

Aviva Protection UK Limited

(formerly AIG Life Limited)

Directors' Report, Strategic Report and Financial Statements
For the year ended 31 December 2024

Registered Number: 06367921

Aviva Protection UK Limited (formerly AIG Life Limited)

Directors' Report and Financial Statements

Contents

Directors and Officers	3
Strategic Report	4 – 11
Report of the Directors	12 – 13
Statement of Directors' Responsibilities	14
Independent Auditors' Report to the Members of Aviva Protection UK Limited (formerly AIG Life Limited)	15 – 21
Profit and Loss Account	22 – 23
Statement of Comprehensive Income	24
Balance Sheet	25 – 26
Statement of Changes in Equity	27
Notes to the Financial Statements	28 – 56

Aviva Protection UK Limited (formerly AIG Life Limited)

Directors and Officers

Directors

Michael Aitchison

Jane Curtis

Frances Bruce

Officer – Company Secretary

Aviva Company Secretarial Services Limited

80 Fenchurch Street

London

EC3M 4AE

Independent Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Registered Office

Aviva

Wellington Row

York

YO90 1WR

Company number

06367921

Other information

Aviva Protection UK Limited (formerly AIG Life Limited) (“the Company”) is a member of the Association of British Insurers and covered by the Financial Ombudsman Service and is authorised and regulated by the Financial Conduct Authority (“FCA”) and the Prudential Regulation Authority (“PRA”). The Company is a member of the Aviva plc group of companies (“the Group”).

Aviva Protection UK Limited (formerly AIG Life Limited)

Strategic Report for the Year Ended 31 December 2024

The directors present their Strategic Report for the Company for the year ended 31 December 2024.

Review of the Company's business

Principal activities

The Company is a limited company, incorporated under the laws of England and Wales.

The principal activity of the Company is insurance business consisting of individual protection and group protection business, including group life, critical illness and income protection products. During 2024, the Company continued to reinsure a significant portion of its individual protection business to external reinsurers at a rate between 90% and 100%.

Significant events

The company's financial results are affected by a number of external factors, including demographic trends, general economic and market conditions, government policy and legislation and exchange rate fluctuations. In addition, our 2024 financial performance includes the impact of corporate actions taken aimed at achieving our stated strategy.

The following significant events impacted our business:

- On 8 April 2024 (Acquisition date) the Company became a member of the Aviva plc group of companies ("the Group") when Aviva Life & Pensions UK Limited purchased 100% shareholding in the Company from Corebridge Financial, Inc.
- The name of the Company was changed from AIG Life Limited to Aviva Protection UK Limited on 17 February 2025 as part of the rebranding of the Company as part of the Aviva Group.
- Following a review of the Company's products with Aviva, on 20 June 2024, the Company announced that it would cease sales of new business for all group protection products and the bulk of individual protection products from August 2024. The Company would continue to offer its high net worth proposition, single-tie partnership relationships, and contractual panel commitments on individual protection business. There is no change to the cover for existing clients on both individual and group protection.
- Following the acquisition of the Company by the Aviva Group, significant integration activity is on-going across the combined Group. The Group is considering various actions within the UK Insurance, Wealth & Retirement ("IWR") segment to achieve capital benefits, including the potential Part VII transfer of the company to Aviva Life & Pensions UK Limited, to combine the UK Life business (subject to court approvals).

A Part VII transfer is a court-sanctioned legal transfer of some or all of the policies of one company to another, which is governed by Part VII of the Financial Services and Markets Act 2000 (FSMA).

- Intangible assets and Goodwill held by the Company holds no value for the Aviva Group and are not expected to provide any future benefit. . The decision to close to the bulk of new business will also significantly reduce future growth. Due to these reasons intangible assets and Goodwill with a net book value of £28.3m were written off during the year. Aviva assigned a £nil value to these assets on the Acquisition Balance Sheet and no value will be placed on them during the potential future Part VII.
- As part of the acquisition agreements between Corebridge Financial and Aviva the reinsurance treaties with AIG Reinsurance Company (Bermuda) Limited ("AIRCO") were terminated on the acquisition date, as a result the ceded claims reserve of £52.2m was derecognised, as well as the ceded DAC balance of £10.6m, resulting in a net loss of £41.6m.
- As part of the acquisition and to support the Group's strategic objectives the Company issued £224m of additional share capital during the year to Aviva Life & Pensions UK Limited. The bulk of this was used to increase the level of financial investments held by the Company:
 - £130m in April 2024
 - £20m in September 2024
 - £74m in December 2024
- The company obtained a loan facility from Aviva Life & Pensions UK Limited as part of the acquisition. The outstanding balance on the facility was £70m at 31 December 2024, with a facility limit of £150m.

Aviva Protection UK Limited (formerly AIG Life Limited)

The facility was predominantly provided to enable the company to purchase gilts to hedge the increased interest rate risk following the recapture of Underwritten Whole of Life ("UWOL") from AIRCO, it is also used as a contingent source of liquidity.

Financial position and performance

The financial position of the Company at 31 December 2024 is shown in the Balance Sheet on page 25 – 26, with the trading results shown in the Profit and Loss Account on page 22 – 23.

The Company's net assets have increased by £122.9m (2023 decreased by £23.4m), which is driven by capital injections of £224.0m, which is offset by a loss after tax of £100.2m and other comprehensive expenses of £1.0m.

The loss after tax for the year was £100.2m (2023: £27.8m). The increased loss was predominantly driven by significant integration and restructuring cost of £39.8m including the net loss on termination of the reinsurance treaties with AIRCO, Goodwill and intangible write-offs of £28.3m and realised losses on the sale of financial investments of £41.2m.

The Company did not pay any dividends to its parent company during the year (2023: £nil).

Section 172(1) Statement

We report here on how our directors have performed their duty under Section 172(1) of the Companies Act 2006 ("s.172").

S.172 sets out a series of matters which the directors must have regard to when performing their duty to promote the success of the Company for the benefit of its shareholders, including having regard to other stakeholders.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for establishing, monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our stakeholders are met. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our business falls short of the standards we expect.

Our Board is also focussed on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

The company is a wholly owned subsidiary of Aviva plc. The 2024 Aviva Group Annual Report and Accounts includes the activities of the company and provides the information required by the Non-financial and Sustainability Information Statement for the Group as a whole. Further information on the Group's climate-related financial disclosures can be found on the Sustainability section of the Group's website.

Our culture

Our culture is shaped, in conjunction with the wider Aviva Group, by our clearly defined purpose – "with you today for a better tomorrow". As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency and we value diversity and inclusivity in our workforce and beyond.

Key strategic decisions in 2024

For each matter that comes before the Board, the Board considers the likely consequences of any decision in the long term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process.

On 14 August 2024 the Board approved the dissolution of the Board Audit and Risk Committee and the Remuneration Committee as part of the integration with the Aviva Group, with all relevant matters to be presented to the Board going forward.

On 4 December 2024 Aviva Company Secretarial Services Limited was appointed as Secretary.

In August 2024, in line with the overall plans to integrate the businesses of the Company and the Aviva Insurance, Wealth and Retirement ("IWR") segment, the Company partially closed to new business. Therefore, the Company is no longer competing with Aviva IWR, but continues to renew existing group business, and to

Aviva Protection UK Limited (formerly AIG Life Limited)

distribute individual business through existing partnership arrangements and a range of High-net-worth (“HNW”) intermediaries.

Our Stakeholders

This section provides insight into how the Board engages with our stakeholders. The Board recognises that stakeholders have diverse interests and that these interests need to be heard. Engaging with our stakeholders is essential to understand what matters most to them and the likely impact of any key decisions.

The Board receives updates from the Executive Directors which detail any substantial engagement with our stakeholders. There are also regular agenda items to ensure that the Board receives relevant updates on all of our key stakeholders, such as reports from our people function, customer service and our business functions.

Our Section 172(1) Statement sets out our approach on how our directors have performed their statutory duty. Our Board's activities section provides further information on key decisions taken in 2024, including how stakeholder views and inputs have been factored into the Board's decision making. The Board have been engaged as appropriate with the process from planning for the acquisition of the Company by Aviva Plc to implementation of changes subsequent to the acquisition to align the Company to being part of Aviva. 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 this process.

Details of how we engaged with our different groups of stakeholders during 2024 can be found on the following pages. The Board regularly reviews its engagement mechanisms with stakeholders to ensure they remain effective.

Our People	
We are committed to supporting the wellbeing of Our People	
<p>How we have engaged</p> <ul style="list-style-type: none">On 1 October 2024, all the existing staff members of the company were transferred to a fellow subsidiary undertaking of Aviva plc, as such the Company had no employees as at 31 December 2024. As part of this transfer new employment contracts were agreed with all employees and any changes to their overall remuneration and benefit packages were discussed on an individual basis. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.The Board always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued.Our people have the opportunity to share in the business's success as shareholders through membership of the Aviva Group global share plans. All Group employees are eligible for our global share plans.The Chair of the Aviva plc Remuneration Committee attended a meeting of the employee representative group 'Your Forum'.Ongoing engagement and support is being provided from senior managers to identify development and repointing opportunities for former employees of the Company to progress in their careers and transition into continuing roles in Aviva plc.	<ul style="list-style-type: none">The Evolution Council (a diverse group of high calibre employees from across the business) provides a forum for employee engagement and feedback to the Aviva plc Chair, who chairs the Council, and Board. Several Non-Executive Directors and members of the Group Executive Committee (ExCo) including the Group CEO and Group CFO, attended during the year and discussed their career journeys. <p>Outcomes and actions during the year</p> <ul style="list-style-type: none">A number of debriefing sessions were held with staff during the course of the year leading up to the successful transfer of all remaining employees within the Group on the 1 October 2024.A growing number of former employees of the Company have been repointed to roles elsewhere within Aviva plc.

