Aviva Protection UK Limited

Directors’ Report, Strategic Report and Financial Statements

For the year ended 31 December 2025

Registered Number: 06367921

Aviva Protection UK Limited

Directors' Report and Financial Statements

Contents

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

Registered in England and Wales No. 06367921

Other information

Aviva Protection UK 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").

Strategic Report for the Year Ended 31 December 2025

The directors present their Strategic Report for the Company for the year ended 31 December 2025.

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.

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 2025 financial performance includes the impact of corporate actions taken aimed at achieving our stated strategy.

The following significant events impacted our business during the year:

- The name of the Company was changed from AIG Life Limited to Aviva Protection UK Limited ("APUK") on 17 February 2025 as part of the rebranding of the Company into the Aviva Group.
- In 2025, the APUK Board approved the transfer of the long-term insurance business of the Company to its parent undertaking, Aviva Life & Pensions UK Limited ("UKLAP"), through an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the "Part VII Transfer").
- During the remainder of 2025, court and regulatory permissions were obtained to complete the Part VII transfer.
- The Part VII transfer became effective on 31 December 2025 with £1,361.5 million of assets and £932.2 million of liabilities being transferred to UKLAP with £5.1 million net assets remaining in the Company, of which £5 million is held mainly to cover the minimum regulatory capital requirement (until such time as the Company is de-authorised). Refer to Note 3 for further information.
- The Company had a loan facility with UKLAP, the outstanding balance on the facility was £35 million as at 31 December 2025 prior to the Part VII transfer (£70 million as at 31 December 2024). This outstanding balance was transferred to UKLAP in line with the Part VII transfer where it will then offset with the corresponding receivable balance in UKLAP.

Financial position and performance

The Company's net assets have reduced by £493.7 million (2024 increased by £122.9m*)*, which has been driven by the Part VII transfer.

The trading results of the Company are shown in the Profit and Loss Account on page 21 – 23.

The loss after tax for the year was £46.8 million *(*2024: £100.2m*)*. The current year loss was primarily driven by reduction in group protection business profits following the decision during 2024 to cease writing new business. In addition to this there have been higher claims on both Group and individual protection.

The Company did not pay any dividends to its parent company during the year *(*2024: £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 2025 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 2025

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.

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, in particular ensuring that their views were considered and there was regular communication through the Part VII process.

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 2025, including how stakeholder views and inputs have been factored into the Board's decision making.

Details of how we engaged with our different groups of stakeholders during 2025 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**	
How we have engaged The Company has no employees. Employees supporting the Company's activities are employed by other Aviva Group entities and operate under Group people policies and processes. As part of the Aviva Group, these employees enjoy the benefit of the Aviva Group policies and benefits made available to them. Colleague engagement is supported through Group wide engagement mechanisms, and the Board is kept informed of workforce related matters through Group reporting and governance processes. The Board uses these insights to assess whether workforce related matters have implications for the Company's governance, strategy or risk profile.	**Outcomes and actions during the year** No material people related issues were identified during the year, and engagement indicators remained consistent with Group expectations.

Focus for the year The Board focused on culture, conduct and capability themes identified through Group workforce reporting, regulatory feedback and risk updates. These inputs enabled the Board to consider whether people related factors could impact the delivery of the Company's objectives.	

Customers **Understanding what's important to our customers is key to our long-term success.**	
How we have engaged The Board receives regular updates on customer outcomes and strategic customer initiatives, including reporting on customer journeys, service performance and customer insights. The Board engages closely with management to monitor customer metrics, assess customer feedback, review complaint themes, and ensure that customer interests are appropriately represented in decision making. **Focus during the year** The Board has focused on the implementation and ongoing compliance with the FCA's Consumer Duty, ensuring customer needs, fair value and good outcomes remain central to governance and product oversight.	**Outcomes and actions during the year** Insights from regular updates informed the Board's oversight of product governance, conduct risk and operational performance during the year. An issue concerning the claims service to customers provided by the Company's key outsource supplier was escalated to the Board during the year and the Board commissioned a review, identified key actions and liaised with the supplier to ensure service levels were promptly restored to the high standards expected by the Company. No other material issues were escalated to the Board during the year, and customer outcomes remained within expected thresholds.

Shareholders **Our retail and institutional shareholders are the ultimate owners of the Company.**	
How we have engaged The Board maintains regular engagement with the Company's immediate parent, Aviva Life & Pensions UK Limited and ultimate shareholder, Aviva plc, through established governance and escalation channels. Members of the Aviva plc Board may also attend the Company's Board or Committee meetings, supporting strategic alignment and transparent dialogue. Engagement is also supported at Group level through activities such as the Aviva plc AGM and quarterly shareholder newsletters containing updates on governance, strategy and performance. **Focus for the year** The Board monitored relevant regulatory and market developments during the year and considered their implications for the shareholder, ensuring that decision making remained aligned with Group expectations.	**Outcomes and actions during the year** The Board focused on safeguarding and enhancing shareholder value through strong financial stewardship, prudent capital management, and ongoing regulatory compliance, ensuring alignment with Group governance frameworks. The Board monitored macroeconomic and regulatory developments and responded where appropriate to protect shareholder interests.

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 The Company maintains a constructive and open relationship with its regulators through regular engagement involving Board members, senior management and relevant risk, audit or compliance functions. Regulatory updates received by the Board included developments relating to Consumer Duty, prudential requirements, product governance and relevant thematic reviews. In particular the Company engaged regularly with the Regulators through the Part VII transfer process. **Focus during the year** Continued focus on implementation and oversight of Consumer Duty, including embedding fair value assessments, product governance expectations and customer outcome monitoring.	**Outcomes and actions during the year** The Board received regular updates on regulatory developments, including Consumer Duty, product governance, regulatory feedback and areas requiring further assurance or oversight. These updates enabled the Board to consider regulatory expectations as part of its oversight of risk, strategy and governance.

