The Ocean Marine Insurance Company Limited

Registered in England and Wales No. 27204

Annual Report and Financial Statements 2025

Contents

Directors and officer

Directors

R A Birbeck
M J Clements
J J Goodson
N A Loughlin
B J Moore

Officer – Company Secretary

Aviva Company Secretarial Services Limited
80 Fenchurch Street
London
United Kingdom
EC3M 4AE

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered office

8 Surrey Street
Norwich
Norfolk, United Kingdom
NR1 3NG

Company number

Registered in England and Wales no. 27204

Other information

The Ocean Marine Insurance Company 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

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 liability by shares company, incorporated and domiciled in the United Kingdom ("UK"). The principal activity of the Company during the year continued to be managing existing liabilities through to run-off rather than writing new business.

The Company ceased to accept business in the London Market in 1995 in its own name. Under a Part VII transfer in 2011, policies from a number of other Aviva entities were transferred into the Company, all of which incepted prior to 2001. All of the Company's business is reinsured through a reinsurance agreement entered into with the National Indemnity Company ("NICO"), a subsidiary of Berkshire Hathaway, in 2000. In addition, the Company has an Adverse Reserve Deterioration ("ARD") agreement with its parent company, Aviva Insurance Limited. This agreement provides an extra £1 billion of reinsurance cover to protect against circumstances in which the reinsurance with National Indemnity Company is exhausted or otherwise fails to satisfy claims. Together these arrangements provide substantial protection in excess of current gross liabilities

Significant events

The company's financial results are affected by a number of external factors, including, trends in claims developments, general economic and market conditions, government policy and legislation and exchange rate fluctuations. The impact of these events on IFRS performance and Solvency II may differ due to their different measurement and recognition criteria.

Financial position and performance

The financial position of the Company at 31 December 2025 is shown in the statement of financial position on page 22, with the trading results shown in the income statement on page 20 and the statement of cash flows on page 23.

During the year, the Company continued to manage the run-off of its insurance portfolio. The Company's profit before tax was £112 thousand (2024: £570 thousand).

Section 172 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.

The 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.

The 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 Aviva Group Annual Report and Accounts 2025 include 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.

The Board decided not to pay a dividend to its Parent in 2025. The Company considers whether it is appropriate to pay dividends to its parent each year, taking into account the impact of its risk appetite statements.

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.

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.

<table>
<tr><td colspan="2">Our people
Our people's wellbeing and commitment to serving our customers are the foundations for our performance.</td></tr>
<tr><td>How we have engaged
• The Company has no employees. The majority of staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.
• There are twice yearly steering groups between Aviva senior employees and their equivalents at Resolute Management Limited, claims administrators appointed by National Indemnity Company, where key stakeholder engagement takes place but there is continual engagement throughout the year.</td><td>Focus during the year
• The Board always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued.

Outcomes and actions during the year
• Our people have the opportunity to share in the business's success as shareholders through membership of our global share plans. All employees are eligible for our global share plans.</td></tr>
<tr><td colspan="2">Customers
Understanding what's important to our customers is key to our long-term success.</td></tr>
<tr><td>How we have engaged
• The Company's claim trends and key conduct measures are reviewed and discussed at the Latents Claims Senior Leadership Team which is then presented to the Board on a quarterly basis.</td><td>Outcomes and actions during the year
• The Aviva Supplier Assurance Team review Resolute Management Limited on an annual basis to check on compliance and customer best interest.</td></tr>
<tr><td colspan="2">Shareholders
Our retail and institutional shareholders are the owners of the Company.</td></tr>
<tr><td>How we have engaged
• The Company's shareholder is Aviva Insurance Limited and there is ongoing communication and engagement with the Aviva Insurance Limited Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the Aviva plc board can attend the Company's Board meetings by invitation.</td><td>Focus during the year
• Ensuring the Company's shareholder understood our strategy and business model.</td></tr>
<tr><td colspan="2">Regulators
As an insurance company, we are subject to financial services regulation and approvals in all the markets we operate in.</td></tr>
<tr><td>How we have engaged
• As a dual regulated entity under the Senior Manager and Certification Regime, the Company is required to produce a Management Responsibilities Map and this is shared with the Regulators three times per annum.
• The Board engages with the regulators as appropriate.</td><td>Focus during the year
• The Company responds to requests for information when required, maintaining constructive and open relationships with the UK regulator.

Outcomes and actions during the year
• Regulatory priorities were regularly discussed at Board meetings.</td></tr>
<tr><td colspan="2">Communities
We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships.</td></tr>
<tr><td>How we have engaged
• The Board supports the community activities of the Aviva Group including the wellbeing proposition for UK employees, the Aviva Communities to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities.</td><td>•Focus during the year
• Recognising climate change presents risk and opportunities for customers, communities and business, Aviva is signed up to the United Nations Net-Zero Asset Owner Alliance commitment. As part of the Aviva Group, the Company is committed to Aviva's long-term strategy to reach net zero by 2040, and to support achieving this target the Aviva Group has defined climate risk preferences and operating risk limits.

Outcomes and actions during the year
• Employees across the Aviva Group were offered the opportunity to volunteer their time to support charities and organisations.
• The Board continued to adopt the new climate risk preferences during the year, along with its 2025-2027 Plan which takes the Company's climate risk preferences into consideration.</td></tr>
<tr><td colspan="2">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.</td></tr>
<tr><td>How we have engaged
• The Company maintains oversight of the management of its most important suppliers and reviews reports on their performance.
• The Board normally delegates engagement with suppliers and oversight to senior management.
• Claims audits also take place annually to review processes and the use of claims suppliers..
• An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers. Before working with any new suppliers we provide them with the Aviva Supplier Code of Behaviour, and our interaction with them is guided by Aviva's Business Code of Ethics.</td><td>Focus during the year
• Understanding and highlighting risk across whole supply chain.
• All supplier related activity is managed in line with the Aviva Group's Procurement & Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual and brand damage caused by inadequate oversight or supplier failure.</td></tr>
</table>

Strategic report (continued)

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2025 Annual Report and Accounts. The Company will work with the Group to support the implementation of these strategies.

The strategic direction of the Company is set by the directors of the Company. The directors consider that the Company's principal activities will continue unchanged for the foreseeable future.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 20 to the financial statements.

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

- General insurance risk: including fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations when pricing and reserving.
- Market risk: the risk of loss or adverse outcomes due directly or indirectly to fluctuations in interest rates, inflation and foreign currency exchange rates.
- Credit risk: the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements.