Aviva Protection UK Limited (formerly AIG Life Limited)

Customers Understanding what's important to our customers is key to our long-term success.	
How we have engaged <ul style="list-style-type: none"> • The Board received regular reporting on customer experience, customer journeys, customer service levels, and customer related strategic initiatives. • The Board focused on the implementation of the FCA's Consumer Duty and how this impacted customer experience. • Detailed consideration of the impact on all policyholders is being undertaken as part of the Part VII transfer work. 	Outcomes and actions during the year <ul style="list-style-type: none"> • One of the main focus areas during the year was engaging with customers to ensure they understand how the transition to the Aviva Group will impact them. The Board was kept informed on feedback from customers. • The Company ensured that there was no change to cover for existing customers in both group and individual protection following the decision to cease sales of the bulk of new products from August 2024. • The Company has maintained a high level of customer service throughout the transition to the Aviva Group. • The Company has established and will be seeking to demonstrate to the court that the Part VII transfer will have no materially detrimental impact on policyholders (i.e. policy holder rights will not be negatively impacted due to the transfer).

Shareholders Our retail and institutional shareholders are the ultimate owners of the Company.	
How we have engaged <ul style="list-style-type: none"> • The Company's ultimate shareholder is Aviva plc. Any matters requiring escalation are escalated by the Board through the Chair to its parent, Aviva Life & Pensions UK Limited. 	Outcomes and actions during the year <ul style="list-style-type: none"> • The 2024 Group AGM took place in York, a place where Aviva has had a presence since the 1960s, which gave the Aviva plc Board an opportunity to meet local retail shareholders. • As a result of positive feedback received from shareholders regarding hosting the Aviva plc AGM outside of London, the Aviva plc Board decided to hold the 2025 AGM in Bristol providing another opportunity to meet local retail shareholders.

Regulators As an insurance company, we are subject to financial services regulation and approvals in all the markets we operate in.	
How we have engaged <ul style="list-style-type: none"> • We have maintained a constructive and open relationship with our regulators and the Board has regular meetings with its UK regulators. • Regulators engaged with us to discuss their objectives, priorities and concerns, and how they affect our business. • In particular, we are working closely with UK, Jersey and Guernsey regulators to ensure a clear shared understanding of the impact of the proposed transfer of the Company's business into Aviva UK Life & Pensions Ltd. 	Outcomes and actions during the year <ul style="list-style-type: none"> • Regulatory priorities were regularly discussed at Board meetings. • The Group CEO led the Group annual strategy meeting with the PRA and the FCA, supported by the Group CFO and Group Chief Risk Officer. • We have made good progress with the work required to transfer the Company's policies into Aviva UK Life & Pensions Ltd.

Aviva Protection UK Limited (formerly AIG Life Limited)

Communities We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships.	
How we have engaged <ul style="list-style-type: none"> Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations. 	Outcomes and actions during the year <ul style="list-style-type: none"> The Company continued to support Age UK and Winston's Wish in 2024 through employee volunteering and financial donations. Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations, with over 107,810 volunteering hours recorded. The latest round of the Aviva Community Fund focused on projects which help improve financial resilience, promoting the vital work that Citizens Advice and Money Advice Trust offer in supporting our communities. Aviva has contributed £9m over the last two years, £7m to Citizens Advice and £2m to the Money Advice Trust, to help build their capacity to tackle the cost of living crisis. During 2024, Aviva additionally pledged over £4m to Citizens Advice to continue our partnership and introduce new and collaborative initiatives. <p>The Aviva Foundation pledged just under £2.4m funding to organisations delivering public benefit focused on financial resilience.</p>

Suppliers We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is important that we build strong working relationships with our intermediaries.	
How we have engaged <ul style="list-style-type: none"> The Board delegates engagement with suppliers and oversight to senior management. Supplier risk is managed appropriately in relation to customer outcomes, data security, corporate responsibility, and financial, operational and contractual issues. The Board was kept updated on the development of any key supplier risk. The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance. The Board reviewed the Company's engagement with its broader supply chain as part of its annual approval of the Modern Slavery Act Statement. 	Outcomes and actions during the year <ul style="list-style-type: none"> Following announcement of decision to cease sales of new business for all group protection products and the bulk of individual protection products from August 2024, the Company ensured that advisers, partners and brokers were fully engaged with through this change. Aviva continued to hold its Net Zero supplier summit. <p>Aviva remains a signatory to the Prompt Payment Code.</p>

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2024 Annual report and accounts. The Company will work with the Group to support the implementation of these strategies.

The strategic direction of the Company is set by the directors of the Company.

Following the acquisition of the Company by the Aviva Group, significant integration activity is on-going across the combined Group. The Group is considering various actions within the UK Insurance, Wealth & Retirement

Aviva Protection UK Limited (formerly AIG Life Limited)

("IWR") segment to achieve capital benefits, including the potential Part VII transfer of the company to Aviva Life & Pensions UK Limited, to combine the UK Life business (subject to court approvals). Until any changes are agreed and implemented the Company will continue with its existing activities.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 26 to the financial statements.

Risk factors beyond the Company's control that could cause actual results to differ materially from those estimated include, but are not limited to:

- Market risk: the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates, foreign exchange rates, gilt-swap spread risk and, equity prices;
- Intragroup interconnectivity risk: the risk of loss of parental support, e.g. from loan facilities; capital injection, or internal reinsurance facilities;
- Credit risk: the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements;
- Insurance risk: including mortality risk, morbidity risk, lapse and expense risk;
- Liquidity risk: the risk that sufficient cash resources are not available to meet the Company's payment obligations; and
- Operational risk: the risk of loss, or other adverse consequences, resulting from inadequate or failed internal processes, people, systems or external events.

Changes to the risk profile in the reporting period

Aviva Life & Pensions UK Limited acquired Aviva Protection UK Limited (formerly AIG Life Limited) on 8 April 2024. Subsequent changes to the Company's strategy and risk profile through 2024 triggered three interim Own Risk and Solvency Assessment ("ORSA") reports alongside the year-end ORSA report; these reports supported Management and Executive consideration of potential risks and mitigating actions:

- Interim ORSA #1 covered the dynamics of the sale of Aviva Protection UK Limited (formerly AIG Life Limited) to the Aviva Group; including the unwinding of existing parental capital and liquidity support mechanisms:
 - Termination and recapture of AIRCO intragroup reinsurance arrangements;
 - Removal of flexible letter of credit with Corebridge Financial; and
 - Termination of Repurchase Agreement facilities and other Corebridge Financial lending facilities.

The ORSA also discussed replacement of these through Aviva support mechanisms, including a loan facility and a capital injection.

As a result of the change in risk profile and change in risk exposure following recapture of internal reinsurance, the Company rebalanced its investment portfolio through sale of its bonds and replacement with gilts.

Further, a number of Transition Service Arrangements ("TSAs") were introduced – as such, previous intragroup outsourcing arrangements became, following sale, outsourcing arrangements managed via TSAs.

- Interim ORSA #2 covered the implications of Aviva substantially closing Aviva Protection UK Limited (Formerly AIG Life Limited) to new business;

The Company closed substantially to new business; areas remaining open included selected Partnerships and High Net Worth business. Group Protection also remained open to renewal business.

Changes were also implemented to the Company's Senior Management Function ("SMFs") and Board composition.

- Interim ORSA #3 covered the updated financial forecasts reflecting the Company's closure to new business; and

Aviva Protection UK Limited (formerly AIG Life Limited)

- Year End ORSA covered the forward-looking assessment of own risks and stress testing across operational and financial scenarios to reflect the changes in risk landscape through 2024.

On operational resilience, management focus is on maintaining delivery of business-as-usual through a period of significant change, including unwinding of TSA arrangements, rebranding and the potential Part VII.

On financial resilience, stress and scenario tests show that, whilst the business has increased sensitivity to interest rate risk this is being monitored by the Company and Aviva and there are mechanisms in place to mitigate impacts to solvency. Similarly, the liquidity position is supported through parental intervention if required.

Risks are monitored on an ongoing basis, and maintaining the risk and control environment is discussed at Management, Executive and Board levels.

Key performance indicators

The directors consider that the Company's key performance indicators ("KPIs") that communicate the financial performance are as follows:

Measure	2024 £m	2023 £m
Capital metrics		
Solvency II Capital Requirement coverage ratio (SCR)	170%	165%
New business sales (APE)	164.3	167.2
- Individual Protection	74.7	85.2
- Group Protection	89.6	82.0
Financial Performance metrics		
Gross written premiums	800.3	729.9
- Individual Protection	528.5	479.8
- Group Protection	271.8	250.1
Gross claims incurred	468.3	469.9
Net claims incurred	262.9	220.8
Operational and maintenance Expenses	131.1	95.4
Loss before interest and tax	(105.1)	(34.1)
Non-Finance metrics		
Number of Customers		
- Individual Protection	1,419,703	1,366,996
- Group Protection	1,177,491	1,209,816

New Business

New business sales are measured using Annual Premium Equivalent ("APE") which is one year's worth of premium for a new policy sold and is a standard measure used by insurance companies.

