activities such as strategy and planning. Each of these committees and forums has a distinct role to play within AIG Life Limited's risk governance framework.

Enterprise Risk Policy Framework

As mentioned above, supporting these governance arrangements is an ERM Policy Framework which incorporates the key principles and standards in place. AIG Life Limited has a suite of risk policies that align with AIG Group policy requirements as well as addressing local regulatory and business requirements.

The policies in place set out the high level principles and approach, supported by guidance documents and any other supporting materials as may be considered helpful to ensure consistent interpretation and application of each policy. Processes are specific to the Company reflecting the individual needs of the business but must respect the minimum standards set out within the relevant policies and guidance.

A master list of risk policies is maintained by Risk Management and policies and guidance are reviewed on an annual cycle and/or updated on an ad hoc basis as circumstances demand.

Model and Risk Methodology Framework

Models are used to determine the Company's financial position through monitoring of various metrics including Solvency II capital, as well as other internal information. The methodologies used to determine these items, and the models to do so, are documented to ensure consistent application and use. AIG Life Limited models are managed under the AIG Life Limited model governance framework and changes to the models are reviewed and approved by the Model Control Committee, whilst also complying with the Corebridge Financial model governance requirements.

Risk Reporting

The Company monitors risks through a combination of reports. This includes the Own Risk and Solvency Assessment and ERM reports and reviews. Risk Management also present a quarterly risk report to the Board Audit and Risk Committee providing a risk opinion ERM's oversight of the Company's risk framework, risk profile and exposures.

Risk Profile

AIG Life Limited writes long term protection business providing individual and group life cover, critical illness and income protection products to its policyholders, targeting individual policies through the intermediary market and partnership distribution channels, and targeting group programmes following its purchase of the group protection business (Ellipse) on 31 December 2018 from Munich Re.

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. The Company's goal is to achieve this through a risk culture and embodied by management at all levels through the governance structure and risk management processes.

AIG's Life Limited Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the five major risk groupings the Company is exposed to, including:

- Insurance Risk;
- Market Risk;
- Credit Risk;
- Liquidity Risk; and
- Operational Risk.

a. Insurance risk

Insurance Risk combines Life and Health risks which the Company is exposed to arising from its insurance underwriting operations and is broadly split and assessed between the sub risk categories of mortality, morbidity, and lapse and expense risk. Lapse risk is the material risk for AIG Life Limited.

Insurance risk arises from the uncertainty over the occurrence, amount and timing of claims payments arising under insurance contracts. The exposure of the Company depends to a significant extent on the value of claims to be paid in the future, relative to the assets accumulated to the date of the claim. The amount of such future obligations is assessed by reference to assumptions with regard to future mortality and morbidity rates, persistency rates, expenses, investment returns, interest rates and tax rates. The impacts of stress tests are calculated by applying yield curve used to calculate insurance contract liabilities to the cash flows from the Solvency II Standard formula stresses and scaling by an appropriate factor. For example, under the Solvency II Standard Formula, mortality risk capital is calculated by applying a 15% permanent increase in mortality term structure which results in a capital requirement before diversification of £16.3m (net of reinsurance) (2022: £17.5m). Updating the yield curve increases the capital requirement to £18.7m (2022: £20.4m).

Therefore, a stress of a 10% permanent increase in mortality rates produces an estimated post-tax impact to earnings of £9.3m (£18.7m / 15% * 10%*(1-25%)) (2022: £11.0m (£20.4m / 15% * 10%(1-19%)).

The main insurance risks can be summarised as follows:

- **Mortality** – On a gross of reinsurance basis, the Company is exposed to the risk that the actual claims experience is worse than that included within its assumptions i.e. that there are a higher number or value of death claims than predicted. Higher mortality experience could be due to a number of factors e.g. mis-estimations, concentration risk (either geographical or occupational), underwriting philosophy issues, pandemic risks. The impact of a 10% increase to the frequency of claims in the year would prospectively reduce the result by £9.3m net of reinsurance (£248.2m gross) (2022: £11.0m net of reinsurance, (£221.2m gross).