Key performance indicators

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

	2025	2024
Capital Metrics		
Percentage reduction in insurance contract liabilities	**1.0 %**	10.0 %

By order of the Board on 27 March 2026

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J J Goodson
Director

Directors' report

In accordance with Section 415 of the Companies Act 2006 (the Act), the directors submit their annual report and the audited financial statements for the Company (England and Wales no. 27204) for the year ended 31 December 2025.

Directors

The names of the directors of the Company who have served during the year and up to the date of signing the financial statements:

R A Birbeck (appointed 20 March 2026)
M J Clements
J J Goodson
N A Loughlin
B J Moore (appointed 5 August 2025)
W U Malik (resigned 25 April 2025)

Company Secretary

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

Dividends

No interim dividends were paid during the year.

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 is expected to generate positive cash flows on its own account, primarily from investment returns, for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months (to 27 March 2027) from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

Important events since the financial year end

There have been no significant post balance sheet events subsequent to 31 December 2025.

Employees

The Company has no employees. The majority of employees engaged in the activities of the Company are employed by subsidiary undertaking of Aviva plc, Aviva Employment Services. Disclosures relating to employees may be found in the annual report and financial statements of this company.

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, Ernst & Young LLP, are unaware 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 the auditors, Ernst & Young LLP, under the deemed appointment rules of section 487 of the Companies Act 2006.

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 Auditor, Ernst & Young, is unaware 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 is aware of that information.

Qualifying indemnity provisions

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.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by s234 of the Companies Act 2006.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

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 prepared the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy 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.

By order of the Board on 27 March 2026

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J J Goodson
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OCEAN MARINE INSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of The Ocean Marine Insurance Company Limited ('the Company') for the year ended 31 December 2025, which comprise the Income Statement, the Statement of changes in equity, the Statement of Financial Position, the Statement of cash flows, including the related notes 1 to 22 (excluding the component of note 19 which is marked as unaudited) and material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as of 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 management's going concern assessment process which covers the period up to 27 March 2027;
- verifying the accuracy and reasonableness of management's analysis by testing the inputs, assessing key assumptions and checking the clerical accuracy of the models used;
- evaluating the solvency and liquidity position of the Company by reviewing base case solvency and liquidity projections that take into account future funding requirements for the Company as well as stress scenarios prepared by management;
- evaluating the financial strength of the parent company to provide support if necessary;
- 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 obtained management's assessment approved by the Board, minutes of meetings of the Board; and
- assessing the appropriateness of the going concern disclosures by comparing the disclosures 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 the period up to 27 March 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 matter	• Valuation of Insurance contract liabilities
Materiality	• Overall materiality of £3,200k, which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and 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 and changes in the business environment when assessing the level of work to be performed by the audit engagement team or others.

We took a centralised approach to auditing certain processes and controls, as well as the substantive testing of specific balances. These centralised audit procedures were performed by other UK teams based on our assessment of materiality. This comprised audit work over i) IT general controls and ii) expenses recharged to the Company from Group service companies. We exercised appropriate oversight over the work performed by other UK teams, including attending planning meetings and reviewing relevant audit working papers on key areas of the audit. This, together with the additional procedures performed by the audit engagement team, gave us appropriate evidence for our opinion on the Company's financial statements.

Climate change

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 – with a particular focus on evaluating management's assessment of the impact of physical and transition risks and the resulting conclusion that there was no material impact from climate change. The Company has explained in note 20 how they have reflected the impact of climate change in their financial statements.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these have been considered within the procedures described above.

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.

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td>
Valuation of gross Insurance contract liabilities - 2025: 251,443k (2024: 253,906k)
Refer to accounting policy (H) 'Insurance and reinsurance contract assets and liabilities'; and Note 13 – Insurance and Reinsurance Contracts.
The valuation of the liabilities for incurred claims (LIC) which forms part of the insurance contract liabilities is highly judgemental and susceptible to management override. The key judgements and focus of our procedures were:

The risk of inappropriate methodologies and assumptions being used to estimate the incurred but not yet reported claims ('IBNR'), which forms part of the liability for incurred claims ('LIC');
The determination of the bottom -up discount rates (including choice of illiquidity premium in the discount rates) and payment patterns used to derive the cash flows for incurred claims; and
The appropriateness of methodologies and assumptions adopted to calculate the amount of the risk adjustment to reflect the entity's view of the compensation that it requires for bearing risk.

Our work in respect of these judgements considers the fact that the insurance contract liabilities are in run-off and subject to a reinsurance policy limit which is considerably in excess of the stated reserves – meaning that the insurance contract liabilities retained by the Company are trivial.
</td><td>
To obtain sufficient audit evidence to conclude on the appropriateness of the valuation of gross insurance contract liabilities, we performed the following procedures with support from our EY actuaries as part of the audit team:

Evaluated the competence, capabilities and objectivity of the specialist engaged by the Company, Resolute Management Limited ('Resolute'), whose role is to recommend the insurance contract liabilities for consideration by management.
Assessed the design and implementation of key controls over i) source data collection, extraction, and validation process ii) the reserving calculations performed by Resolute and iii) the oversight of Resolute performed by management.
Assessed the reserving methodology applied by the specialist on a gross basis – comparing the reserving methodology with industry practice and accounting standards.
Assessed whether the assumptions produced by Resolute and applied to key areas of uncertainty are appropriate based on our knowledge of the Company, industry practice and regulatory and financial reporting requirements.
Benchmarked the methodology and assumptions applied by Resolute to material classes of business against other comparable industry participants.
Compared the approach adopted to calculate the discount rate – including the illiquidity premium – for consistency across periods and industry benchmarks. We also compared the changes in yield curves against our expectations based on the movement in the Bank of England risk free rates.
Validated the approach adopted to calculate the risk adjustment, including comparison to other market participants.
Confirmed the completeness and accuracy of data used within the reserving process by reconciling it to source systems and third-party supporting evidence, where appropriate.

</td></tr>
<tr><td colspan="2">
Key observations communicated to the Board
Based on our procedures performed, we are satisfied that the methodology and assumptions used in the valuations of the Insurance contract liabilities are reasonable, and the resultant estimates are within an acceptable range.
</td></tr>
</table>

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 £3,200k (2024: £3,200k), which is 1% of total assets. We believe the main users of the financial statements, being policyholders and the regulators, are most focussed on balance sheet strength and ability to pay future claims as the principal activity of the Company during the year continued to be managing existing liabilities through to run-off rather than writing new business. Total assets is a generally accepted auditing benchmark and considered to address the needs of the users of the financial statements in the current year and the future.