Following the acquisition of Aviva Protection UK Limited (formerly AIG Life Limited) by the Aviva Group, a review of the product offerings in the protection business of both companies was carried out. Following this, it was announced on 20 June 2024 that a decision had been made for the Company to close to new business for both individual and Group protection, apart from some individual protection lines, principally high-net-worth business and partnerships. In individual protection, there is no change to the cover for existing clients. Existing group business clients will continue to be insured with the Company and also be subject to rate renewals.

Aviva Protection UK Limited (formerly AIG Life Limited)

The closure to new business resulted in a decrease of 2% (2023: increase 6%) in the level of new business compared to prior year, with Annual Premium Equivalent ("APE") of £164.3m (2023: £167.2m). The business saw an increase in sales of new group protection business, with APE achieved of £89.6m (2023: £82.0m), an increase of 9% (2023: increase 6%) which was driven by the winning of large schemes including the other 50% of an existing scheme earlier in the year. This also led to an increase in the in-force group protection premium from £249m at the end of 2023 to £268.6m at the end of 2024. There was a decrease of 12% (2023: increase 6%) in the level of new individual protection business achieved with an APE of £74.7m (2023: £85.2m) as a result of the new business closure.

Gross Written Premiums

Gross Written Premiums increased, from £729.9m in 2023 to £800.3m in 2024, an increase of 9.6% (2023: 10.7% increase). The increase is predominantly due to a 10.2% increase in Individual business as a result of organic growth plus increased sales of group business.

Gross Claims Incurred and Net Claims Incurred

Gross claims incurred of £468.3m were broadly in line with the prior year (2023: £469.9m), predominantly due to an increase in Individual protection claims incurred of £22.9m, offset by a decrease in Group protection claims of £24.5m.

Net claims incurred were higher in the year at £262.9m (2023: £220.8m) largely due to ceded claims reserve of £52.2m from AIRCO being derecognised, offset by a higher recovery rate on Individual protection 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 integration and restructuring resulted in an increase in expenses compared to 2023. Total expenses were £131.1m compared with £95.4m in the prior year, with the increase being predominantly due to Goodwill and intangible write-offs of £28.3m and £5.3m relating to integration and restructuring cost.

UK GAAP Results

The Loss before interest and tax of £105.1m in 2024 (2023: £34.1m) is largely due to significant integration and restructuring cost of £39.8m including the net loss on termination of the reinsurance treaties with AIRCO, Goodwill and intangible write-offs of £28.3m and realised losses on the sale of financial investments of £41.2m.

Capital and Funding

As part of the acquisition and to support the Group's strategic objectives, the Company issued £224m of additional share capital during the year to Aviva Life & Pensions UK Limited. This was used to maintain solvency levels, increase the level of financial investments held by the Company and protect policyholder interests. The Company does not expect to require additional capital or funding in 2025 and beyond.

The final Solvency II solvency capital requirement coverage ratio at 31 December 2024 was 170% (31 December 2023 was 165%). Aviva Protection UK Limited (formerly AIG Life Limited) rating from AKG Financial Analytics Limited has remained at B+.

Signed by:

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By order of the Board on 2 April 2025

Claire Elaine Phillips

For and on behalf of Aviva Company Secretarial Services Limited

Aviva Protection UK Limited (formerly AIG Life Limited)

Report of the Directors

In accordance with Section 415 of the Companies Act 2006 (the Act), the directors present their report for the year ended 31 December 2024.

Directors

The names of the current directors of the Company are shown on page 3. Details of Board appointments and resignations during the year and since the year end are shown below:

Appointments

Tim Heslin on 27 March 2024

Jane Curtis on 5 May 2024 (independent non-executive director)

Frances Bruce on 5 July 2024

Michael Aitchison on 3 October 2024

Resignations

Tim Heslin on 8 April 2024

Philip Willcock on 18 October 2024

Donald MacLean on 18 October 2024

Karen Penney on 30 September 2024

Martin Pike on 24 November 2024

Company secretary

The name of the Company Secretary is shown on page 3,

Results and Dividends

As set out in the Strategic Report above the result for the year is a loss after taxation of £100.2m, (2023: loss of £27.8m). The Directors do not propose to pay a dividend for this year (2023: £nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which includes a section describing the principal risks and uncertainties. In addition, the financial statements include notes on; Risk management (note 26); and other financial investments (note 13).

The Company and its ultimate holding company, Aviva plc, have considerable financial resources together with a diversified business model, with a spread of businesses and geographical reach. The directors believe that the Company is well placed to manage its business risks successfully.

The Company has ceased to write the majority of new business from August 2024 and has begun plans to Part VII transfer the existing business to Aviva Life & Pension UK Limited, with planned target date of December 2025. There are no definitive plans at this stage to place the Company into liquidation and it would be expected to take several months after the Part VII has been completed.

A detailed going concern review has been undertaken as part of the 2025 reporting process, which includes consideration of the Company's current and forecasted liquidity position and overall performance. A cashflow forecast up to 30 April 2026 shows that the Company will have sufficient liquidity to meet its liabilities as they fall due. A 5 year performance Plan has also been prepared and it is projected that the Company will be profitable over this period in the unlikely event that the Part VII transfer does not occur. The Company has also undertaken a number of stress and scenario tests covering a number of the risks listed above and the impact of each test on solvency and liquidity is assessed as part of the 2024 ORSA. This also included reverse stress tests on interest rate and mortality risks.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 30 April 2026, which is at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Aviva Protection UK Limited (formerly AIG Life Limited)

Future outlook

Likely future developments in the business of the Company are discussed within the Strategic Report starting on page 4.

Stakeholder Engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic Report starting on page 4.

Financial instruments

The Company uses financial instruments to manage certain types of risks, including those relating to credit, foreign currency exchange, cash flow, liquidity, interest rates, inflation, and equity and property prices. Details of the objectives and management of these instruments are contained in note 26 on risk management.

Employees

The Company has no employees as at 31 December 2024 after all existing employees were transferred to a subsidiary undertaking of Aviva plc, Aviva Employment Services Limited ("AESL") on 1 October 2024. The average number of employees in the United Kingdom up 30 September 2024 was 368 (2023: 388 for full year) and their aggregate remuneration is shown in Note 9. The number of employees decreased in the year due to restructuring as part of the integration into the Aviva Group. Disclosures relating to employees after 1 October 2024 may be found in the 2024 Annual report and financial statements of AESL. The Company is recharged with the costs of the staff provided by this company.

Disclosure of information to the Auditors

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, Ernst & Young LLP, is unaware of and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that EY is aware of that information

Independent auditors

The Company's ultimate parent Company, Aviva plc is required to tender for the provision of the external audit every 10 years. Following a full and rigorous competitive tender process, which was overseen by the IWR Audit Committee, the appointment of Ernst & Young was approved by the Aviva plc Board and the appointment was confirmed by the Company's shareholders in May 2024. Ernst & Young have undertaken the audit for the financial year ended 31 December 2024.

Qualifying indemnity provisions

With effect from 8 April 2024 when the Company became a wholly owned subsidiary of Aviva plc, the directors of the Company have the benefit of the indemnity granted by Aviva plc covering directors of its wholly owned subsidiary companies against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of s309A to s309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the directors' report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007. The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007, and which is a "qualifying third party indemnity" for the purposes of s309A to s309C of the Companies Act 1985.

Aviva Protection UK Limited (formerly AIG Life Limited)

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report 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", FRS 103 "Insurance Contract" 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 in accordance with *Section 10 of FRS 102* and then apply them consistently;
- make reasonable and prudent judgements and accounting estimates;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in *FRS 102 or FRS 103* is sufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards, comprising *FRS 102 and FRS 103* have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Signed by:

 Claire Phillips

2nd April 2025

Claire Elaine Phillips

For and on behalf of Aviva Company Secretarial Services Limited

Company Secretary

Aviva Protection UK Limited (formerly AIG Life Limited)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIVA PROTECTION UK LIMITED (FORMERLY AIG LIFE LIMITED)

Opinion

We have audited the financial statements of Aviva Protection UK Limited for the year ended 31 December 2024 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 27 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the 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:

- Confirming our understanding of the directors' going concern assessment process and obtaining and testing the assessment which covers the period to 30 April 2026.
- Challenging the basis upon which the assessment is made, being a focus on liquidity and capital, to conclude as to whether the assessment is appropriate for the Company.
- Assessing the accuracy of management's cash flow and capital forecast by testing the clerical accuracy.
- Obtaining and reviewing the latest Board approved Own Risk Solvency Assessment ("ORSA"), assessing whether the stress testing included in the ORSA was reasonable and considering the solvency positions under each stress scenario.
- Evaluating management's forecast analysis to understand how severe the downside scenarios would have to be to result in the elimination of solvency headroom and considering whether the likelihood of such severe downside scenarios is remote.
- Evaluating the liquidity of the Company by reviewing both the base case and downside scenarios presented in the underlying cashflow forecasts and ensuring that they incorporate an estimated view of the potential future economic downturn.