Communities **We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships.**	
How we have engaged The Company supports Aviva Group's community and sustainability initiatives, including the Aviva Community Fund and volunteering programme, which enable colleagues across the Group to participate in socially valuable projects. **Focus of the year** The Board considered Group policies and initiatives relating to sustainability, responsible business and community engagement, ensuring continued alignment with Aviva's expectations in these areas when making decisions.	**Outcomes and actions during the year** Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations.

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 The Company relies on Group-wide procurement and supplier management processes, which include due diligence, performance monitoring and oversight of key third party providers. The Board receives updates, where relevant, on material supplier matters through Group reporting, enabling the directors to consider supplier impacts when making decisions. **Focus for the year** Continued focus on supplier risk management, ensuring that oversight arrangements reflect alignment with the Group Procurement & Outsourcing Business Standard.	**Outcomes and actions during the year** Through the Group's supplier oversight framework, the Board received assurance during the year that key third party providers continued to deliver services effectively, with no material disruptions identified that affected the Company's operations. As mentioned above in relation to customers, an issue was identified in relation to the service provided by the Company's key outsource supplier which required escalation to the Board leading to prompt resolution. The Board reviewed the Company's connection to the wider supply chain through its annual approval of the Aviva Group Modern Slavery Act Statement.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva Plc and these are shown in the 2025 Aviva Group Annual Report and Accounts. The strategic direction of the Company is set by the directors of the Company and is aligned with the Group vision.

Following the Part VII transfer of the policies and associated assets and liabilities of the Company to UKLAP, the Company has applied to the FCA, PRA, Guernsey and Jersey regulators for de-authorisation as a regulated entity. Until this is completed, the Company will continue to hold its remaining assets to cover the Solvency II minimum capital requirement.

Principal risks and uncertainties

A description of the principal risks and uncertainties that faced the Company during the financial year and the Company's risk management policies are set out in Note 23 to the financial statements. From the perspective of the Company, as at 31 December 2025 the vast majority of risks transferred to UKLAP following the Part VII transfer.

As a result, the principal risk remaining relates to intragroup interconnectivity, recoverability of the £5m receivable balance with Aviva Life Services UK Limited (UKLS).

Risks and maintaining the risk and control environment has been 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 for the period up to the Part VII transfer are as follows:

Measure	2025 £m	2024 £m
New business sales (APE) *	**79.5**	**164.3**
- Individual Protection	29.9	74.7
- Group Protection	49.6	89.6
Financial Performance metrics		
Gross written premiums	**762.4**	**800.3**
- Individual Protection	540.5	528.5
- Group Protection	221.9	271.8
Gross claims incurred	**488.4**	**468.3**
Net claims incurred	**232.6**	**262.9**
Operational and maintenance expenses	**74.0**	**131.1**
Technical Account loss before interest and tax	**(55.8)**	**(105.1)**
Non-Finance metrics		
Number of Customers		
- Individual Protection	1,365,272	1,419,703
- Group Protection	992,086	1,177,491

* Whilst the bulk of new business has been closed, the directors continue to monitor Annual Premium Equivalent ("APE") on the individual protection products that continue to be open to new business as well as any additional premium generated from existing business principally on group protection.

New Business

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

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 continues to offer its high net worth proposition, single-tie partnership relationships, and contractual panel commitments on individual protection business, with the latter now also closed to new business as of March 2025. For group protection, any APE generated sales comes from changes in premium within existing business or renewals. Therefore during 2025, new business activity continued to decrease in comparison to prior year and be replaced by the uptake of the associated business in other companies within the Aviva Group, principally UKLAP.

As a result of this closure to new business, 2025 sales were significantly lower when compared to 2024 with a reduction of 52% versus prior year (2024: decrease 2%), with APE of £79.5 million (2024: £164.3 million). The business saw a drop in sales of new group protection business, with APE achieved of £49.6 million (2024: £89.6 million), a decrease of 45% (2024: increase 9%) with all premiums being generated by changes to existing business. This also led to a decrease in the in-force group protection premium from £268.6 million, at the end of 2024, to £234.1 million at the end of 2025. There was a decrease of 60% (2024: decrease 12%) in the level of new individual protection business achieved with an APE of £29.9 million (2024: £74.7 million) following the new business closure.

Gross Written Premiums

Gross Written Premiums decreased, from £800.3 million in 2024 to £762.4 million in 2025, a 4.74% decrease (2024: 9.6% increase). The decrease is predominantly due to the strategic plans for new business as mentioned previously.

Gross Claims Incurred and Net Claims Incurred

Gross claims incurred of £488.4 million were significantly higher than prior year (2024: £468.3 million), largely due to higher claims on individual protection.

Net claims incurred were lower in the year at £232.6 million (2024: £262.9 million) reflecting lower claims on group protection in line with the reduction in the in-force book. The bulk of individual protection claims continue to be reinsured at a rate between 90% and 100%.

Expenses

Total expenses decreased from £291 million in 2024 to £245 million in 2025 largely due to the decision to cease writing the bulk of new business during 2024.

UK GAAP Results

The loss before tax of £57.8 million in 2025 (2024: loss of £110.0 million) principally due to lower premiums and higher claims on group protection business.

Capital and Funding

As the Company has undertaken the Part VII transfer, there is no expectation of any requirement for additional capital or funding in 2026 and beyond.

The final Solvency II coverage ratio as at 31 December 2025, prior to the Part VII transfer, was 153% (unaudited) (31 December 2024 was 170%). As noted above, following the Part VII transfer, the Company will hold the Minimum Capital Requirement ("MCR") until de-authorisation is completed.

Signed by:

Michael Aitchison

C018F5F2D7C24F5...

By order of the Board on 9 April 2026

Michael Aitchison,

Director, Chief Financial Officer

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 2025.

Directors

The names of the current directors of the Company are shown on page 3.

There were no Board appointments, resignations or retirements during the year or since the year end.

Company Secretary

The name of the current Company Secretary of the Company is shown on page 3.