- **Morbidity** – the risk relates to the number and value of claims from terminal illness and income protection policies. It is similar to mortality risk in that a proportion of the risk is transferred to the reinsurers to mitigate the risk. The impact of a 10% increase to the frequency of critical illness claims in the year would prospectively reduce the result by £8.4m net of reinsurance (£57.6m gross) (2022: by £7.3m net of reinsurance, (£51.5m gross).
- **Lapse** – AIG Life Limited is exposed to lapse risk which relates to policies being in-force for either longer or shorter than expected. It is also exposed to the potential of mass lapse risk where there is a one-off instantaneous shock lapse event. The impact of a 20% mass lapse rate would prospectively reduce the result by £54.4m (£66.5m gross) (2022: £51.9m, (£63.7m gross). In addition, if lapse rates reduce significantly from that expected, this can also have an adverse impact. The impact of a 30% decrease in lapses would reduce the result by £22.4m net of reinsurance (£199.2m gross) (2022: £22.7m net of reinsurance, £174.1m gross).
- **Expense** – The Expense risk relates to how the Company's expenses are attributed to policies and whether they are attributed appropriate to the acquisition costs, maintenance or claims period of the policy. The Expense risk is that expenses could be higher than planned due to inflationary pressures, lower volumes of business than expected, expense overruns or a change in the mix of business. The impact of a 10% increase to base expenses combined with a 1% increase to expense inflation has an impact of £21.2m (2022: £19.3m) net of reinsurance and £25.5m (2022: £22.8m) gross of reinsurance.

There are a number of ways that insurance risk is mitigated by AIG Life Limited including the following:

- Reinsurance is used as the key mitigant to reduce the exposure to mortality, morbidity and lapse risks;
- Monitor and limit exposure to claims concentration risk within the Group insurance business;
- Regular underwriting philosophy reviews to ensure that only appropriate mortality and morbidity risks are accepted by the business and are priced appropriately, as well as ensuring the philosophy and risk selection is broadly in line with competitors to prevent anti-selection;
- Robust onboarding of new distributors, monitoring customer retention and misrepresentation by distributor, and implementing initiatives to increase customer retention and reduce misrepresentation;
- Performance monitoring to review actual versus expected results;
- Auditing of underwriting decisions to ensure the underwriting philosophy is being maintained and produces decisions which are consistent;
- Experience analysis conducted regularly for mortality, morbidity and lapse risk;
- Expenses are reviewed regularly against budget;
- Product development and pricing takes account of the various risk factors associated to ensure appropriate customer outcomes; and
- Regular product reviews analyse the performance of the product and identify areas of improvement.

b. Market risk

Market risk is the risk that the Company is adversely affected by movements in the fair value of its liabilities and financial assets arising from market movements, for example due to credit spreads, interest rates and foreign exchange rates or other price risks. AIG Life Limited is exposed to Market Risk on both the asset and the liability sides of its balance sheet. The main subcategories of market risk managed within the Company are detailed below:

- **Market risk**

Market risk arises from adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. The Company manages its market risk using techniques consistent with its risk appetite and cash flow matching. As the Company has negative reserves (an asset), it is unable to apply traditional asset and liability matching techniques.

- **Interest Rate risk**

Interest rate risk exists for assets, liabilities and financial instruments sensitive to changes in the term structure of interest rates or interest rate volatility. This applies to both real and nominal term structures. For the Company this risk arises from the holding of assets and liabilities with differing maturities, creating an exposure to changes in the level of interest rates. Stress and scenario testing allows AIG Life Limited to monitor its exposure and sensitivity to interest rate risk. A 1% decrease in interest rates would prospectively increase the net best estimate liabilities by £29.3m (2022: £18.7m).

c. Credit risk

Credit Risk (Counterparty Default Risk) is defined as the change in the value of assets and liabilities caused by unexpected default or deterioration in the credit standing of independent counterparties and debtors.