Aviva Protection UK Limited (formerly AIG Life Limited)

- Performing enquiries of management and those charged with governance to identify risks or events that may impact the Company’s ability to continue as a going concern. We also confirmed management’s assessment was approved by the Board.
- Confirming with both management and the Board that the intention to Part VII the business in December 2025 has no impact on going concern, as there are no definitive plans at this stage to place the Company into liquidation within the period covered by the going concern assessment.
- Assessing the appropriateness of the going concern disclosure by comparing the disclosure with management’s assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period to 30 April 2026.

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

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Valuation of long-term business provision included within insurance contract liabilities and reinsurers’ share of insurance contract liabilities.
Materiality	<ul style="list-style-type: none">• Overall materiality of £7.48m which represents 1.5% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

First year audit considerations

In the preparation for our first-year audit of the 31 December 2024 financial statements, we performed a number of transitional procedures. Following our selection as the Company’s statutory auditor, we undertook procedures to establish our independence. This involves considering previous commercial relationships and personal financial arrangements and confirming that all staff who work on the audit are independent of the Company.

Following our appointment, we held discussions with the predecessor auditor PricewaterhouseCoopers LLP (‘PwC’) and reviewed their 2023 financial statement audit work papers.

At the outset of our audit, we gained an understanding of the business issues, key processes and controls, and held discussions with key management of the Company. We used this understanding in the formulation of our audit strategy for the 2024 audit.

Given this is a first-year audit, we gave a particular focus on validating the robustness of the actuarial models used by management to calculate the insurance contract liabilities. Our audit approach was based on considering the inherent risk in the model, the relative materiality of the associated insurance liabilities, the controls around the model, including management’s model risk independent validation process, and the extent of internal testing and governance performed by management. Based on this risk assessment, we selected a sample of models where we independently recalculated the liabilities and compared these to the results from management’s own models.

Aviva Protection UK Limited (formerly AIG Life Limited)

Climate change

The Company recognises the risks posed by Climate change and has aligned its approach on Climate risk to that of its parent Company. This is explained on page 5 in the Strategic Report, which forms part of the “Other information” rather than the audited financial statements. Our procedures on the disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information.”

As explained in the risk management disclosure note on page 54, management has assessed climate change risks as not having a material impact on the financial statements for the current period.

Our audit effort in considering the impact of climate change on the financial statements was focused on challenging management’s assessment of the impact of climate change and their resulting conclusion that there was no material impact from climate change on balances in the financial statements and assessing the adequacy of disclosures to explain the rationale.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board
<p>Valuation of long-term business provision included within insurance contract liabilities (2024 £365.5m, 2023: £365.2m) and reinsurers’ share of insurance contract liabilities (2024 £365.5m, 2023: £365.2m)</p> <p>Refer to Note 1 Accounting policies (q) Insurance Contract Liabilities, Note 2 Critical accounting judgements and estimates (b.iii) estimation of future benefit payments and premiums arising from long-term insurance contracts, Note 19 Insurance Contract Liabilities, and Note 20 Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions.</p>	<p>To obtain sufficient audit evidence to conclude on the appropriateness of actuarial assumptions, using EY actuaries as part of our audit team, we performed the following procedures:</p> <ul style="list-style-type: none"> obtained an understanding and tested the design and operating effectiveness of key controls over management’s process for setting and updating key actuarial assumptions; challenged and assessed whether the methodology and assumptions applied are appropriate based on our knowledge of the Company, industry standards, regulatory and financial reporting requirements; reviewed and challenged that the assumptions adopted are supported by management’s experience analysis; challenged and assessed management’s decisions on the inclusion or exclusion of data from the period impacted by COVID-19 when setting individual assumptions, including mortality, morbidity and persistency; challenged the expense assumptions, including inflation, the allocation of those expenses between acquisition and maintenance, and the resulting calculation of unit costs. Additionally, we assessed the appropriateness of the expense base when compared to the forecast budget and also the impact on the anticipated cost base following the integration with Aviva plc; benchmarked the significant assumptions against those of other comparable industry 	<p>We determined that the actuarial assumptions used by management are reasonable based on the analysis of the experience to date, industry practice and the financial and regulatory requirements.</p>

Aviva Protection UK Limited (formerly AIG Life Limited)

<p>A key focus of our audit relates to management’s selection of assumptions to determine the long-term business provision included within insurance contract liabilities and reinsurers’ share of insurance contract liabilities, given the scope that exists for the exercise of judgement and therefore potential manipulation.</p> <p>The assumptions that we have determined to have the most significant impact are Persistency, Expenses, Mortality and Morbidity.</p>	<p>participants in our wider assumptions benchmarking review; and</p> <ul style="list-style-type: none">performed procedures to test that the assumptions used in the year end valuation are consistent with the assumptions approved by the Board.	
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Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £7.48m (2023 PwC: £7.29m) which is 1.5% of the closing net assets.

We believe that the use of net assets as the basis for assessing materiality is most appropriate given the primary stakeholders of the Company are its shareholder (primarily concerned with regulatory capital surplus), the Prudential Regulation Authority (‘PRA’) and the Financial Conduct Authority (‘FCA’) as regulators (primarily focused on balance sheet strength and solvency), and policyholders (whose main interest is regulatory capital as it reflects the ability to pay claims). Given the focus of these stakeholders, we have determined net assets as the most appropriate basis for setting materiality as it is also the best proxy for the regulatory capital position of the Company

During the course of our audit, we reassessed initial materiality of £5.6m which at the planning stage of our audit was based on prior year closing net assets. We increased our materiality to £7.48m to reflect the final net assets as at 31 December 2024. We considered the impact of this on the extent of our audit procedures.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company’s overall control environment, our judgement was that performance materiality should be 50% of our planning materiality, namely £3.74m. We have set performance materiality at this percentage since this is an initial audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

Aviva Protection UK Limited (formerly AIG Life Limited)

We agreed with the Board that we would report to them all uncorrected audit differences in excess of £0.37m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and directors' report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the directors 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.

Aviva Protection UK Limited (formerly AIG Life Limited)

Auditor's 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 auditor's 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.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the relevant laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the PRA and the FCA.
- We understood how the Company is complying with those frameworks by making inquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and UK regulatory bodies; reviewed minutes of the Board and its Committees; and gained an understanding of the Company's approach to governance, demonstrated by the Board's review of the Company's risk management framework and internal control processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also assessed the risks of fraud in our key audit matter. Our procedures over our key audit matter and other significant accounting estimates included challenging management on the assumptions and judgements made in determining these estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, and inspecting correspondence with the PRA and FCA.
- We identified and tested journal entries, including those posted with certain descriptions or unusual characteristics, backdated journals or posted by unexpected users.
- The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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

Other matters we are required to address

Following the recommendation from the Audit Committee of the Company's ultimate parent (Aviva plc), we were appointed on 26 July 2024 to audit the financial statements of the Company for the year ending 31 December 2024 and subsequent financial periods.

Aviva Protection UK Limited (formerly AIG Life Limited)

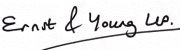
The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ending 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

The audit opinion is consistent with the additional report to the Board.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Robin Enstone (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol 02 April 2025

Aviva Protection UK Limited (formerly AIG Life Limited)**Profit and Loss Account****For the Year Ended 31 December 2024**

		2024	2023*
Long term business technical account	Notes	£'000	Restated £'000
Gross written premiums	4	800,263	729,862
Outward Reinsurance premiums		(357,879)	(345,479)
Earned premiums, net of reinsurance		442,384	384,383
Other technical Income	7	36,124	48,231*
Investment (Expense)/Income	6	(29,633)	3,821
Claims paid			
Gross claims paid	19	(455,738)	(406,479)
Reinsurers' share	19	247,527	208,102
Claims paid net of reinsurance		(208,211)	(198,377)
Change in provision for claims			
Gross amount	19	(12,545)	(63,415)*
Reinsurers' share	19	(42,180)	40,986*
Change in provision for claims net of reinsurance		(54,725)	(22,429)
Claims incurred net of reinsurance		(262,936)	(220,806)
Change in long term business provision			
Gross amount	19	(321)	(212,458)*
Reinsurers' share	19	321	212,458*
Change in long term business provision net of reinsurance		-	-
Operating expenses			
Acquisition expenses	8	(227,234)	(218,609)
Administrative expenses	8	(63,777)	(31,164)
		(291,011)	(249,773)
Tax credit on long term business	10	8,583	7,259*
Balance on long term business technical account		(96,489)	(26,885)

* Specific lines restated. Please refer to note 3.

Aviva Protection UK Limited (formerly AIG Life Limited)**Profit and Loss Account****For the Year Ended 31 December 2024**

		2024	2023*
Non-technical account	Notes	£'000	Restated £'000
Balance on long term business technical account		(96,489)	(26,885)*
Tax credit on long term business		(8,583)	(7,259)*
Balance on long term business technical account before tax		(105,072)	(34,144)*
Finance costs		(4,891)	(1,234)
Loss on other activities		(4,891)	(1,234)*
Loss on ordinary activities before tax		(109,963)	(35,378)
Tax credit on ordinary activities	10	9,803	7,549
Loss for the financial year		(100,160)	(27,829)

All of the above results relate to continuing operations.

The notes on pages 28 to 56 form an integral part of these Financial Statements.