Results and Dividends

As set out in the Strategic Report the result for the year is a loss after taxation of £46.8 million (2024: loss of £100.2 million). No dividends were paid in 2025 (2024: £nil). The directors do not recommend a final dividend on the Company's ordinary shares for the year ended 31 December 2025 (2024: £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 23) and Other Financial Investments (Note 12).

The directors have undertaken a going concern review as part of the 2025 reporting process, which includes consideration of the Company's liquidity, solvency and overall performance as well as cash flow projections. The directors have also considered the Part VII transfer of the Company's business into Aviva UK Life and Pensions Limited which completed on 31 December 2025. At the date of the signing of the financial statements, there are no formal plans to place the Company into liquidation.

The directors have taken note of the net asset position of £5 million, which is predominantly held as a receivable with Aviva Life Services UK Limited (UKLS) and represents a £1.5 million surplus over the minimum capital requirement of the Company as at 31 December 2025.

As a result of this review, the directors believe the Company has adequate resources to continue in operational existence over the going concern period assessed up to 30 April 2027. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Important Events Since The Financial Year End

Details of significant post balance sheet events that have occurred subsequent to 31 December 2025 are disclosed in Note 24 on page 50.

Future Outlook

Likely future developments in the business of the Company are discussed within the Strategic Report on page 8.

Stakeholder Engagement

Our statements summarising our employee engagement, and our engagement with suppliers, customers and our other stakeholders are included in our Strategic Report on page 5.

Political Donations

The Company did not make any political donations during the year (2024: £nil).

Financial Instruments

The Company previously used 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 23 - Risk Management.

Employees

The Company has no employees as at 31 December 2025 after all existing employees were transferred to a subsidiary undertaking of Aviva plc, Aviva Employment Services Limited ("AESL") on 1 October 2024. Disclosures relating to employees after 1 October 2024 may be found in the 2025 Annual Report and Financial Statements of AESL. The Company is recharged with the costs of the staff provided by AESL.

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 Ernst & Young LLP is aware of that information.

Independent Auditors

It is the intention of the directors to reappoint Ernst & Young LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying Indemnity Provisions

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association. This indemnity is a 'qualifying third party indemnity' for the purposes of Sections 309A to 309C of the Companies Act 1985 and remains 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.

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors 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.

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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 insufficient 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed by:
Michael Aitchison
C018F5F2D7C24F5...

By order of the Board on **9 April 2026**

Michael Aitchison,

Director, Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVIVA PROTECTION UK LIMITED

Opinion

We have audited the financial statements of Aviva Protection UK Limited for the year ended 31 December 2025 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 24, 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 2025 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 2027;
- 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;
- assessing the impact of the transfer of the long-term insurance business of the Company to its parent undertaking, Aviva Life & Pensions UK Limited ("UKLAP"), through an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the "Part VII Transfer") on the Company's going concern and confirming with management there is no intention to liquidate the Company during the period to 30 April 2027;
- verifying that the Company is in compliance with the minimum capital requirements post the Part VII Transfer; and
- 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 2027.

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	• Part VII Transfer to Aviva Life & Pensions UK Limited.
Materiality	• Overall materiality of £8.68m which represents 2% of net assets pre-Part VII Transfer (2024: 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.

Climate change

The Company has determined that climate change risks are not having a material impact on the financial statements for the current period. This is explained in the risk management disclosure note on page 49.

In planning and performing our audit we assessed the potential impacts of climate change on the Company's business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk 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
Part VII Transfer to Aviva Life & Pensions UK Limited *Refer to Note 3 of the Financial Statements* Management has completed a Part VII Transfer of the long-term insurance business of the Company to its parent undertaking Aviva Life & Pensions UK Limited with effective date as at 31 December 2025. There is a risk that the valuation of the assets and liabilities at the date of transfer are not correct and that the accounting treatment of recording the loss of the Part VII Transfer through equity and disclosure of the Part VII Transfer in the financial statements is not in line with accounting standards. The risk is new in the current year.	To obtain sufficient audit evidence to conclude on the appropriateness of the accounting for the Part VII Transfer, we performed the following procedures: • obtained evidence of the required regulatory approvals to understand the substance of the transfer; • audited the balance sheet as at 31 December 2025 Pre-Part VII Transfer, given this drives the loss on transfer and is a material disclosure in Note 3 to the financial statements; • assessed the accounting treatment of the Part VII Transfer to ensure its compliance with the accounting standards; • audited the completeness and accuracy of the loss on transfer. The key judgemental area that impacts the loss on transfer relates to the significant actuarial assumptions (persistency, expenses, mortality and morbidity) that underpin long-term business provisions as at the date of the Part VII Transfer. Our testing focused on the operating effectiveness of the related controls, review of the underlying methodology, and benchmarking of assumptions to confirm they were in a reasonable range; and • assessed the adequacy of the disclosures in the financial statements related to the Part VII Transfer.	Based on our procedures performed, we are satisfied that the assets and liabilities were correctly valued at the date of the transfer and that the Part VII Transfer has been appropriately accounted for and disclosed in the financial statements.

In the prior year, our auditor's report included a key audit matter in relation to the assumptions underpinning the Valuation of long-term business provision included within insurance contract and reinsurers' share of insurance contract liabilities. In the current year, these are no longer considered to be a separate key audit matter, as are included within the key audit matter above relating to the completion of the Part VII Transfer on 31 December 2025.

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 £8.68 million (2024: £7.48 million), which is 2% (2024: 1.5%) of net assets pre-Part VII Transfer (2024: 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. We have used net assets pre-Part VII Transfer as net assets is the basis that drives the loss recognised in the equity following the Part VII Transfer.

During the course of our audit, we reassessed initial materiality of £10 million which at the planning stage of our audit was based on prior year closing net assets. We decreased our materiality to £8.68m to reflect the final net assets as at 31 December 2025 pre-Part VII Transfer. 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 was 75% (2024: 50%) of our planning materiality, namely £6.52m (2024: £3.74m). We have increased the percentage of performance materiality because the outcome of the first-year audit and our experience indicates that there is lower risk of misstatements both corrected and uncorrected.