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 assessment and our expectation of errors arising, we determined that performance materiality should be derived from 75% (2024: 50%) of materiality, namely £2,400k (2024: £1,600k). The change in our assessment from the prior year is because the 2024 year-end was our first as auditors of the Company.

Reporting threshold
Our reporting threshold is the amount below which identified misstatements are considered to be clearly trivial. We have reported to the directors all uncorrected misstatements in excess of £160k (2024: £160k). This threshold is derived from 5% of materiality.
We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 the 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 the 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 directors' responsibilities statement set out on page 8, 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 financial statements included permissions and supervisory requirements of the regulators of the Company, which include the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and the regulatory bodies, reviewed minutes of the Board and obtained an understanding of the Company's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management as to their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring about the Company's methods of enforcing and monitoring compliance with such policies.
- The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- 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 Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. The fraud risk was considered to be higher within the Key audit matter 'Valuation of Insurance contract liabilities', with our responses to this specific risk discussed above. Our other audit procedures included:
  - Reviewing accounting estimates for evidence of management bias;
  - Evaluating the business rationale for significant and/or unusual transactions; and
  - Testing the appropriateness of journal entries recorded in the general ledger.

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 Board we were appointed by the Company on 24 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods.
- The period of total uninterrupted engagement is two years, covering the years ending 2024 and 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:
Ernst & Young LLP
2ACA4F4646E4470...

Benjamin Gregory (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 March 2026

Accounting policies

Statement of compliance

The Company, (registered in England and Wales no. 27204), a private limited liability by shares company incorporated and domiciled in the United Kingdom ("UK"). The address of the Company's registered office is included on page 3. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(A) Basis of preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with UK-adopted international accounting standards and the legal requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by:

- The revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss; and
- Insurance and reinsurance contracts at fulfilment cash flows plus the Contractual Service Margin (CSM) where applicable.

The financial statements have been prepared on the going concern basis as explained in the directors' report on page 7.

The Company's financial statements are stated in pounds sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling ("£'000").

New standards, interpretations and amendments to published standards that have been issued and endorsed by the UK and adopted by the Company

The Company has adopted Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability which became effective for the annual reporting period beginning on 1 January 2025. The amendments do not have a significant impact on the Company's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company

The following standards and amendments to existing standards have been issued, are not yet effective for the Company and have not been adopted early by the Company.

(i) IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB published IFRS 18, which aims to improve how companies communicate in their financial statements by:

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for grouping of information.

IFRS 18 is effective for annual reporting beginning on or after 1 January 2027 and has been endorsed by the UK. The standard is expected to result in presentational changes to the Company's income statement and new disclosures of management-defined performance measures will be required in the notes to the financial statements. The Company is in the process of implementation, and no financial impacts are expected as a result of adoption.

The following new standards and amendments to existing standards have been issued, are not yet effective and have not been adopted early by the Company, and are not expected to have a significant impact on the Company's financial statements.

(i) Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement Financial Instruments

Published by the IASB in May 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(ii) Annual improvements to IFRS Accounting Standards – Volume 11: Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

Published by the IASB in July 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(iii) Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7

Published by the IASB in December 2024. The amendments are effective for annual reporting beginning on or after 1 January 2026 and have been endorsed by the UK.

(iv) IFRS 19: Subsidiaries without Public Accountability: Disclosures and Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures

Published by the IASB in May 2024 and August 2025. IFRS 19 and the amendments to IFRS 19 cannot be applied by the Company because they are only applicable to subsidiaries that have no public accountability. The standard and the amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(v) Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency

Published by the IASB in November 2025. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK.

(B) Critical accounting policies and the use of estimates

The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the income statement, statement of financial position, other primary statements and notes to the financial statements.

Critical accounting policies

The following accounting policies are those that have the most significant impact on the amounts recognised in the financial statements, including those judgements involving estimation.

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly.

The table below sets out those estimates considered particularly susceptible to changes in assumptions, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the relevant accounting policy and note disclosures.

Item	Critical accounting estimates	Accounting policy	Note
Measurement of insurance contract liabilities and reinsurance contract assets	Principal assumptions used in the calculation of insurance liabilities and reinsurance contract assets include the allowance for illiquidity in the discount rates used to determine our latent claim liabilities, the assumption that past claims experience can be used as a basis to project future claims (estimated using a range of standard actuarial claims projection techniques) and the calibration of the risk adjustment.	H	13

(C) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Monetary assets and liabilities are translated at the year end exchange rate.

(D) Product classifications

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments (determined on a present value basis) in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant.

(E) Insurance service result

The insurance service result represents the Company's profits recognised on insurance and reinsurance contracts (measured in accordance with policy H) in the period, excluding the impact of the time value of money and financial risks related to such contracts. The insurance service result contains three components:

i. Insurance revenue

For insurance contracts the Company applies the premium allocation approach (PAA) for measurement where insurance revenue is based upon the earning of expected premium receipts. Premium receipts are earned over the contract's coverage period based upon the passage of time or, where there is evidence that the release of risk differs from the passage of time, on the basis of the expected timing of insurance service expenses. Insurance revenue includes adjustments to revenue related to contracts issued in earlier periods.

ii. Insurance service expenses

Insurance service expenses are comprised of actual claims and non-acquisition fulfilment expenses incurred. Insurance service expenses include adjustments to fulfilment cash flows on insurance liabilities. Favourable claims development results in a credit to insurance service expenses.

iii. Net income and expenses from reinsurance contracts

The Company's reinsurance contracts are adverse development covers, where the net cost of purchasing reinsurance contracts held relate to events that occurred prior to purchase is recognised. Net income/(expenses) from reinsurance contracts held is comprised of

- The allocation of reinsurance premiums paid, which is calculated using the same principles as used to calculate revenue on insurance contracts;
- Amounts recoverable from reinsurers, which is calculated using the same principles as used to calculate insurance service expenses on insurance contracts;
- The recognition of, and subsequent movements in, reinsurance loss recovery components; and
- The effect of changes in the risk of reinsurers' non-performance.

(F) Insurance finance result

Insurance finance income/(expenses) are calculated on insurance and reinsurance contracts, comprising:

- The unwind of discounting on fulfilment cash flows and
- The impact of financial assumption changes upon fulfilment cash flows .

The accounting policies used to calculate amounts within the insurance finance result are discussed in greater detail in policy H.

Accounting policies

(G) Investment Return

Investment return consists of interest receivable. Interest return is recognised as it accrues, taking into account the effective yield on the investment.