** Specific lines restated. Please refer to note 3.*

Aviva Protection UK Limited (formerly AIG Life Limited)**Statement of Comprehensive Income****For the year ended 31 December 2024**

	Note	2024	2023
		£'000	£'000
Loss for the financial year		(100,160)	(27,829)
Other comprehensive income/(expense):			
Movement in unrealised losses on available for sale financial assets in the year		(42,380)	5,900
Realised losses transferred to profit and loss account on disposal of available for sale financial assets		41,091	-
Total tax credit/(charge) on other comprehensive income/(expense)	10	322	(1,475)
Total other comprehensive (loss)/Profit for the year, net of tax		(967)	4,425
Total comprehensive expense for the year		(101,127)	(23,404)

All of the above results relate to continuing operations.

The notes on pages 28 to 56 form an integral part of these Financial Statements.

Aviva Protection UK Limited (formerly AIG Life Limited)

Balance Sheet

As at 31 December 2024

	Note	2024	2023
ASSETS		£'000	£'000
Intangible Assets			
Intangible assets	11	-	18,603
Goodwill	11	-	16,937
		-	35,540
Investments			
Investments in group undertakings	12	1,300	1,300
Other financial investments	13	297,437	130,818
		298,737	132,118
Reinsurers' share of insurance contract liabilities	19	523,865	565,724
Debtors	14	213,636	165,408
Current tax Assets	15	6,670	8,668
Deferred tax Asset	15	22,184	12,718
Other assets			
Fixed assets	16	-	581
Cash and cash equivalents		35,747	9,171
		35,747	9,752
Deferred acquisition costs, Prepayments and accrued income			
Deferred acquisition costs	17	315,931	288,833
Other Prepayments and accrued income		2,741	5,272
		318,672	294,105
Total Assets		1,419,511	1,224,033

Aviva Protection UK Limited (formerly AIG Life Limited)**Balance Sheet****As at 31 December 2024**

	Note	2024	2023
EQUITY AND LIABILITIES		£'000	£'000
Capital and reserves			
Called up share capital	18	540,885	316,885
Share premium account		86,725	86,725
Profit and Loss Account		(86,063)	14,097
AFS Reserve		(42,806)	(41,839)
Total Shareholders' Fund		498,741	375,868
Insurance contract liabilities	19	644,621	631,755
Creditors arising out of direct insurance operations		16,880	5,659
Creditors arising out of reinsurance operations	21	167,446	147,393
Loans	22	70,370	36,768
Other creditors including taxation and social security	21	20,007	19,905
Accruals and deferred income	21	1,446	6,685
Total Liabilities		920,770	848,165
Total Equity and Liabilities		1,419,511	1,224,033

The Financial Statements on pages 22 to 56 were approved by the Board of Directors on 2nd April 2025 and signed on its behalf by:

Signed by:

D9CCD2D70F7C498...
2nd April 2025

Michael Aitchison,
Director, Chief Financial Officer

The notes on pages 28 to 56 form an integral part of these Financial Statements.

Aviva Protection UK Limited (formerly AIG Life Limited)**Statement of Changes in Equity****For the year ended 31 December 2024**

	Called up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	AFS Reserve £'000	Total Shareholders Funds £'000
Opening Balance 1 January 2023	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 December 2023	316,885	86,725	14,097	(41,839)	375,868
Shares issued	224,000	-	-	-	224,000
Other comprehensive expenses	-	-	-	(967)	(967)
Loss for the financial year	-	-	(100,160)	-	(100,160)
At the end of the year 31 December 2024	540,885	86,725	(86,063)	(42,806)	498,741

The notes on pages 28 to 56 form an integral part of these Financial Statements.

Aviva Protection UK Limited (formerly AIG Life Limited)

Notes to the Financial Statements for the Year Ended 31 December 2024

Aviva Protection UK 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: Aviva, Wellington Row, York, YO90 1WR. The Financial Statements were approved for issue by the Board of Directors on 2nd April 2025.

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 is exempt from preparing group financial statements by virtue of section 400 of the Companies Act 2006, as it is a subsidiary of a UK parent and is included in the consolidated financial statements for the Group, i.e. the ultimate parent company, the Group, and its subsidiaries, joint ventures and associates, at the same date. These financial statements therefore present information about the Company as an individual entity.

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;
- Disclosure of related party transactions with and between wholly-owned subsidiaries
- 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.

Following the acquisition of the Company by the Aviva Group, significant integration activity is on-going across the combined Group. The Group is considering various actions within the UK Insurance, Wealth & Retirement ("IWR") segment to achieve capital benefits, including the potential Part VII transfer of the company to Aviva Life & Pensions UK Limited, to combine the UK Life business (subject to court approvals). There are no definitive plans at this stage to place the Company into liquidation and it would be expected to take several months after the Part VII and at the earliest would occur in the second half of 2026.

Aviva Protection UK Limited (formerly AIG Life Limited)

In the unlikely event that Part VII does not occur, the Company has prepared forecasts which should show the Company would continue to be profitable and generate positive cashflows.

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 up to 30 April 2026, which is 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.

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 as the amount receivable for policies that 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 accrues in the Profit and Loss Account, using the effective interest method.

iii) Other operating income

Other operating income consist primarily of coinsurance commission income. The income is recognised when earned over the life of the contract.

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 in other comprehensive income, in which case the related income tax is also recognised in other comprehensive income. 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. 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.

Aviva Protection UK Limited (formerly AIG Life Limited)

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.

g. 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 the Profit and Loss Account.

Intangible assets are 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.

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.

h. Investment in Group Undertakings

Investments in group undertakings are stated at fair value through profit or loss ("FVPL"). Investments in Group undertakings are reviewed annually and any changes in the fair value are recognised in the Profit and Loss Account.

i. Deferred Acquisition Costs

Deferred acquisition cost is measured at the long term level of acquisition cost, comprising all direct and indirect cost, which will be recovered from future profits.

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

Aviva Protection UK Limited (formerly AIG Life Limited)

- 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 for Individual policies, 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. Deferred acquisition cost for Group schemes are amortised over the duration of the scheme. Any balances not considered recoverable are written off.

j. 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.

k. Administrative Expenses

Administrative expenses are accounted for on an accruals basis and include all expenses that have not already been included in Acquisition Expenses.

l. Reinsurance

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

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. These assets are initially recognised at transaction price and subsequently measured at amortised cost, with interest recognised in the Profit and Loss Account on an effective interest basis. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. The impairment loss is recognised in profit or loss.

Aviva Protection UK Limited (formerly AIG Life Limited)

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.

Creditors are recognised initially at transaction price and subsequently measured at amortised cost, with interest recognised in the Profit and Loss Account on an effective interest basis.

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs and are subsequently recognised at amortised cost, with interest recognised in the Profit and Loss Account 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, except for those at FVPL. 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

Insurance contract liabilities consist of a long term business provision and claims reserves.

The long term business provision is determined annually in accordance with regulatory requirements. The measurement is based on the rules under the Solvency II Directive with two adjustments:

- A UK GAAP specific yield curve; and
- Zeroisation of net insurance assets 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.

A claims reserve is established for all claims incurred at each reporting date not yet settled. This includes a reserve for claims incurred but not reported ("IBNR") and this is based on estimation of the delay between the date a claim is incurred and date notified. The estimation techniques and assumptions are periodically reviewed, with any changes in estimates reflected in the Profit and Loss Account as they occur.

Aviva Protection UK Limited (formerly AIG Life Limited)

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. 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.

u. 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.

v. 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.

w. Called up 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.

x. Available for sale (“AFS”) reserve

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.

y. Dividends

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

Aviva Protection UK Limited (formerly AIG Life Limited)

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 £22,184k (2023: £12,718k) 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 2024, but the Company and the Group expects to generate taxable profits in future years against which the deferred tax assets can be recovered through a combination of Group relief and utilising the Company's own taxable profits.

ii. Recoverability of deferred acquisition cost

Deferred acquisition cost of £315,931k (2023: £288,833k) is recognised as fully recoverable. The recognition of deferred acquisition cost is based on future profits expected to be generated from in-force contracts. Recognition therefore involves judgement regarding future financial performance. The Company incurred trading losses in 2024, but this was driven by one off expenses that are not expected to reoccur. The Company projects that the present value of the future profits relating to the in-force book is adequate to support the recoverability of the deferred acquisition cost as at 31 December 24.

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.

iii. 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 £365,547k (2023: £365,226k). 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. Further analysis of the assumptions used is provided in note 20, Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions.

iv. Amortisation of deferred acquisition costs

Deferred acquisition costs of £315,931k (2023: £288,833k) 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 for Individual policies. Deferred acquisition cost for Group schemes are amortised over the duration of the scheme. 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.

Aviva Protection UK Limited (formerly AIG Life Limited)

3. Prior Year Restatement

The presentation of the Profit and Loss Account has been divided into the Long term business technical account and the non-technical account to comply with the requirements in FRS103. The impacts are presentational with balances in the Profit and Loss Account appropriately classified between technical and non-technical results, with no impact on overall results.