The scope of credit risk exposures for AIG Life Limited currently includes the following business activities:

- Unexpected Credit Loss as a result of Intermediary failures: the provision of up-front commission as standard to intermediaries on an indemnity basis where the commission will be clawed back if the policy lapses within the first 2 or 4 years (known as the 'earning period'). This is a specific feature of the way the UK protection market developed and all providers offer this facility. There was no balance due at 31st December 2023 (2022: £nil).
- Reinsurance arrangements: AIG Life Limited makes significant use of reinsurance contracts. The credit risk relates to the failure of the reinsurance companies and hence the inability to recover claims and associated expenses. The Company limits the levels of exposure to any one individual reinsurer in line with both AIG Group limits and local AIG Life Limited limits as stated in the AIG Life Limited Counterparty Default Risk Policy. The maximum exposure to reinsurance debtors is the receivable balance held at 31st December 2023 of £78,231k (2022: £106,436k) which principally relates to claims recovery as well as the balance held on other receivables which relates to commission due from reinsurers of £14,308k (2022: £22,790k). All the balances are less than one year overdue.
- Suppliers: where payment is made in advance of the receipt of the goods or services in the normal course of running the business. The Company usually pays suppliers after goods and services have been received and the risk of material default due to supplier failure is deemed very low. There was no balance due at 31st December 2023 (2022: £nil).
- Policyholder debtors: on Individual Protection, policyholders pay monthly premiums by direct debit; the risk of material default is therefore very low. On Group Protection, policyholders pay by mix of direct debit or bank transfer and the Company is exposed to risk of payment delays and default. The Company has an active credit control team and there is regular monitoring of debt levels on Group Protection customers. The maximum exposure to policyholder debtors is the receivable balance held at 31st December 2023 of £68,101k (2022: of £87,472k). Of these balances, £462k (2022: £1,445k) were over one year overdue and £67,639k (2022: £86,027k) were less than one year overdue.

We do not hold any collateral as security against any of these credit risk exposures.

d. Liquidity risk

Liquidity refers to the ability to generate sufficient cash resources to meet the Company's payment obligations. It is defined as unencumbered cash and assets that can be monetized in a short period of time at a reasonable cost in both normal and stressed market conditions.

Liquidity risk is defined as the risk that the Company's financial condition will be adversely affected by the inability or perceived inability to meet its short-term cash or other financial obligations. The failure to appropriately manage liquidity risk can result in reduced operating flexibility, increased costs, and reputational harm.

For AIG Life Limited the risk is that it will have insufficient liquid funds to support new business via the payment of commission to intermediaries and other business expenses. The risk is mitigated by way of regular monitoring and management of cash resources and will reduce over time as the company matures and grows as the proportion of existing business becomes larger compared to new business levels.

e. Operational risk

Operational risk is defined as the risk of loss, or other adverse consequences, resulting from inadequate or failed internal processes, people, systems or external events. Operational risks can have many impacts, including but not limited to unexpected economic losses or gains, reputational harm due to negative publicity, regulatory action from supervisory agencies, operational and business disruptions and damage to customer relationships. Senior management has primary responsibility for the management of operational risks through developing policies, procedures and controls across the activities, processes and systems under their control and for the allocation of responsibilities.

The Company is a regulated entity and is exposed to the risk of costs arising from customer detriment, however the emphasis on high standards of conduct and active monitoring of compliance and risk management ensures this risk is kept to a minimum.

f. Strategic risk

Strategic risks cover external and internal factors that can impact AIG Life Limited's ability to meet its current business plan and also to position itself for achieving on-going growth and value creation. This includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave. It can also be due to poor internal decision making and management or due to loss of reputation and franchise value.

g. Climate change risk

AIG Life Limited recognises the scientific consensus that climate change is a reality of increasing concern, indicated by higher concentrations of greenhouse gases, a warming atmosphere and ocean, diminished snow and ice, and sea level rise. The firm understands that climate change potentially poses a serious financial threat to society as a whole, with implications for the insurance industry in areas such as catastrophe risk perception, pricing and modelling assumptions. Because there is significant variability associated with the impacts of climate change, it is not possible to predict with any accuracy how physical, legal, regulatory and social responses may affect the business. Climate change has not had a material impact on the financial statements.

h. Currency risk

Currency risk is defined as the risk of loss, or other adverse consequences from fluctuations in exchange rates. The Company has limited currency risk as premiums, ceded premiums, commission and claims are denominated in sterling. There is exposure arising from transactions and balances denominated in US Dollars related to expenses incurred with group companies based in the United States of America but the level of exposure is not material.