(H) Insurance contract liabilities and reinsurance contract assets

Insurance and reinsurance contracts are accounted for in accordance with IFRS 17. The key measurement principles are outlined below.

(a) IFRS 17 measurement models

The Company applies two measurement models to its insurance and reinsurance contracts as follows:

Model	Applicable business
PAA	• Short duration insurance contracts • Longer duration non-life insurance contracts which are eligible for PAA
GMM	• Reinsurance contracts held which reinsure the risk of the adverse development of incurred claims

The Company applies judgement when determining eligibility criteria for the PAA measurement models (see Accounting policy H section (b)).

Under each measurement model insurance contract liabilities are measured as the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC represents the obligation under the insurance contract for insured events that have not yet occurred i.e. the obligation that relates to the unexpired portion of the coverage period, including the contractual service margin (CSM). The LIC reflects the obligation to investigate and pay valid claims for insured events that have already occurred, including events that have already occurred but for which claims have not been reported.

The key features of each measurement model are set out below.

i. General measurement model (GMM)

The GMM is the default IFRS 17 measurement model. The fulfilment cash flows comprise the present value of future cash flows within the boundary of the contract, discounted at current rates, and an explicit risk adjustment for non-financial risk.

At inception, a CSM liability is recognised for each new group of contracts which represents the unearned profit to be recognised over the coverage period of the contract. Except for reinsurance contracts held, losses on groups of contracts that are onerous at inception are recognised immediately.

The CSM is subsequently remeasured for changes in the fulfilment cash flows relating to non-financial risk, applying locked in financial assumptions. Interest is accreted on the CSM using the locked-in discount rate and the CSM is amortised over the coverage period of the contract. The coverage period is determined based on the service provided to customers including both insurance and investment services. Losses on groups of contracts that are profitable at inception but subsequently become onerous are recognised immediately.

In contrast to insurance contracts, the CSM for groups of reinsurance contracts held can be an asset or liability. If reinsurance is in place when underlying groups of insurance contracts become onerous, the reinsurance CSM recognised is adjusted to offset the gross losses arising. Where the net cost of purchasing reinsurance contracts held relates to events that occurred prior to purchase (for example adverse development cover) no CSM is recognised, and the net cost is recognised immediately in the income statement.

The Company has not issued any insurance contracts which apply GMM.

ii. Premium allocation approach (PAA)

The PAA is a simplified measurement model which can be applied to all short duration contracts and to longer duration contracts that meet PAA eligibility criteria.

The LRC is measured as the amount of premium received net of acquisition cash flows, less the amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period. Premium receipts and acquisition cash flows are recognised in profit or loss over the life of the contract, based on the expected timing of incurred claims. In almost all circumstances, the expected timing of incurred claims does not differ significantly from the passage of time and a straight-line earning pattern is being used.

If facts and circumstances indicate that a group of contracts may be onerous, the LRC is measured using GMM principles and losses for onerous contracts are recognised immediately in the income statement.

For most contracts applying PAA, the measurement of the LIC aligns to the GMM, with an explicit risk adjustment for non-financial risk, and discounting applied to expected future cash flows.

(b) Choice of measurement model

The Company's principal activity is managing the run-off of existing insurance liabilities and has ceased to accept new business since 1995. These contracts qualify for PAA as their LRC at the transition date is £nil under both GMM and PAA.

The Company holds two reinsurance contracts reinsuring against the risk of adverse development on incurred claims which apply the general measurement model. One is with NICO, a Berkshire Hathaway subsidiary, while the other is with the Company’s parent company Aviva Insurance Limited (AIL). No CSM is recognised for either of these contracts, with the net cost of the contract recognised in the income statement immediately.

(H) Insurance contract liabilities and reinsurance contract assets (continued)

(c) Level of aggregation

The unit of account is a group of contracts, so insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts have been determined by identifying portfolios of insurance contracts, comprising contracts subject to similar risks that are managed together, and dividing each portfolio into annual cohorts by year of issue. Each annual cohort is then further subdivided into three groups based on the profitability of contracts determined at initial recognition and comprising:

- contracts that are onerous;
- contracts that have no significant possibility of becoming onerous; (based on the probability that changes in assumptions would result in contracts becoming onerous); and
- all remaining contracts.

The Company has not identified any insurance contract groups that have no significant possibility of becoming onerous.

Reinsurance contracts held are also subdivided into three profitability groups, determined by reference to net gains/losses on initial recognition, and comprising:

- contracts that have a net gain at initial recognition;
- contracts that have no significant possibility of a net gain arising subsequently; and
- all remaining contracts.

The Company has not identified any reinsurance contract groups that have no significant possibility of a net gain arising subsequently.

The approach to profitability grouping makes use of sets. Where it can be demonstrated that all contracts within a set are sufficiently homogeneous, they are allocated to the same profitability group without performing an individual contract assessment.

For contracts measured under the PAA, IFRS 17 permits a simplification whereby contract groups are assumed not to be onerous unless facts and circumstances indicate otherwise. The Company uses internal management information, including the Combined Operating Ratio (COR), to identify facts and circumstances that may indicate a group of contracts is onerous. Where the COR for a contract group exceeds 98%, this is considered an indicator that the group may be onerous, and further assessment is performed in accordance with IFRS 17 requirements.

(d) Recognition and derecognition

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides insurance contract services in respect of any premiums within the boundary of the contract);
- the date the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- the date when facts and circumstances indicate that the contract is onerous.

Reinsurance contracts are recognised at the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

An insurance or reinsurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Insurance contracts are derecognised when the contract is extinguished, i.e. when the specified obligations expire, are discharged, or are cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised.

(e) Estimate of future cash flows

The estimate of future cash flows is assessed at the level of profitability groups and represents the best estimate of the Company's cost to fulfil a contract incorporating current estimates of non-financial assumptions. The estimate allows for all the cash inflows and outflows expected to occur within the contract boundary. Cash flows are modelled separately for gross and reinsurance contracts.

i. Contract boundaries

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks (insurance and financial risks transferred from the policyholder, so excluding lapse and expense risks) and set a price or level of benefits that fully reflects those reassessed risks for either the particular policyholder or the portfolio that contains the contract.