The adjustments have been reflected in the prior year comparatives. The impact on the Profit and Loss Account for the year ended 31 December 2023 are as follows:

Profit and Loss Account

	2023 As published £'000	2023 Adjustment £'000	2023 Restated £'000
Long term business technical account			
Other Operating Income	48,231	(48,231)	-
Other technical Income	-	48,231	48,231
Gross claims	(275,873)	275,873	-
Reinsurers' share	253,444	(253,444)	-
Change in insurance contract liabilities	(22,429)	22,429	-
Gross amount	-	(63,415)	(63,415)
Reinsurers' share	-	40,986	40,986
Change in provision for claims net of reinsurance	-	(22,429)	(22,429)
Gross amount	-	(212,458)	(212,458)
Reinsurers' share	-	212,458	212,458
Change in long term business provision net of reinsurance	-	-	-
Tax credit on long term business (technical)	-	7,259	7,259
Balance on long term business technical account		(26,885)	(26,885)
Tax credit on long term business (technical)		(7,259)	(7,259)
Balance on long term business technical account before tax		(34,144)	(34,144)
Loss on other activities		(1,234)	(1,234)

Aviva Protection UK Limited (formerly AIG Life Limited)**4. Gross Written Premiums**

(a) Gross premium income is composed of:

	2024	2023
	£'000	£'000
Direct insurance	800,263	729,862
	800,263	729,862
Comprising		
Individual business	528,462	479,755
Group contracts	271,801	250,107
	800,263	729,862

(b) Geographical analysis

	2024	2023
	£'000	£'000
Gross direct written premium		
United Kingdom	790,076	720,140
Channel Islands	7,532	7,177
Isle of Man	1,520	1,448
Gibraltar	1,135	1,097
	800,263	729,862

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

5. Reinsurance balance

The reinsurance balance amounted to a credit in the long-term technical account of £116.4m (2023: credit in the long term business technical account of £48.2m)

	2024	2023
	£'000	£'000
Outward reinsurance premiums	(357,879)	(345,479)
Reinsurers' share of claims	205,347	249,088
Reinsurance commission	36,124	48,231
	(116,408)	(48,160)

6. Investment (Expense)/Income

	2024	2023
	£'000	£'000
Income from investments	12,038	4,627
Realised loss	(41,226)	(11)
	(29,188)	4,616
Investment expenses and charges		
Investment management expenses	(445)	(795)
Total investment (expense)/income	(29,633)	3,821

Aviva Protection UK Limited (formerly AIG Life Limited)**7. Other Technical Income**

Other Technical Income comprises:

	2024	2023
	£'000	£'000
Commission received from reinsurers	36,124	48,231
	36,124	48,231

8. Operating expenses by type

i. Operating Expenses

	2024	2023
	£'000	£'000
Acquisition costs		
Operational expenses	67,302	64,266
Commission	187,030	201,227
Change in deferred acquisition costs	(27,098)	(46,884)
	227,234	218,609
Administrative expenses		
Maintenance expenses	63,777	31,164
	63,777	31,164

Maintenance expenses are stated after including the following expenses

	2024	2023
	£'000	£'000
Depreciation of property, plant and equipment	581	378
Goodwill amortisation	2,541	3,387
Other Intangible assets amortisation	4,657	6,103
Goodwill impairment	14,396	-
Other intangible asset impairment	13,946	-
Operating lease rentals	445	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:

	2024	2023
	£'000	£'000
Fees payable to the Company's auditors and its associates		
Audit of the Company's Financial Statements		
- Current Auditor	812	-
- Previous Auditor	-	863
Fees payable to the Company's auditors and its associates for other services:		
Audit-related assurance services	80	78
	892	941

Aviva Protection UK Limited (formerly AIG Life Limited)

9. Staff costs

All existing employees were transferred to Aviva Employment Services on 1 October 2024. The company had no employees as at 31 December 2024. The average number of persons (including executive Directors) employed by the Company in 2024 (1 January 2024 to 30 September 2024) and 2023 (1 January 2023 to 31 December 2023) was:

	2024	2023
	Number	Number
Sales and sale support	245	261
Administration	123	127
	368	388

The aggregate remuneration payable in respect of the above employees, up to 30 September 2024 (2023 includes 12 months ending 31 December 2023) was:

	2024	2023
	£'000	£'000
Wages and salaries	25,703	33,767
Social security costs	3,166	3,976
Other pension costs	1,796	2,503
	30,665	40,246

Directors

The fees for Mr Wilcock, Mr MacLean, Ms Penney, and Mr Pike were paid for and borne by the Company up to the earliest of the date of their resignation or 30 September 2024.

From 1 October 2024 directors were remunerated by AESL, a fellow subsidiary of the Group.

The Directors' emoluments were as follows:

	2024	2023
	£'000	£'000
Aggregate emoluments	2,942	1,117
Pension contributions	25	61
	2,967	1,178

As a result of the acquisition of the Company by the Aviva Group a number of changes were made to the Board during the course of the year as set out in the Directors' Report.

Where directors had multiple directorships and their services as a director for the Company were not incidental to their roles across the Aviva Group, it is not possible to accurately apportion their emoluments to individual companies. The emoluments of these directors reported in the above table are in respect of qualifying services performed for the Group, which may also be disclosed within the financial statements of other Group companies.

In addition to their salaries, the Company contributes to a post-employment defined contribution plan for 2 Directors (2023: 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:

	2024	2023
	£'000	£'000
Aggregate emoluments	1,588	582
Pension contributions	-	31
	1,588	613

Aviva Protection UK Limited (formerly AIG Life Limited)

The highest paid director exercised share options in AIG Group during the year to the value of £522k (2023: £nil) and received payments under the Long-term Incentive Plan of £78k (2023:£nil).

The rest of the board exercised share options in AIG Group during the year to the value of £275k (2023: £nil) and received payments under the Long-term Incentive Plan of £42k (2023:£nil).

10. Tax on loss

	2024			2023		
	Technical £'000	Non- technical £'000	Total £'000	Technical £'000	Non- technical £'000	Total £'000
UK Corporation Tax:						
Current tax on income for the year	(5,891)	(1,223)	(7,114)	(6,562)	(290)	(6,852)
Adjustments in respect of prior years	6,165	290	6,455	95	-	95
Total Current Tax	274	(933)	(659)	(6,467)	(290)	(6,757)
Deferred tax						
Origination and reversal of timing differences	(1,668)	-	(1,668)	(674)	-	(674)
Adjustments in respect of prior years	(7,189)	(287)	(7,476)	(118)	-	(118)
Total deferred tax	(8,857)	(287)	(9,144)	(792)	-	(792)
Tax on loss on ordinary activities	(8,583)	(1,220)	(9,803)	(7,259)	(290)	(7,549)

Tax expense included in other comprehensive income

	2024	2023
	£'000	£'000
Deferred tax		
Origination and reversal of timing differences	(322)	1,475
	(322)	1,475

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

The tax assessed for the period is higher (2023: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2024	2023
	£'000	£'000
Loss before tax	(109,963)	(35,378)
(Loss) on ordinary activities before tax multiplied by standard rate of corporate tax in the UK of 25% (2023: 23.52%)	(27,491)	(8,321)
Expenses not deductible for tax purposes	18,709	835
Adjustments to tax charge in respect of previous periods	(1,021)	(23)
Difference in rates between current and deferred tax	-	(40)
Tax on loss on ordinary activities	(9,803)	(7,549)

The Company (as part of the Aviva Group) is subject to the reform of the international tax system proposed by The Organisation for Economic Co-operation and Development (OECD) which introduces a global minimum effective rate of corporation tax of 15% and took effect in the current period. No current tax charge is included in respect of these provisions. No amount is recorded in 2023 as the tax had not been introduced in this period.

In accordance with the amendments to FRS 102, published on 11 July 2023, the Company has applied the exemption and not provided for deferred tax in respect of the global minimum tax reforms.

Aviva Protection UK Limited (formerly AIG Life Limited)

11. Intangible Assets and Goodwill

	Development Costs £'000	Other Intangible Assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2024	23,212	15,500	33,874	72,586
At 31 December 2024	23,212	15,500	33,874	72,586
Accumulated Amortisation and impairment				
At 1 January 2024	10,169	9,940	16,937	37,046
Amortisation for the year	3,165	1,492	2,541	7,198
Impairment for the year	9,878	4,068	14,396	28,342
At 31 December 2024	23,212	15,500	33,874	72,586
Net Book Value at 31 December 2024	-	-	-	-

	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 and impairment				
At 1 January 2023	8,895	7,952	13,550	30,397
Amortisation for the year	4,115	1,988	3,387	9,490
Impairment for the year	-	-	-	-
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

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.

The total net book value of Intangible assets and Goodwill were fully impaired during the year. After the acquisition of the company by the Aviva Group the decision was made to close new business for both individual and group protection, apart from some individual protection lines. Aviva is also considering a potential Part VII transfer at the end of 2025 and does not intend on transferring the existing intangibles.

Aviva Protection UK Limited (formerly AIG Life Limited)

12. Investments in group undertakings

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

Shares in group undertakings	2024	2023
	£'000	£'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 (GRS), an Insurance Services Company, and its wholly owned subsidiary, Group Risk Technologies Limited (GRT) which is inactive and in the process of liquidation.

The registered address for GRT is 30 Finsbury Square, London, EC2A 1AG.

The registered address for GRS is Aviva, Wellington Row, York, YO90 1WR.

13. Other Financial Investments

Other Financial Investments are further analysed below:

	2024	2023
	£'000	£'000
Debt securities and other fixed-income securities	297,437	130,818
	297,437	130,818

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.