Reporting threshold

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

We agreed with the Board that we would report to them all uncorrected audit differences in excess of £0.43m (2024: £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 toa 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 13, 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.

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 most significant are 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 Solvency and Financial Condition Report included permissions and supervisory requirements of the PRA and the Financial Conduct Authority ('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 the 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 for the year ending 31 December 2024 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is two years, covering the years ending 31 December 2024 and 31 December 2025.

- 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:

Robin Enstone

6E5DA1EEED2C432...

Robin Enstone (Senior statutory auditor)

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

Bristol

09 April 2026

Aviva Protection UK Limited

Profit and Loss Account

For the Year Ended 31 December 2025

		2025	2024
Long term business technical account	**Notes**	**£'000**	**£'000**
Gross written premiums	4	**762,442**	800,263
Outward reinsurance premiums	5	**(363,698)**	(357,879)
Earned premiums, net of reinsurance		**398,744**	442,384
Other technical income	7	**3,688**	36,124
Investment income/(expense)	6	**19,037**	(29,633)
Claims paid			
Gross claims paid	17	**(471,054)**	(455,738)
Reinsurers' share	17	**236,926**	247,527
Claims paid net of reinsurance		**(234,128)**	(208,211)
Change in provision for claims			
Gross amount	17	**(17,386)**	(12,545)
Reinsurers' share	17	**18,924**	(42,180)
Change in provision for claims net of reinsurance		**1,538**	(54,725)
Claims incurred net of reinsurance		**(232,590)**	(262,936)
Change in long term business provision			
Gross amount	17	**(91,634)**	(321)
Reinsurers' share	17	**91,634**	321
Change in long term business provision net of reinsurance		**-**	-
Operating expenses			
Acquisition expenses	8	**(183,979)**	(227,234)
Administrative expenses	8	**(60,719)**	(63,777)
		(244,698)	(291,011)
Tax credit on long term business	10	**10,558**	8,583
Balance on long term business technical account		**(45,261)**	(96,489)

Aviva Protection UK Limited

Profit and Loss Account

For the Year Ended 31 December 2025

		2025	2024
Non-technical account	**Notes**	**£'000**	**£'000**
Balance on long term business technical account		**(45,261)**	(96,489)
Tax credit on long term business		**(10,558)**	(8,583)
Balance on long term business technical account before tax		**(55,819)**	(105,072)
Finance costs		**(1,961)**	(4,891)
Loss on other activities		**(1,961)**	(4,891)
Loss on ordinary activities before tax		**(57,780)**	(109,963)
Tax credit on ordinary activities	10	**10,973**	9,803
Loss for the financial year		**(46,807)**	(100,160)

All of the above results relate to operations discontinued on 31 December 2025.

The notes on pages 27 to 50 form an integral part of these Financial Statements.

Aviva Protection UK Limited

Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025	2024
		£'000	**£'000**
Loss for the financial year		**(46,807)**	(100,160)
Other comprehensive income/(expense):			
Movement in unrealised losses on available for sale financial assets in the year		**(23,416)**	(42,380)
Realised gains transferred to profit and loss account on disposal of available for sale financial assets		**-**	41,091
Total tax credit on other comprehensive expense	10	**5,873**	322
Total other comprehensive loss for the year, net of tax		**(17,543)**	(967)
Total comprehensive expense for the year		**(64,350)**	(101,127)

All of the above results relate to operations discontinued on 31 December 2025.

The notes on pages 27 to 50 form an integral part of these Financial Statements.

Aviva Protection UK Limited

Balance Sheet

As at 31 December 2025

	Note	2025	2024
ASSETS		**£'000**	**£'000**
Investments			
Investments in group undertakings	11	**71**	1,300
Other financial investments	12	**-**	297,437
		71	298,737
Reinsurers' share of insurance contract liabilities	17	**-**	523,865
Debtors	13	**5,000**	213,636
Current tax asset	14	**-**	6,670
Deferred tax asset	14	**-**	22,184
Cash and cash equivalents		**-**	35,747
		5,000	35,747
Deferred acquisition costs, prepayments and accrued income			
Deferred acquisition costs	15	**-**	315,931
Other prepayments and accrued income		**-**	2,741
		-	318,672
Total Assets		**5,071**	1,419,511

Balance Sheet

As at 31 December 2025

	Note	2025	2024
EQUITY AND LIABILITIES		**£'000**	£'000
Capital and reserves			
Called up share capital	16	**540,885**	540,885
Share premium account		**86,725**	86,725
Profit and loss account		**(622,539)**	(86,063)
AFS reserve		**-**	(42,806)
Total Shareholders' Fund		**5,071**	498,741
Insurance contract liabilities	17	**-**	644,621
Creditors arising out of direct insurance operations		**-**	16,880
Creditors arising out of reinsurance operations	19	**-**	167,446
Loans	20	**-**	70,370
Other creditors including taxation and social security	19	**-**	20,007
Accruals and deferred income	19	**-**	1,446
Total Liabilities		**-**	920,770
Total Equity and Liabilities		**5,071**	1,419,511

The Financial Statements on pages 21 to 50 were approved by the Board of Directors on 9 April 2026 and signed on its behalf by:

Signed by:
Michael Aitchison
C018F5F2D7C24F5...

Michael Aitchison,

Director, Chief Financial Officer

The notes on pages 27 to 50 form an integral part of these Financial Statements.