Cash flows are within the contract boundary of a reinsurance contract held if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company substantive rights and obligations and, therefore, may change over time. Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

(H) Insurance contract liabilities and reinsurance contract assets (continued)

(e) Estimate of future cash flows (continued)

ii. Principal non-financial assumptions

Principal non-financial assumptions used in the calculation of the insurance and reinsurance fulfilment cashflows use past claims experience to project future claims (estimated using a range of standard actuarial claims projection techniques). Expenses must be directly attributable to fulfilling insurance contracts, including an allocation of overheads to the extent that they can be allocated to groups of contracts in a systematic and rational way.

The estimate of future cash flows is assessed at the level of profitability groups and represents the best estimate of the Company's cost to fulfil a contract incorporating current estimates of non-financial assumptions. The estimate allows for all the cash inflows and outflows expected to occur within the contract boundary. Cash flows are modelled separately for gross and reinsurance contracts.

iii. Financial assumptions

Discount rates

Discounting is applied to the estimate of future cash flows. The Company uses a bottom-up discount rate for all insurance contracts.

Bottom-up discount rates

The discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium').

The illiquidity premium is determined as a percentage of the current spread over the risk-free yield on an index of covered bonds. The percentage applied reflects the liquidity characteristics of the liabilities including the propensity and ability of policyholders to lapse or surrender their contracts; for example, 100% for periodic payment orders with a lower percentage applied for other types of business that are considered partially liquid.

Presentation of financial assumption changes

The Company recognises the impact of financial assumption changes in the income statement.

(f) Risk Adjustment

The risk adjustment reflects the compensation required by the Company to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. The calculation of the risk adjustment is calibrated to the Company's pricing and capital allocation framework, leveraging the Solvency II view of non-financial risk, considering a lifetime view, and including diversification between risks.

The change in risk adjustment relating to current or past service is recognised within insurance revenue in the income statement. The impact of discounting the risk adjustment for GMM and PAA contracts is disaggregated and recognised within net finance expenses from insurance contracts.

(g) CSM

The Company's reinsurance contracts are adverse development covers, in these arrangements where the net cost of purchasing reinsurance contracts held relate to events that occurred prior to purchase is recognised, and the net cost is recognised immediately in the income statement with no CSM recognised.

(I) Recognition and classification of financial assets

Financial assets are measured initially at fair value plus eligible transaction costs for financial assets held at amortised cost. Financial assets are subsequently measured at amortised cost or FVTPL based on a business model assessment and the extent to which the contractual cash flows associated with the financial assets are solely payments of principal and interest (SPPI). The Company measures financial assets at FVTPL if they do not meet the SPPI criteria or if they are held within a business model where they are managed and evaluated on a fair value basis resulting from the Company's management of capital on a regulatory basis. A financial asset is classified at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are SPPI on the principal amount outstanding.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its objectives for managing those financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period.

(J) Impairment of financial assets

Financial assets held at amortised cost are in the scope of expected credit loss requirements under IFRS 9. This includes financial assets held at amortised cost such as loans to banks, other loans, and receivables.

Expected credit loss is an unbiased, probability-weighted estimate of credit losses. It considers all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes.

Expected credit losses are calculated on either a 12-month or lifetime basis depending on the extent to which credit risk has increased significantly since initial recognition, except where the Company uses the simplified approach to apply lifetime expected credit losses to trade receivables that do not contain a significant financing component.

The gross carrying amount of a financial asset is written off to the extent that there is no reasonable expectation of recovery. Subsequent recoveries in excess of the financial asset's written-down carrying value are credited to the income statement.

(K) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is extinguished (that is when the obligation is discharged, or cancelled or expires). The difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

If the terms of a financial asset or financial liability measured at amortised cost are substantially modified, then the contractual rights to cash flows from the original financial asset or financial liability are deemed to have expired or extinguished. The original financial asset or financial liability is derecognised and a new financial asset or financial liability is recognised at fair value.

A financial asset measured at amortised cost is not derecognised if the contractual terms are not substantially modified and a modification gain or loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(L) Receivables

Receivables are recognised initially at cost, being fair value and are subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses. Receivables owed to the Company are comprised of amounts in respect of bank accounts held by AIL on the Company's behalf.

The gross carrying amount of a receivable or other financial asset is written off to the extent that there is no reasonable expectation of recovery. Subsequent recoveries in excess of the written-down carrying value are credited to the income statement.

(M) Payables and other financial liabilities

Payables and other financial liabilities, excluding derivatives, are recognised initially at cost, being fair value and are subsequently measured at amortised cost using the effective interest rate method. Payables to fellow subsidiaries are comprised of amounts in respect of unpaid accruals and recharges which are due within one year.

(N) Statement of cash flows

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

For the purposes of the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in payables and other financial liabilities on the statement of financial position.

Operating cash flows

Purchases and sales of loans and financial investments, and related investment income, are included within operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of payments of related claims.

(O) Contingent liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

(P) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the statement of financial position date are used to value the deferred tax assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

Deferred taxes are not provided in respect of any temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Current and deferred tax relating to items recognised in other comprehensive income and directly in equity are similarly recognised in other comprehensive income and directly in equity respectively, except for the tax consequences of distributions from certain equity instruments, to be recognised in the income statement. Deferred tax related to any fair value re-measurement of investments, held at fair value through other comprehensive income, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the statement of financial position as a deferred tax asset or liability.

Accounting policies

(Q) Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

Income Statement

For the year ended 31 December 2025

	Notes	**2025**	2024
		£'000	£'000
Insurance revenue	2	**9**	10
Insurance service income/ (expense)	4	**3,025**	(4,685)
Net (expense)/income from reinsurance contracts	4	**(3,084)**	4,560
Insurance service result		**(50)**	(115)
Investment return	3	**271**	720
Net finance expense from insurance contracts	3	**(13,752)**	(3,423)
Net finance income from reinsurance contracts	3	**13,643**	3,388
Net financial result	3	**162**	685
Profit before tax		**112**	570
Tax charge	8	**—**	—
Profit for the year after tax		**112**	570

The above income statement should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

The Company has no recognised income and expenses other than that included in the results above and therefore a statement of comprehensive income has not been presented. The Company's profit for the year arises from continuing operations.

The accounting policies (identified alphabetically) on pages 13 to 19 and notes (identified numerically) on pages 24 to 39 are an integral part of the financial statements.