	2024	2023
	£'000	£'000
Purchase Price	349,126	192,076
Carrying Value	297,437	130,818

Further analysed below:

	2024	2023
	£'000	£'000
UK Government Securities	297,437	20,779
Agencies	-	3,342
Corporate Bonds	-	95,702
Supranational Bonds	-	10,995
	297,437	130,818

The value of listed investments as at 31 December 2024 was £297,437k (2023: £20,779k).

Aviva Protection UK Limited (formerly AIG Life Limited)

a) Credit Rating

The credit ratings of the debt securities were as follows:

	2024 £'000	2023 £'000
Investments are analysed by credit rating below:		
AAA	-	14,972
AA	297,437	37,549
A	-	50,286
BBB	-	28,011
B	-	-
CCC	-	-
	297,437	130,818

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).

	2024 £'000	2023 £'000
Level 1	297,437	-
Level 2	-	130,818
Level 3	-	-
	297,437	130,818

14. Debtors

	2024 £'000	2023 £'000
Debtors arising out of direct insurance operations		
- Policyholders	74,132	68,101
Debtors arising out of reinsurance operations	122,717	78,231
Amounts owed by Aviva group companies	7,077	-
Amounts owed by previous group companies	-	4,768
Other receivables	9,710	14,308
	213,636	165,408

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

Aviva Protection UK Limited (formerly AIG Life Limited)

15. Tax Assets

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

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

	2024	2023
	£'000	£'000
Current tax assets	6,670	8,668
Deferred tax asset	22,184	12,718
	28,854	21,386

The deferred tax asset is further analysed below:

	2024	2023
	£'000	£'000
Unrealised losses on financial investments	14,067	13,745
Acquired intangible assets	-	(1,668)
Capital allowances	711	353
Other timing differences	-	288
Unused losses and tax credits	7,406	-
	22,184	12,718

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

The amount of the net reversal of deferred tax assets expected to occur in 2025 is £5.4m (2023: £nil) in respect of brought forward losses that will be utilised against future taxable profits.

There are unrelieved tax losses carried forward amounting to £267,202k (2023: £263,634k) 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.

16. Fixed Assets

	Leasehold £'000	Furniture & Fixture £'000	IT Equipment £'000	Total £'000
Cost				
At 1 January 2024	520	653	1,671	2,844
At 31 December 2024	520	653	1,671	2,844
Accumulated Depreciation				
At 1 January 2024	502	411	1,350	2,263
Charge for the period	18	242	321	581
At 31 December 2024	520	653	1,671	2,844
Net book value at 31 December 2024	-	-	-	-

Aviva Protection UK Limited (formerly AIG Life Limited)

	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

17. Deferred Acquisition Costs

	2024 £'000	2023 £'000
At 1 January	288,833	241,950
Expenses for the acquisition of insurance contracts deferred during the year	163,893	172,680
Amount written off for lapses and other adjustments	6,882	(10,870)
Amortisation for the year	(143,677)	(114,927)
At 31 December	315,931	288,833

18. Called Up Share Capital

	2024 £'000	2023 £'000
At 1 January	316,885	316,885
Ordinary shares issued during the year	224,000	-
At 31 December	540,885	316,885

At 31 December 2024 the authorised share capital comprised 540,885,000 (2023: 316,885,000) ordinary shares of £1 (2023: £1) each.

Ordinary shares issued increased due to the following:

- 130,000,000 Ordinary shares were issued in April 2024
- 20,000,000 Ordinary shares were issued in September 2024
- 74,000,000 Ordinary shares were issued in December 2024

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.

Aviva Protection UK Limited (formerly AIG Life Limited)**19. Insurance Contract Liabilities**

Long Term Business Provision Movement in 2024	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2024 ^[1]	365,226	(365,226)	-
Premiums	800,263	(357,879)	442,384
Claims paid	(455,738)	247,527	(208,211)
Other changes	(344,204)	110,031	(234,173)
Movement in year	321	(321)	-
At 31 December 2024 ^[1]	365,547	(365,547)	-

Long Term Business Provision Movement in 2023	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2023 ^[1]	152,768	(152,768)	-
Premiums	729,862	(345,479)	384,383
Claims paid	(406,479)	208,102	(198,377)
Other changes	(110,925)	(75,081)	(186,006)
Movement in year	212,458	(212,458)	-
At 31 December 2023 ^[1]	365,226	(365,226)	-

[1] Includes the impact of Zeroisation of net insurance contract liabilities so that the reinsurers' share of insurance contract liabilities cannot exceed the gross insurance contract liabilities (refer to Insurance Contract Liabilities accounting policy).

The 2023 comparatives have been re-presented to align with the current year disclosure as it is a better reflection of the key components impacting the movement in long term business provision

Insurance Contract Liabilities	Gross £'000	Reinsurance £'000	Net £'000
As at 31st December 2024			
Long Term business provision ^[1]	365,547	(365,547)	-
Claims Payable	212,807	(122,799)	90,008
Incurred but not Reported ("IBNR")	66,267	(35,519)	30,748
	644,621	(523,865)	120,756
As at 31st December 2023			
Long Term business provision ^[1]	365,226	(365,226)	-
Claims Payable	214,002	(167,927)	46,075
Incurred but not Reported ("IBNR")	52,527	(32,571)	19,956
	631,755	(565,724)	66,031

Aviva Protection UK Limited (formerly AIG Life Limited)

20. 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 Company'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 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 on individual business are based on TL16 mortality tables and the morbidity rates are based on AC08 for critical illness and a hybrid of CMIR12 and reinsurer experience 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, Aviva'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. The assumptions also include an allowance for future expense inflation over the lifetime of each contract, which is assumed to be in line with RPI. At 31 December 2024 the maintenance expense assumption for the majority of individual contracts is assumed to be £16.07 (2023: ranges from £7.26 to £7.36 on a consistent basis, i.e. without prudent margins, per policy. For the majority of group business, the maintenance expense assumption ranges from 5.1% - 7.3% of premiums (2023: £3.34 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. A spread is applied to the Solvency II risk-free yields curve such that the implied liquidity premium is consistent with the Company's buy-and-hold gilt investment strategy.

Aviva Protection UK Limited (formerly AIG Life Limited)**21. Creditors**

Creditors arising out of reinsurance operations are analysed further below:

	2024	2023
	£'000	£'000
Amounts owed to reinsurers - third parties	167,446	136,806
Amounts owed to reinsurers - group companies	-	10,587
	167,446	147,393

Other Creditors are analysed further below:

	2024	2023
	£'000	£'000
Other creditors - amounts owed to third parties	10,842	5,425
Other creditors - amounts owed to Aviva group companies	9,165	-
Other creditors – amounts owed to previous group companies	-	14,480
	20,007	19,905

Accruals and deferred income are analysed further below

	2024	2023
	£'000	£'000
Amounts accrued owed to third parties	1,446	3,397
Amounts accrued owed to group companies	-	3,288
	1,446	6,685

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

22. Loans

	2024	2023
	£'000	£'000
Bank loans	-	36,768
Loan payable to parent company	70,370	-
	70,370	36,768

The Company had short-term bank loans of £nil at 31 December 2024 (2023: £36,768k). These loans were secured against certain gilts under a repurchase agreement. The loans were repayable within one year at fixed rate between 5.42% and 5.48% per annum. The loans were obtained between 27th November 2023 and 11th December 2023 and were repaid in April 2024.

Aviva Life & Pensions UK Limited (immediate parent) granted the Company a loan facility with an upper limit of £150,000k as part of the acquisition of the Company by the Aviva Group. There was an initial drawdown of £100,000k on 9 April 2024, followed by additional drawdowns of £70,000k during the course of the year. The total repayments made during the year were £100,000k. Interest is payable at a fixed rate of 5.1% per annum.

The facility was originally granted to remain available until 27 March 2025 unless both parties agree to have it extended to no later than 8 April 2025. The facility was extended for another 12 months on 6 February 2025.

Aviva Protection UK Limited (formerly AIG Life Limited)

23. Operating Leases

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

Future minimum lease payments

	2024	2023
	£'000	£'000
Less than one year	346	471
Between one and five years	202	442
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.

24. Parent Company

The Company was acquired by the Aviva Group on 8 April 2024. Up until this date, the Company was a wholly owned subsidiary of Corebridge Financial, Inc. Corebridge Financial, Inc is incorporated in the State of Delaware, United States of America. The results of the Company up to 8 April 2024 are consolidated into the Financial Statements of Corebridge Financial, Inc. which forms the smallest group of undertakings to consolidate these Financial Statements up to this date. 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 up to 8 April 2024 was American International Group, Inc. ("AIG"), a company incorporated in the State of Delaware, United States of America. The results of the Company up to 8 April 2024 are consolidated into the Financial Statements of AIG which forms the largest group of undertakings to consolidate these Financial Statements up to this date. 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

Since the acquisition of the Company by the Aviva Group the immediate parent undertaking is Aviva Life & Pensions UK Limited.

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. The Group 2024 Annual report and accounts are available on application to the Group Company Secretary, Aviva plc, 80 Fenchurch Street, London, EC3M 4AE, and on the Group website www.aviva.com.