Aviva Protection UK Limited

Statement of Changes in Equity

For the year ended 31 December 2025

	Called Up Share Capital	Share Premium Account	Profit and Loss Account	AFS Reserve	Total Shareholders' Fund
	£'000	£'000	£'000	£'000	£'000
Opening Balance 1 January 2024	316,885	86,725	14,097	(41,839)	375,868
Shares issued	224,000	-	-	-	224,000
Other comprehensive income	-	-	-	(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**
Other comprehensive expenses	-	-	-	(17,543)	(17,543)
Loss for the financial year	-	-	(46,807)	-	(46,807)
Part VII Transfer (Note 3)	-	-	(489,669)	60,349	(429,320)
At the end of the year 31 December 2025	**540,885**	**86,725**	**(622,539)**	**-**	**5,071**

The notes on pages 27 to 50 form an integral part of these Financial Statements.

Notes to the Financial Statements for the Year Ended 31 December 2025

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 9 April 2026.

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 of 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 pound sterling. Items included in the Company's Financial Statements are measured and presented in thousands of pound 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 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 23) and other financial investments (Note 12).

The directors have undertaken a going concern review as part of the 2025 reporting process, which includes consideration of the Company's liquidity, solvency and overall performance as well as cash flow projections. The directors have also considered the Part VII transfer of the Company's business into Aviva UK Life and Pensions Limited which completed on 31 December 2025. At the date of signing the financial statements, there are no formal plans to place the Company into liquidation.

1. Accounting Policies (continued)

The directors have taken note of the net asset position of £5m, which is predominantly held as a receivable with Aviva Life Services UK Limited (UKLS) and represents a £1.5m surplus over the minimum capital requirement of the Company as at 31 December 2025.

As a result of this review, the directors believe the Company has adequate resources to continue in operational existence over the going concern period assessed up to 30 April 2027. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 an 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 consists 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.

1. Accounting Policies (continued)

f. 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.

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

The balance of acquisition costs to be recovered from the margins in future premiums of existing contracts are shown as deferred acquisition costs in these Financial Statements. When a deferred acquisition cost asset is created 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.

h. 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.

i. Administrative Expenses

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

j. 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 the 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 and;
- 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.

1. Accounting Policies (continued)

k. Financial Assets

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

Financial assets are classified into the following categories: 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 the Profit and Loss Account. 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 the Profit and Loss Account.

l. 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 secured borrowing and the transferred assets continues to be recognised on the Balance Sheet.

m. 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.

n. 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.

1. Accounting Policies (continued)

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 the previous charge recorded in the Profit and Loss Account. The Company does not currently hold available for sale financial assets that are equity securities.

o. Insurance Contract 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 based on the Solvency II risk-free yield curve with the addition of a liquidity premium derived from spreads on the gilt portfolio backing the liabilities 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.

p. 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.

q. Cash and Cash Equivalents

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

r. 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.

s. 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.

t. 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.

1. Accounting Policies (continued)

u. 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.

v. 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 the Profit and Loss Account.

w. Dividends

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

x. Part VII Transfer

The net carrying value of the assets and liabilities transferred to UKLAP via the Part VII transfer are recognised as a loss in the Statement of Changes in Equity.

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.

Prior to the Part VII transfer, the Company made significant judgements in the application of critical accounting policies that affected the reported amounts of assets and liabilities. The Company also made key assumptions about the future and other sources of uncertainty. These are continually evaluated based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

Following the Part VII transfer on 31 December 2025, the Company is not required to make significant judgements, estimates or assumptions to determine the amounts of assets and liabilities which are recognised in the financial statements.

a. Significant judgements in applying the accounting policies

There were two significant judgements that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the financial year, addressed below.

i. Recoverability of deferred tax asset

Deferred tax asset of £28,575k up to Part VII transfer (2024: £22,184k) was 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.

ii. Recoverability of deferred acquisition cost

Deferred acquisition cost has been recognised as fully recoverable up to the Part VII transfer, the balance prior to the Part VII transfer was £239,017k (2024: £315,931k).

3. Business Transfer To Parent Company

On 26 November 2025, the UK Court approved the transfer of the long-term insurance business of the Company to UKLAP via an insurance business transfer scheme under the Financial Services and Markets Act 2000. Further approval was also granted in December 2025 by the Courts in Guernsey and Jersey for the business written in those territories. The transfer of business came into effect on 31 December 2025.

The following table shows the carrying value of the assets and liabilities transferred at 31 December 2025 and the resulting loss on the Part VII transfer recognised in the Statement of Changes in Equity:

Assets	**£'000**
Other financial investments	287,845
Reinsurers' share of insurance contract liabilities	634,423
Debtors	138,785
Current tax assets	18,525
Deferred tax assets	28,575
Cash and cash equivalents	13,381
Deferred acquisition costs	239,017
Other prepayments and accrued income	985
Total Assets	**1,361,536**
Liabilities	
Insurance contract liabilities	753,641
Creditors arising out of direct insurance operations	6,063
Creditors arising out of reinsurance operations	124,502
Loans	35,000
Other creditors including taxation and social security	13,010
Total Liabilities	**932,216**
Total Part VII loss recognised in the Statement of Changes in Equity	**429,320**

Following the Part VII transfer, the Company has ceased trading and operations have been discontinued from 31 December 2025. The Company has £5.1 million net assets after the Part VII transfer, being to cover the minimum regulatory capital requirement of £3.5 million (required until such time as the Company is de-authorised).

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

4. Gross Written Premiums

(a) Gross premium income is composed of:

	2025 £'000	2024 £'000
Direct insurance	**762,442**	800,263
	762,442	800,263
Comprising:		
Individual business	**540,503**	528,462
Group contracts	**221,939**	271,801
	762,442	800,263

(b) Geographical analysis

	2025 £'000	2024 £'000
Gross direct written premium:		
United Kingdom	**753,062**	790,076
Channel Islands	**6,863**	7,532
Isle of Man	**1,368**	1,520
Gibraltar	**1,149**	1,135
	762,442	800,263

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 an overall expense in the long-term technical account of £104.2 million (2024: £116.4 million expense in the long-term business technical account).