Statement of changes in equity

For the year ended 31 December 2025

	Notes	Ordinary Share Capital	Capital reserve	Retained earnings	Total equity
					2025
		£'000	**£'000**	**£'000**	**£'000**
Balance at 1 January		**1,000**	**28,078**	**40,382**	**69,460**
Profit for the year		**—**	**—**	**112**	**112**
Total comprehensive income for the year		**—**	**—**	**112**	**112**
Balance at 31 December	11, 12	**1,000**	**28,078**	**40,494**	**69,572**

	Notes	Ordinary Share Capital	Capital reserve	Retained earnings	Total equity
					2024
		£'000	£'000	£'000	£'000
Balance at 1 January		1,000	28,078	39,812	68,890
Profit for the year		—	—	570	570
Total comprehensive income for the year		—	—	570	570
Balance at 31 December	11, 12	1,000	28,078	40,382	69,460

The accounting policies (identified alphabetically) on pages 13 to 19 and notes (identified numerically) on pages 24 to 39 are an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2025

	Notes	**2025**	2024
		£'000	£'000
Assets			
Reinsurance contract assets	13	**251,372**	253,850
Receivables	10	**50,405**	50,658
Cash and cash equivalents	18	**20,328**	20,006
Total assets		**322,105**	324,514
Equity			
Ordinary share capital	11	**1,000**	1,000
Capital reserves	12	**28,078**	28,078
Retained earnings		**40,494**	40,382
Total equity		**69,572**	69,460
Liabilities			
Insurance contract liabilities	13	**251,443**	253,906
Payables and other financial liabilities	15	**429**	429
Other liabilities	16	**661**	719
Total liabilities		**252,533**	255,054
Total equity and liabilities		**322,105**	324,514

The above statement of financial position should be read in conjunction with the accounting policies and accompanying notes to the financial statements.

The financial statements on pages 13 to 39 were approved and signed on behalf of the Board of directors on 27 March 2026 by:

DocuSigned by:

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J J Goodson

Director

The accounting policies (identified alphabetically) on pages 13 to 19 and notes (identified numerically) on pages 24 to 39 are an integral part of the financial statements.

Statement of cash flows
For the year ended 31 December 2025

	Notes	2025	2024
		£'000	£'000
Cash flows from operating activities			
Cash generated from operating activities	18(a)	**322**	840
Total net cash generated from operating activities		**322**	840
Total net increase in cash and cash equivalents		**322**	840
Cash and cash equivalents at 1 January		**20,006**	19,166
Cash and cash equivalents at 31 December	18(b)	**20,328**	20,006

The accounting policies (identified alphabetically) on pages 13 to 19 and notes (identified numerically) on pages 24 to 39 are an integral part of the financial statements.

Notes to the financial statements

1. Exchange rates

Assets and liabilities have been translated at the following year end rates:

	2025	2024
Australian Dollar	**2.0131**	2.0174
Canadian Dollar	**1.8472**	1.8075
Euro	**1.1469**	1.2064
Japanese Yen	**210.7360**	197.8820
US Dollar	**1.34922**	1.2566

2. Insurance revenue

	2025 £'000	2024 £'000
Contracts measured under the PAA	**9**	10
Total insurance revenue	**9**	10

3. Net financial results

The following table analyses the companies net financial results in the income statement.

	2025 £'000	2024 £'000
Interest and similar income	**670**	756
Other investment (expenses) / income	**(399)**	(36)
Total investment return	**271**	720
Interest accreted	**(10,430)**	(13,621)
Effect of, and changes in, interest rates and other financial assumptions	**(3,322)**	10,198
Total net finance expense from insurance contracts	**(13,752)**	(3,423)
Interest accreted	**10,341**	13,499
Effect of, and changes in, interest rates and other financial assumptions	**3,302**	(10,111)
Net finance income from reinsurance contracts	**13,643**	3,388
Net financial result	**162**	685

4. Details of insurance service expenses and net reinsurance result

The Company's claims liabilities are fully reinsured, but due to differences in measurement models the gross claims expense is not directly offset by reinsurance recoveries. The table below shows this relationship:

	2025 £'000	2024 £'000
Claims and benefits incurred		
Claims and benefits incurred	**3,025**	(4,685)
Allocation of reinsurance premium paid	**(35,061)**	(38,619)
Claim recoveries from reinsurers	**31,977**	43,179
Claims and benefits incurred, net of recoveries from reinsurers	**(59)**	(125)
Represented by (expense)/income included within the income statement:		
Insurance service income/(expense)	**3,025**	(4,685)
Net income / (expenses) from reinsurance contracts	**(3,084)**	4,560
Total expenses	**(59)**	(125)

Further details on these balances can be found in note 13.

Notes to the financial statements (continued)

5. Employee information

All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. The Company was not recharged any expenses in respect of employee services (2024: £nil). Disclosures relating to employees may be found in the annual report and financial statements of Aviva Employment Services Limited.

6. Directors' remuneration

The directors were remunerated during the year for their roles as employees across the Group. They were not remunerated directly for their services as directors of this Company and no cost is borne by the Company for these services.

In relation to shares of the Company's ultimate parent, Aviva plc, all five of the directors released / exercised share options *(2024: one)* during the year. All five of the directors received shares under long term incentive schemes *(2024: four)* in the year; one director resigned in April 2025, therefore these awards were subsequently forfeited.

7. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, Ernst & Young LLP, is as follows:

	2025 **£'000**	2024 £'000
Fees payable for the statutory audit of the Company's financial statements	**77**	75
Audit related assurance services	**25**	—
	102	75

All audit fees in 2025 (*2024: all*) were paid by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies in respect of the statutory audit. Audit related assurance services relate to an ELTO audit conducted for the Company by its auditors.

The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'Other services' as the Company is a subsidiary of Aviva plc, which prepares consolidated financial statements. Fees paid to the Company's auditors, Ernst & Young LLP and its associates, for services other than the statutory audit and audit-related assurance services of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

8. Tax charge

(a) Total tax (charged)/credited to the income statement

There was no tax (charged)/credited to the income statement in 2025 or 2024.

(b) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	Note	**2025** **£'000**	2024 £'000
Total profit before tax		**112**	570
Tax calculated at standard UK corporation tax rate of 25.00% (2024: 25.00%)		**(28)**	(143)
Surrender of tax losses from Group undertakings for no charge		**28**	143
Tax (charge)/credit for the year	8(a)	**—**	**—**

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.

In accordance with the amendments to IAS 12, endorsed in the UK on 19 July 2023, the Company has applied the exemption and not provided for deferred tax in respect of the global minimum tax reforms.

9. Dividends

No dividends declared in the year (2024: £nil).