Aviva Protection UK Limited (formerly AIG Life Limited)

25. Related Party Transactions

In prior years, the Company entered into various reinsurance agreements with American International Reinsurance Company, Limited. ("AIRCO") based in Bermuda. As part of the acquisition agreements between Corebridge Financial and Aviva the reinsurance treaties with AIG Reinsurance Company (Bermuda) Limited were terminated on the acquisition date, as a result the ceded claims reserve of £52m was derecognised, as well as the ceded DAC balance of £11m, resulting in a net loss of £41m. As at 31 December 2024 Reinsurance assets related to these agreements were £nil (2023: £52,226k), amounts payable to AIRCO were £nil (2023: £10,587k), ceded premiums related to these agreements were £7,839k (2023: £29,643k), claims recovered were £673k (2023: £2,033k) and ceded commissions received were £1,586k (2023: £6,546k).

Up to August 2023, the Company continued to use AIG Europe Services Limited to settle 3rd party invoices which were 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 was able to settle 3rd party invoices directly and no longer used AIG, Inc., although some costs were still passed through from AIG Europe Services. At 31 December 2024, the amount payable to AIG Europe Services Limited was £nil (2023: £1,313k) and amount payable to AIG, Inc. was £nil (2023: £2,437k).

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 no charge in 2024 (2023: refund £213k) and there remained no amount payable to PCIL (2023: £947k).

In 2022, the Company incurred certain staff related costs from American International Co. Ltd ("AICO"). These largely ceased in 2023, so that costs incurred during 2024 were £nil (2023: £7k) and amount payable with AICO was £nil (2023: £16k).

At the start of the year, the Company leased from American International Group UK Limited ("AIGUK") one floor of AIGUK's Fenchurch Street building. This lease ceased during the year. The total rent and service charge cost in 2024 was £273k (2023: £1,145k) and had an amount payable at 31 December 2024 of £nil (2023: £374k).

26. 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 CRO report for the Board;
- Risk policies;
- Capital and liquidity management including model governance and stress testing;
- The annual business planning cycle which includes 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; and
- Monitoring of the control environment.

The Company's enterprise risk management framework is underpinned by a suite of risk policies which, in turn, are aligning to those of Aviva as the Company integrates with those of its new parent. 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 business goals against the risks it faces, and its appetite towards taking and managing them,

Aviva Protection UK Limited (formerly AIG Life Limited)

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.

The Board has ultimate responsibility for development and oversight of the risk management framework; the Board delegates the management of risks within its risk appetite to the Company's Risk and Capital Committee.

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. 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**

Aviva's Internal Audit Function delivers the "Third Line of Defence" by providing independent assurance to the Board.

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. The Company defines a framework of committees, reporting, and controls embedded throughout the business. The principal committees, including the Board and management-level, are designed to support the embedding of 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, including risk policies and procedures. Without effective communication of the risk profile, key stakeholders within the business will not be able to make informed decisions to manage the Company 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.

Governance and Incentives

The Company 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.

The Company believes that an effective risk culture 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.

Aviva Protection UK Limited (formerly AIG Life Limited)

The governance structure has three distinct levels of committees: Board committees; Executive committees; and Management forums. It is designed to support the Company'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 the Company's risk governance framework.

Risk Policy Framework

Supporting the governance arrangements is a risk policy framework which incorporates the key principles and standards in place. The Company has a suite of risk policies that have been reviewed against those of Aviva and are aligning with these where differences are identified.

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; models are managed under the model governance framework and changes reviewed and approved by the Model Control Committee.

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 report to the Board providing a risk opinion on the Company's risk profile and exposures.

Risk Profile

The Company believes that a strong, effective and embedded risk management framework is fundamental to maintaining sound 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. The 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.

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 the 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 £13.7m (net of reinsurance) (2023: £16.3m). Updating the yield curve increases the capital requirement to £18.8m (2023: £18.7m).

Therefore, a stress of a 10% permanent increase in mortality rates produces an estimated post-tax impact to earnings of £9.4m ($£18.8m / 15\% * 10\% * (1-25\%)$) (2023: £9.3m ($£18.7m / 15\% * 10\% * (1-25\%)$)).

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 £9.4m net of reinsurance (£253.7 gross) (2023: £9.3m net of reinsurance, (£248.2m 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

Aviva Protection UK Limited (formerly AIG Life Limited)

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 £8.2m net of reinsurance (£459.4m gross) (2023: by £8.4m net of reinsurance, (£57.6m gross)).

- **Lapse** – The Company 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 £60.2m (£72.0m gross) (2023: £54.4m, (£66.5m 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 £27.5m net of reinsurance (£165.4m gross) (2023: £22.4m net of reinsurance, £199.2m 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 a negative impact of £30.4m net of reinsurance (£32.2m gross) (2023: £21.2m net of reinsurance, (£25.5m gross)).

There are a number of ways that insurance risk is mitigated, including:

- 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;
- 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. The Company 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

Aviva Protection UK Limited (formerly AIG Life Limited)

an exposure to changes in the level of interest rates. Stress and scenario testing allows the monitoring of exposure and sensitivity to interest rate risk. A 1% decrease in interest rates would prospectively increase the net long term business provision by £83.7m (2023: £29.3m) and would increase the value of assets by £83.7m (2023: £18.8m).

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 includes the following:

- 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 recorded as outstanding in the financial statements at 31st December 2024 (2023: £nil). The level of unearned commission at 31 December 2024 was £292,446k (2023: £285,626k).
- Reinsurance arrangements: the Company 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 the limits stated in the Company's risk appetite. The maximum exposure to reinsurance debtors is the receivable balance held at 31st December 2024 of £122,717k (2023: £78,231k) which principally relates to claims recovery, the balance held on other receivables which relates to commission due from reinsurers of £9,710k (2023: £14,308k) and Reinsurance recoverables on Insurance contract liabilities of £523,865k (2023: £565,724k). 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 2024 (2023: £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 2024 of £74,132k (2023: of £68,101k). Of these balances, £245k (2023: £462k) were over one year overdue and £73,887k (2023: £67,639k) were less than one year overdue.

The Company does 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.

Aviva Protection UK Limited (formerly AIG Life Limited)

The following table shows the estimated undiscounted future cash flow of financial liabilities as at 31 December 2024:

	On demand or within 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-15 yrs	>15 yrs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Long term business provision	(160,483)	(109,744)	(89,641)	(68,612)	(48,267)	303,144	2,467,132	2,293,529
Claims outstanding and other reserves	(191,518)	(8,183)	(6,915)	(6,163)	(5,472)	(44,809)	(87,528)	(350,588)
Creditors arising out of direct insurance operations	(16,880)	-	-	-	-	-	-	(16,880)
Creditors arising out of reinsurance operations	(167,446)	-	-	-	-	-	-	(167,446)
Loans	(73,959)	-	-	-	-	-	-	(73,959)
Total	(610,286)	(117,927)	(96,556)	(74,775)	(53,739)	258,335	2,379,604	1,684,656

The risk is that the Company will have insufficient liquid funds to support new business via the payment of commission to intermediaries and other business expenses, such as claims to existing policyholders. 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 the ability to meet the business plan. 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. Aviva is considering a potential Part VII transfer of Aviva Protection UK Limited to Aviva Life & Pensions UK Limited in 2025.

g. Climate change risk

The Company 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 Company is aligning its approach on Climate risk to that of its parent, Aviva plc. 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 during 2024.

The Company is a wholly owned subsidiary of Aviva plc. The 2024 Aviva Group Annual Report and Accounts includes the activities of the company and provides the information required by the Non-financial and Sustainability Information Statement for the Group as a whole. Further information on the Group's climate-related financial disclosures can be found on the Sustainability section of the Group's website.

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

Aviva Protection UK Limited (formerly AIG Life Limited)

denominated in sterling. There is exposure arising from transactions and balances denominated in US Dollars related to expenses incurred with former 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 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. For 2025, the operating business plan is to work towards transferring the business into Aviva Life & Pensions UK Ltd at the end of 2025

A key factor in the formulation of the Strategic Plan is the assessment of the capital required to support the business objectives (i.e. 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 business as it runs off over 2025;
- The required rate of return on capital employed; and
- The Solvency II requirements based on the Solvency II Standard Formula.

As of 31 December 2024, the Company had capital resources of £345 million (2023: £293.3 million) and Solvency Cover Ratio of 170% (2023: 165%) on a Solvency II basis. In the event of a failure to meet the Solvency II capital requirements, the Company would revert to its parent company for an injection of funds to ensure compliance.

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 Aviva's operations and strategy. Group risk is managed and controlled by the Board.

Aviva Protection UK Limited's 2025 budget shows no requirement for additional capital to fund new business. However, under certain adverse economic conditions capital may be required. The parent company, Aviva Life & Pensions UK Limited is aware of the baseline capital needs and sensitivity tests to the capital position of the

Aviva Protection UK Limited (formerly AIG Life Limited)

Company and has also made available to the Company a £150 million loan facility to meet any short term liquidity needs that may arise. The outstanding balance on the facility as at 31 December 2024 was £70m.

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 new business volume, an increase in operating expenses and claims incurred.

27. Subsequent Events

The name of the Company was changed from AIG Life Limited to Aviva Protection UK Limited on 17 February 2025 as part of the rebranding of the Company as part of the Aviva Group.

On 6 February 2025 the loan facility from Aviva Life & Pensions UK Limited was extended for another 12 months.