	2025 £'000	2024 £'000
Outward reinsurance premiums	**(363,698)**	(357,879)
Reinsurers' share of claims	**255,850**	205,347
Reinsurance commission	**3,688**	36,124
	(104,160)	(116,408)

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

6. Investment Income/(Expense)

	2025 £'000	2024 £'000
Income from investments	**19,169**	12,038
Realised loss	**-**	(41,226)
Investment expenses and charges	**19,169**	(29,188)
Investment management expenses	**(132)**	(445)
Total investment income/(expense)	**19,037**	(29,633)

7. Other Technical Income

Other Technical Income comprises:

	2025 £'000	2024 £'000
Commission received from reinsurers	**3,688**	36,124
	3,688	36,124

8. Operating Expenses By Type

i. Operating Expenses

	2025 £'000	2024 £'000
Acquisition costs		
Operational expenses	**13,260**	67,302
Commission	**93,805**	187,030
Change in deferred acquisition costs	**76,914**	(27,098)
	183,979	227,234
Administrative expenses		
Maintenance expenses	**60,719**	63,777
	60,719	63,777

Maintenance expenses are stated after including the following expenses:

	2025 £'000	2024 £'000
Depreciation of property, plant and equipment	**-**	581
Goodwill amortisation	**-**	2,541
Other Intangible assets amortisation	**-**	4,657
Goodwill impairment	**-**	14,396
Other intangible asset impairment	**-**	13,946
Operating lease rentals	**-**	445

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

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:

	2025	2024
Fees payable to the Company's auditors and its associates	£'000	£'000
Audit of the Company's Financial Statements		
- Current Auditor	**864**	812
Fees payable to the Company's auditors and its associates for other services:		
Audit-related assurance services	**48**	80
	912	892

9. Staff Costs

All existing employees were transferred to Aviva Employment Services Limited ("AESL") on 1 October 2024. The company had no employees as at 31 December 2025. The average number of persons (including Executive directors) employed by the Company in 2025 (2024: 1 January 2024 to 30 September 2024) was:

	2025 Number	2024 Number
Sales and sale support	**-**	245
Administration	**-**	123
	-	368

There has been no remuneration payable in respect of any employees during 2025 (2024 includes 9 months ending 30 September 2024):

	2025 £'000	2024 £'000
Wages and salaries	**-**	25,703
Social security costs	**-**	3,166
Other pension costs	**-**	1,796
	-	30,665

Directors

The directors were remunerated during the year by Aviva Employment Services Limited (AESL), a fellow subsidiary of the Group.

Michael Aitchison is also a Director of other subsidiaries within the Aviva Group. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the company and their services as directors of the other subsidiary companies. The full amount of their remuneration is therefore reflected in the total below.

Frances Bruce was remunerated for services to the other subsidiaries within the Aviva Group and was not remunerated for services as a Director of the Company and the amount of time spent performing these duties was incidental to her role across the Aviva Group.

Jane Curtis also provided services to other entities within the Aviva Group. A percentage of Jane's role is apportioned to the Company and is reflected in the table below:

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

9. Staff Costs (continued)

The directors' remuneration was as follows:

	2025 £'000	2024 £'000
Aggregate remuneration	**1,193**	2,942
Company pension contribution to a money purchase scheme	**8**	25
	1,201	2,967

During the year, one director (2024: two) accrued retirement benefits under money purchase schemes and nil directors (2024: nil) accrued retirement benefits under defined benefit schemes.

During the year, two directors *(*2024: one*)* exercised share options during the year, and one director *(*2024: two*)* received shares under long term incentive schemes in relation to shares of the Company's ultimate parent company, Aviva plc.

Highest paid Director

The details of the highest paid director are as follows:

	2025 £'000	2024 £'000
Aggregate remuneration	**772**	1,588
Company pension contribution to a money purchase scheme	**-**	-
	772	1,588

10. Tax on Loss

	2025 Technical £'000	2025 Non-technical £'000	2025 Total £'000	2024 Technical £'000	2024 Non-technical £'000	2024 Total £'000
UK Corporation Tax						
Current tax on income for the year	**(13,955)**	**(490)**	**(14,445)**	(5,891)	(1,223)	(7,114)
Adjustments in respect of prior years	**3,915**	**75**	**3,990**	6,165	290	6,455
Total Current Tax	**(10,040)**	**(415)**	**(10,455)**	274	(933)	(659)
Deferred tax						
Origination and reversal of timing differences	**-**	**-**	**-**	(1,668)	-	(1,668)
Adjustments in respect of prior years	**(518)**	**-**	**(518)**	(7,189)	(287)	(7,476)
Total Deferred tax	**(518)**	**-**	**(518)**	(8,857)	(287)	(9,144)
Tax on loss on ordinary activities	**(10,558)**	**(415)**	**(10,973)**	(8,583)	(1,220)	(9,803)

Tax credit included in other comprehensive income

	2025 £'000	2024 £'000
Deferred tax		
Origination and reversal of timing differences	**(5,873)**	(322)
	(5,873)	(322)

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

10. Tax on Loss (continued)

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

The tax assessed for the period is higher (2024: higher) than the standard rate of corporation tax in the UK.
The differences are explained below:

	2025	2024
	£'000	**£'000**
Loss before tax	**(57,780)**	(109,963)
(Loss) on ordinary activities before tax multiplied by standard rate of corporate tax in the UK of 25% (2024: 25%)	**(14,445)**	(27,491)
Expenses not deductible for tax purposes	**-**	18,709
Adjustments to tax charge in respect of previous periods	**3,472**	(1,021)
Tax on loss on ordinary activities	**(10,973)**	(9,803)

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 2024. No current tax charge is included in respect of these provisions.

11. Investments in Group Undertakings

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

Shares in Group Undertakings	**2025**	**2024**
	£'000	**£'000**
At 1 January	**71**	1,300
At 31 December	**71**	1,300

The Company holds 100% of the Ordinary share capital of Group Risk Services Limited ("GRS"), an Insurance Services Company.

In September 2025, GRS paid a cash dividend to the Company of £1,229k. An impairment assessment was then conducted and the value of the investment written down by £1,229k. The remaining £71k investment in subsidiary reflects the deferred tax asset recognised in GRS.