Notes to the financial statements (continued)

10. Receivables

	Note	2025 £'000	2024 £'000
Amounts due from reinsurers		**71**	70
Amounts due from parent	21(b)	**50,280**	50,526
Other receivables		**54**	62
Total as at 31 December		**50,405**	50,658
Expected to be recovered in less than one year		**50,405**	50,658
Expected to be recovered in more than one year		**—**	—
		50,405	50,658

11. Ordinary share capital

	2025 £'000	2024 £'000
Allotted, called up and fully paid		
40,000 (2024: 40,000) ordinary shares of £25 each	**1,000**	1,000

Ordinary shares in issue in the Company rank pari passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

12. Capital reserve

	2025 £'000	2024 £'000
Capital reserve	**28,078**	28,078

The capital reserve arose as a result of an insurance business transfer in June 2011.

Notes to the financial statements (continued)

13. Insurance and reinsurance contracts

The Company has presented the information about insurance contracts which include policies relating to London Market business and which are measured using PAA in a single product group. Reinsurance contracts which include insurance contracts ceded to NICO and are measured under GMM, are presented as a separate product group.

The Company holds two reinsurance contracts reinsuring against the risk of adverse development on incurred claims which apply the general measurement model. One is with NICO, a Berkshire Hathaway subsidiary, while the other is with the Company's parent company AIL. No CSM is recognised for either of these contracts, with the net cost of the contract recognised in the income statement immediately. These are presented as a single product group.

The following reconciliations show how the carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the income statement.

A subsequent table is presented that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the income statement.

A second reconciliation is presented for reinsurance contracts, which are measured under the GMM, which separately analyses changes in the estimates of the present value of future cash flows and the risk adjustment for non-financial risk.

(a) Carrying amount

Insurance contracts at 31 December comprised:

	2025	2024
	£'000	£'000
Insurance contracts		
Insurance contract balances	**(251,443)**	(253,906)
Total insurance contract liabilities	**(251,443)**	(253,906)

Reinsurance contracts at 31 December comprised:

	2025	2024
	£'000	£'000
Reinsurance Contracts		
Reinsurance contract assets	**251,372**	253,850

At 31 December 2025, the maximum exposure to credit risk from insurance contracts is £nil (2024: £nil), and the maximum exposure to credit risk from reinsurance contracts is £251,372 thousand (2024: £253,850 thousand).

Notes to the financial statements (continued)

13. Insurance and reinsurance contracts (continued)

(b) Movements in insurance and reinsurance contract balances

The following movements have occurred in the carrying amount for gross insurance contract balances in the period

	2025	2024
	£'000	£'000
Carrying amount at 1 January	**253,906**	282,216
Insurance revenue	**(9)**	(10)
Insurance service (income)/expense	**(3,025)**	4,685
Insurance finance expense	**13,752**	3,423
Movements in exchange rates and other changes	**304**	(13,300)
Premiums received	**9**	10
Claims and expenses paid	**(13,494)**	(23,118)
Carrying amount at 31 December	**251,443**	253,906

The carrying amount for reinsurance contracts are recognised separately from insurance contract balances. Detailed movements on both are included in following tables.

The following summarises movements in the gross risk adjustment that have occurred during the period:

	2025	2024
	£'000	£'000
Risk adjustment in respect of insurance contracts		
At 1 January	**(28,712)**	(18,758)
Other movements in risk adjustment	**(9,589)**	(9,954)
Gross risk adjustment at 31 December	**(38,301)**	(28,712)

The following summarises movements in the reinsurance risk adjustment that have occurred during the period:

	2025	2024
	£'000	£'000
Risk adjustment in respect of reinsurance contracts		
At 1 January	**28,712**	18,758
Change in risk adjustment for risk expired	**(5,938)**	(2,584)
Other movements in risk adjustment	**15,527**	12,538
Reinsurance risk adjustment at 31 December	**38,301**	28,712

The risk adjustment increased to £9,588 thousand in 2025 (*2024: £9,954 thousand* increase*)*. The increase in 2025 was primarily due to an increase in risk adjustment factors reflecting change in latent claims risk, offset by a reduction in the estimate of the present value of future cashflows. The increase in 2024 was primarily due to an increase in risk adjustment factors reflecting change in latent claims risk, offset by a reduction in the estimate of the present value of future cashflows.

Notes to the financial statements (continued)

13. Insurance and reinsurance contracts (continued)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the income statement.

(i) Insurance contracts

The following table shows insurance contracts analysed by remaining coverage and incurred claims (all measured under the PAA):

			Liabilities for incurred claims		
		Liabilities for remaining coverage	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
2025	**Note**	**£'000**	**£'000**	**£'000**	**£'000**
Carrying amount at 1 January		**—**	**225,194**	**28,712**	**253,906**
Changes in comprehensive income					0
Insurance revenue	2	**(9)**	**—**	**—**	**(9)**
Insurance service (income)/expense	4	**—**	**(10,929)**	**7,904**	**(3,025)**
Adjustments to liabilities for incurred claims		**—**	**(10,929)**	**7,904**	**(3,025)**
Insurance service result		**(9)**	**(10,929)**	**7,904**	**(3,034)**
Net finance expenses from insurance contracts	3	**—**	**12,067**	**1,685**	**13,752**
Effect of movements in exchange rates		**—**	**304**	**—**	**304**
Total changes in comprehensive income		**(9)**	**1,442**	**9,589**	**11,022**
Cash flows					0
Premiums received		**9**	**—**	**—**	**9**
Claims and other insurance service expenses paid		**—**	**(13,494)**	**—**	**(13,494)**
Insurance acquisition cash flows		**—**	**—**	**—**	**—**
Total cash flows		**9**	**(13,494)**	**—**	**(13,485)**
Carrying amount at 31 December		**—**	**213,142**	**38,301**	**251,443**

			Liabilities for incurred claims		
		Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
2024	Note	£'000	£'000	£'000	£'000
Carrying amount at 1 January		—	263,458	18,758	282,216
Changes in comprehensive income					
Insurance revenue	2	(10)	—	—	(10)
Insurance service (income)/expense	4	—	(5,517)	10,202	4,685
Adjustments to liabilities for incurred claims		—	(5,517)	10,202	4,685
Insurance service result		(10)	(5,517)	10,202	4,675
Net finance income from insurance contracts	3	—	3,671	(248)	3,423
Effect of movements in exchange rates		—	(13,300)	—	(13,300)
Total changes in comprehensive income		(10)	(15,146)	9,954	(5,202)
Cash flows					
Premiums received		10	—	—	10
Claims and other insurance service expenses paid		—	(23,118)	—	(23,118)
Insurance acquisition cash flows		—	—	—	—
Total cash flows		10	(23,118)	—	(23,108)
Carrying amount at 31 December		—	225,194	28,712	253,906