Managing risks

Each function within the Company is responsible for implementing and maintaining controls within its remit and for achieving its business objectives within the Company's internal control framework. This framework assesses the risks the Company faces, analyses the likelihood and impact of each risk, and the strength of the mitigating controls and any actions proposed. Details of risks on an inherent, (before controls), and residual, (after controls), basis are maintained on the Company's Risk Register and Control Library. The Register and Library are used for review and challenge by the Risk and Capital Committee and the outcome reported to the AIG Life Limited Board Audit and Risk Committee and Board. Management attention is focussed upon those controls identified as not working as effectively as desired and upon action plans which are put in place when any weaknesses are identified.

Capital management

- **Aims of capital management policy**

  The Company has established standards for the efficient management of capital, to meet the needs of the business and return on capital requirements of shareholders. This includes the capital required to support the new business and the risk appetite identified in the Company's Risk Policies, in compliance with the requirements of the PRA.

- **Definitions of capital management (and supporting terms)**

  Capital Management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained to ensure the organisation's ability to meet its liabilities and ultimately ensure its survival, particularly in case of losses arising from adverse events.

  Capital Management includes the assessment of capital required to support the Company's plans and objectives, the structure of its shareholders' funds, arrangements to secure capital and the on-going monitoring of capital against business requirements, as well as the assessments required by the PRA, which from 1st January 2016, has been the Solvency II capital requirements.

- **Approach to capital management**

The Company develops an Operating Business Plan, which is a component of its Strategic Plan, and is reviewed and revised each year and then formally approved by the Company's Board.

A key factor in the formulation of the Strategic Plan is the assessment of the capital required to support the business objectives (i.e. growth and profit targets) and the appropriateness of the supporting capital structure.

Overall capital requirements and structure are assessed taking account of the following:

- Capital required to support the planned growth in new business;
- The required rate of return on capital employed; and
- The Solvency II requirements based on the Solvency II Standard Formula.

As of 31 December 2023, the Company had capital resources of £293.3 million (2022: £340.4 million) and Solvency Cover Ratio of 165% (2022: 216%) on a Solvency II basis.

Group risk

Group risk is defined as the potential impact on the firm of risks arising in other parts of the Company's group as well as the Company's impact on the group. The Company is aware that the aforementioned individual risk types are framed to some degree by AIG Life Limited's, Corebridge Financial, Inc., and AIG's business operations and strategic direction. The Company's operations and strategy also influence, or are impacted by, Group Risks arising from AIG Life Limited's participation in the wider group of companies that form part of Corebridge Financial, Inc. and AIG. Group risk is managed and controlled by the Board of Directors.

AIG Life Limited's 2023 budget shows no requirement for additional capital to fund new business. However, under certain adverse economic conditions capital may be required. The parent company, Corebridge Financial, Inc. is aware of the baseline capital needs and sensitivity tests to the capital position of the Company. Corebridge Financial, Inc. has also made available to the Company a $50 million loan facility to meet any short term liquidity needs that may arise.

Reinsurance

Where appropriate, the Company also enters into reinsurance contracts to limit their exposure to underwriting losses. This reinsurance may be on a policy-by-policy basis (per risk).

Reinsurance companies are selected based primarily on pricing and counterparty risk considerations. The management of counterparty risk is integrated into the overall management of credit risk.

The major uses of external reinsurance include the mitigation of the large single claims from policies with high limits as well as multiple claims on income protection. A mixture of risk premium, level term and original terms is used.

Sensitivity to key business drivers

The most significant impacts on the Company's profitability are changes in interest rates, new business volume, an increase in operating expenses and a change in persistency levels of policies.

25. Subsequent Events

On 28th March 2024, the sale of the Company to Aviva received the relevant regulatory approvals and is expected to close on 8th April 2024. On this date, the ownership of the Company will transfer from Corebridge Financial, Inc. to Aviva plc.