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

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

12. Other Financial Investments

Other Financial Investments are further analysed below:

	2025 £'000	2024 £'000
Debt securities and other fixed-income securities	-	297,437
	-	297,437

All the financial investments of the Company were transferred to UKLAP via the Part VII transfer. Refer to Note 3.

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.

	2025 £'000	2024 £'000
Purchase Price	-	349,126
Carrying Value	-	297,437

Further analysed below:

	2025 £'000	2024 £'000
UK Government Securities	-	297,437
	-	297,437

The value of listed investments as at 31 December 2025 was £nil (2024: £297,437k).

a) Credit Rating

The credit ratings of the debt securities were as follows:

	2025 £'000	2024 £'000
Investments are analysed by credit rating below:		
AA	-	297,437
	-	297,437

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).

	2025 £'000	2024 £'000
Level 1	-	297,437
	-	297,437

13. Debtors

	2025 £'000	2024 £'000
Debtors arising out of direct insurance operations		
- Policyholders	**-**	74,132
Debtors arising out of reinsurance operations	**-**	122,717
Amounts owed by Aviva group companies	**5,000**	7,077
Other receivables	**-**	9,710
	5,000	213,636

All debtors of the Company, apart from a £5 million intercompany transaction with UKLS, were transferred to UKLAP as per the Part VII transfer agreement. Refer to Note 3.

14. Tax Assets

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

	2025 £'000	2024 £'000
Current tax assets	-	6,670
Deferred tax assets	**-**	22,184
	-	28,854

The deferred tax asset is further analysed below:

	2025 £'000	2024 £'000
Unrealised losses on financial investments	**-**	14,067
Capital allowances	**-**	711
Unused losses and tax credits	**-**	7,406
	-	22,184

The current tax and deferred tax assets were transferred to UKLAP in the Part VII transfer.

This includes unrelieved tax losses for which no deferred tax asset was recognised (2024: £267,202k).

15. Deferred Acquisition Costs

	2025 £'000	2024 £'000
At 1 January 2025	**315,931**	288,833
Expenses for the acquisition of insurance contracts deferred during the year	**79,784**	163,893
Amount written off for lapses and other adjustments	**(22,906)**	6,882
Amortisation for the year	**(133,792)**	(143,677)
Balance prior to Part VII transfer	**239,017**	-
Part VII Transfer (Refer to Note 3)	**(239,017)**	-
At 31 December 2025	**-**	315,931

16. Called Up Share Capital

	2025 £'000	2024 £'000
At 1 January 2025	**540,885**	316,885
Ordinary shares issued during the year	**-**	224,000
At 31 December 2025	**540,885**	540,885

At 31 December 2025 the authorised share capital comprised 540,885,000 (2024: 540,885,000) ordinary shares of £1 (2024: £1) each.

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

17. Insurance Contract Liabilities

Long Term Business Provision Movement in 2025	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2025	**365,547**	**(365,547)**	**-**
Premiums	762,442	(363,698)	398,744
Claims paid	(471,054)	236,926	(234,128)
Other changes	(199,754)	35,138	(164,616)
Movement in year	**91,634**	**(91,634)**	**-**
Balance prior to Part VII Transfer	**457,181**	**(457,181)**	**-**
Part VII Transfer (Refer to Note 3)	**(457,181)**	**457,181**	**-**
At 31 December 2025	**-**	**-**	**-**

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)	-

[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).

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

17. Insurance Contract Liabilities (continued)

Insurance Contract Liabilities	Gross	Reinsurance	Net
	£'000	£'000	£'000
As at 31 December 2025			
Long Term business provision	**457,181**	**(457,181)**	**-**
Claims Payable	**234,785**	**(141,751)**	**93,034**
Incurred but not Reported ("IBNR")	**61,675**	**(35,491)**	**26,184**
Pre Part VII transfer	**753,641**	**(634,423)**	**119,218**
Part VII Transfer	**(753,641)**	**634,423**	**(119,218)**
Post Part VII Transfer	**-**	**-**	**-**
As at 31 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

All insurance contract liabilities of the Company were transferred to UKLAP as per the Part VII agreement. Refer to Note 3.

18. Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions

As reported in the Strategic Report and note 3 to the financial statements, the Part VII transfer was completed on 31 December 2025, transferring the policies and associated assets and liabilities of the Company to UKLAP, including all technical provisions. Consequently, the quantitative and qualitative disclosure given in this note in respect of the assumptions used to value technical provisions all refers to technical provisions up to Part VII transfer.

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

Up to the Part VII transfer, mortality and morbidity assumptions were 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.

18. Insurance Contract Liabilities and Reinsurance Assets – Valuation Assumptions (continued)

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.

d. Economic

Discount rates used to value insurance contract liabilities and reinsurance assets are derived by applying a spread 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.

19. Creditors

Creditors arising out of reinsurance operations are analysed further below:

	2025 £'000	2024 £'000
Amounts owed to reinsurers - third parties	-	167,446
	-	167,446

Other Creditors are analysed further below:

	2025 £'000	2024 £'000
Other creditors - amounts owed to third parties	-	10,842
Other creditors - amounts owed to Aviva group companies	-	9,165
	-	20,007

Accruals and deferred income are analysed further below:

	2025 £'000	2024 £'000
Amounts accrued owed to third parties	-	1,446
	-	1,446

All creditors of the Company were transferred to UKLAP via the Part VII transfer. Refer to Note 3.

20. Loans

	2025 £'000	2024 £'000
Loan payable to parent company	-	70,370
	-	70,370

UKLAP (immediate parent) granted the Company a loan facility with an upper limit of £150,000k immediately following the acquisition of the Company by the Aviva Group with interest 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. On 6 February 2025 the facility was extended by another 12 months to end on 27 March 2026 with a new upper limit of £135,000k and interest payable at a variable rate of 4.72%. During the year there has been repayments to the amount of £35,370k with the residual loan payable of £35,000k transferred to UKLAP in line with the Part VII transfer.

Notes to the Financial Statements for the Year Ended 31 December 2025 (continued)

21. Operating Leases

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

Future minimum lease payments

	2025 £'000	2024 £'000
Less than one year	-	346
Between one and five years	-	202
More than five years	-	-

The Company leased one floor of a building in Reigate under an operating lease, which commenced in 2021 for a 10-year term with a 5-year break clause. During 2025 the Company gave the appropriate notice on the lease and have subsequently vacated the property, as such there is no lease liability at 31 December 2025.

22. Parent Company

The Company is a wholly owned subsidiary of 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 2025 Aviva Group 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.

23. Risk Management

The following disclosure relates to the risks and uncertainties that the Company experienced during the financial years 2024 and 2025 prior to the Part VII transfer on 31 December 2025. There were no significant changes in the exposure to risk during the current financial year. No analysis has been included for the assets and liabilities as at 31 December 2025 within the following disclosure given that all the assets and liabilities transferred to UKLAP under the Part VII transfer except for the £5m intercompany receivable to cover capital requirements until de-authorisation and £71k representing the investment in group undertakings. The Company is therefore no longer exposed to any of the following risks and uncertainties.

The Company believes that a strong, effective and embedded risk management framework is the basis for sustainable business operations and delivering profitability within our risk appetite. The Company achieves this through a risk culture articulated by Risk Management 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:

- Regular risk identification, assessment, management and monitoring which is undertaken by each functional Head. This provides input to the quarterly Chief Risk Officers' report to 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 substantially aligned to those of Aviva as the Company is integrated.

23. Risk Management (continued)

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, 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 and 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 and relevant Aviva committees.

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 along with staff responsible for implementing and maintaining the controls for achievement of the Company’s strategic and business objectives, the ownership and management of its inherent risks, its compliance with corporate standards, legal and regulatory obligations.

- **Second Line of Defence**

  Composed of the oversight functions responsible for defining the risk framework, 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 across all levels 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.

23. Risk Management (continued)

Governance and Incentives

The Company is committed to remunerating people to behave in a manner that aligns incentives with prudent risk-taking. Aviva's incentive compensation framework is part of 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.

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.

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 are reviewed and approved by the Technical Steering Committee.

Risk Reporting

The Company monitors risks through a combination of reports. This includes the Own Risk and Solvency Assessment and Enterprise Risk Management 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 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. The Company's Risk Taxonomy aligns with that of Aviva. Operational and Financial risks will reduce substantially following successful execution of the Part VII transfer at Year End 2025.

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, 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.

23. Risk Management (continued)

The main insurance risks that the Company was exposed to prior to the Part VII transfer can be summarised as follows:

- **Mortality** – On a gross of reinsurance basis, the Company was 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.
- **Morbidity** – the risk relates to the number and value of claims from terminal illness and income protection policies. It is similar to mortality risk in that a proportion of the risk is transferred to the reinsurers to mitigate the risk.
- **Lapse** – The Company was 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.
- **Expense** – The expense risk relates to how the Company's expenses were 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.

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. 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 include:

- **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.

- **Interest Rate risk**

  Interest rate risk exists for assets, liabilities and financial instruments sensitive to changes in the term structure of interest rates or interest rate volatility. This applies to both real and nominal term structures. For the Company this risk arises from the holding of assets and liabilities with differing maturities, creating an exposure to changes in the level of interest rates. Stress and scenario testing allows the monitoring of exposure and sensitivity to interest rate risk.

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 has developed and all providers offer this facility. There was no balance recorded as outstanding in the financial statements as at 31 December 2025.

23. Risk Management (continued)

- 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.
- 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.
- 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 Company does not hold any collateral as security against any of these credit risk exposures.

The vast majority of credit risk transferred from the Company through successful completion of the Part VII transfer at Year End 2025. Negligible exposure to credit risk will remain, which results from the assets held to meet the regulatory Minimum Capital Requirement. The Company policy is to only invest in, or transact with, highly rated counterparties to manage the exposure to credit risk.

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.

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 reduced to zero following successful completion of the Part VII transfer at Year End 2025.

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. Operational risk reduced substantially following successful execution of the Part VII transfer at Year End 2025.

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. Strategic risk reduced substantially following successful execution of the Part VII transfer at Year End 2025.

23. Risk Management (continued)

g. Climate change risk

The Company is a wholly owned subsidiary of Aviva plc. The 2025 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. Climate change has not had a material impact on the financial statements during 2025.

h. Currency risk

Currency risk is defined as the risk of loss, or other adverse consequences from fluctuations in exchange rates. The Company had limited currency risk as premiums, ceded premiums, commission and claims are denominated in pound sterling. There was exposure earlier in the year arising from transactions and balances denominated in US Dollars, related to expenses incurred with former group companies based in the United States of America, however this exposure no longer exists.

Managing Risks

Each function within the Company is responsible for implementing and maintaining controls within its remit and for achieving its business objectives within Aviva's control framework. This framework assesses the risks the Company faces, analyses the likelihood and impact, 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 focused on controls identified as not working as effectively as desired and upon action plans which are put in place to support remediation if any weaknesses are identified.

Capital Management

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 risk appetite identified in the Risk Policies, in compliance with the requirements of the PRA.

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.

As of 31 December 2025, the Company had capital resources of £5 million to cover the minimum capital requirement of £3.5 million. In the event of a failure to meet the minimum 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 due to risks arising in other parts of the 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.

Following the successful execution of the Part VII transfer at Year End 2025, only the Minimum Capital Requirement will be required.

23 Risk Management (continued)

Reinsurance

Where appropriate, the Company enters into reinsurance contracts to limit 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 an increase in operating expenses and claims incurred.

24. Post Balance Sheet Event

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA"). Following Board approval on 16 December 2025, an application for de-authorisation was submitted to the PRA and FCA on 28 January 2026.