Notes to the financial statements (continued)

13. Insurance and reinsurance contracts (continued)

(ii) Reinsurance contracts

The following table shows reinsurance contracts analysed by remaining coverage and incurred claims (all measured under the GMM):

	Note	2025 Assets for remaining coverage [1] £'000	2025 Assets for incurred claims £'000	2025 Total £'000	2024 Assets for remaining coverage [1] £'000	2024 Assets for incurred claims £'000	2024 Total £'000
Opening assets at 1 January		**253,850**	**—**	**253,850**	282,112	—	282,112
Changes in the income statement							
Allocation of reinsurance premiums paid		**(35,061)**	**—**	**(35,061)**	(38,620)	—	(38,620)
Amounts recoverable from reinsurers		**18,838**	**13,494**	**32,332**	20,008	23,118	43,126
Recoveries of incurred claims and other insurance service expenses		**18,838**	**13,494**	**32,332**	20,008	23,118	43,126
Effect of changes in non-performance risk of reinsurers		**(355)**	**—**	**(355)**	54	—	54
Net expenses/(income) from reinsurance contracts		**(16,578)**	**13,494**	**(3,084)**	(18,558)	23,118	4,560
Net finance (income)/expense from reinsurance contracts	3	**13,643**	**—**	**13,643**	3,388	—	3,388
Effect of movements in exchange rates		**448**	**—**	**448**	(13,092)	—	(13,092)
Total changes in the income statement		**(2,487)**	**13,494**	**11,007**	(28,262)	23,118	(5,144)
Cash flows							
Amounts received		**9**	**(13,494)**	**(13,485)**	—	(23,118)	(23,118)
Total cash flows		**9**	**(13,494)**	**(13,485)**	—	(23,118)	(23,118)
Closing assets at 31 December		**251,372**	**—**	**251,372**	253,850	—	253,850

1. The asset for remaining coverage balances and the changes during 2025 and 2024, presented in the table above, include loss component values of £nil.

The following table shows the Company's reinsurance contracts reinsuring against the risk of adverse development on incurred claims analysed by measurement component:

	Note	2025 Estimates of present value of future cash flows £'000	2025 Risk adjustment for non-financial risk £'000	2025 Total £'000	2024 Estimates of present value of future cash flows £'000	2024 Risk adjustment for non-financial risk £'000	2024 Total £'000
Opening assets at 1 January		**225,138**	**28,712**	**253,850**	263,354	18,758	282,112
Changes in comprehensive income		**—**	**—**	**—**			
Changes that relate to current services		**(15,622)**	**(5,938)**	**(21,560)**	(12,918)	(2,584)	(15,502)
Change in risk adjustment for non-financial risk for risk expired			**(5,938)**	**(5,938)**	—	(2,584)	(2,584)
Experience adjustments		**(15,622)**	**—**	**(15,622)**	(12,918)	—	(12,918)
Changes that relate to future services		**4,998**	**13,842**	**18,840**	7,431	12,577	20,008
Changes in estimates for adverse development cover		**4,998**	**13,842**	**18,840**	7,431	12,577	20,008
Effect of changes in non-performance risk of reinsurers		**(355)**	**—**	**(355)**	54	—	54
Net expenses/(income) from reinsurance contracts		**(10,979)**	**7,904**	**(3,075)**	(5,433)	9,993	4,560
Net finance expense/(income) from reinsurance contracts	3	**11,958**	**1,685**	**13,643**	3,628	(240)	3,388
Effect of movements in exchange rates		**448**	**—**	**448**	(13,293)	201	(13,092)
Total changes in comprehensive income		**1,427**	**9,589**	**11,016**	(15,098)	9,954	(5,144)
Cash flows		**(13,494)**		**(13,494)**	(23,118)	—	(23,118)
Closing assets at 31 December		**213,071**	**38,301**	**251,372**	225,138	28,712	253,850

Notes to the financial statements (continued)

13. Insurance and reinsurance contracts (continued)

(c) Claims development

The Company ceased to write business in the London Market in 1995.

	Gross 2009 and prior years	Net of reinsurance 2009 and prior years
	£'000	£'000
Estimates of undiscounted cumulative claims	(289,223)	–
Effect of discounting	76,082	–
Effect of the risk adjustment for non-financial risk	(38,302)	–
Net liabilities for incurred claims included in the statement of financial position	**(251,443)**	–

(d) Significant accounting judgments and estimates

This note gives details of the significant judgements made in applying IFRS 17, explaining the inputs, assumptions, methods and estimation techniques used to measure insurance and reinsurance contracts.

(i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment (discount rate) to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Other costs that are incurred in fulfilling the contracts include claims associated costs and administration costs.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Reinsurance contracts

Adverse development cover - the Company's adverse development cover treaties are deemed to expire when all uncertainty associated with the ceded claims liabilities has expired. The contract boundary is based upon the best estimate of when all obligations associated with the liabilities will be extinguished.

Claims

The Company establishes reserves for claim events that occurred before the valuation date, whether reported or not. When calculating claim costs, the Company takes into account estimated future recoveries from salvage and subrogation.

The undiscounted ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as using industry-wide asbestos run-off patterns that are provided by the IFoA UK asbestos working party, survival ratio modelling and outstanding to case estimate methods. Historical claims development is mainly analysed by accident period, although underwriting or notification period is also used where this is considered appropriate.

The assumptions used in most actuarial projection techniques, including future rates of claims inflation, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future in order to arrive at a point estimate for the ultimate cost of claims that represents the expected outcome. The ultimate cost of outstanding claims includes provision for expenses associated with handling claims.

UK mesothelioma claims and US pollution and health hazards

The level of uncertainty associated with latent claims is considerable due to the relatively small number of claims and the long-tail nature of the liabilities. UK mesothelioma claims and US pollution and health hazards account for a large proportion of the Company's latent claims. The key assumptions underlying the estimation of these claims include claim numbers, the base average cost per claim for UK mesothelioma claims, case specific knowledge, future inflation in the average cost of claims and legal fees. The best estimate of the liabilities considers the latest available market information and studies and how these might impact the Company's liabilities.

13. Insurance and reinsurance contracts (continued)

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. For the risk-free yield curves, the Company generally uses the risk-free interest rate curves published by the PRA and the European Insurance Occupational Pensions Authority ("EIOPA") for regulatory reporting.

The Company uses a bottom-up discount rate for all insurance contracts.

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an ‘illiquidity premium’).

The illiquidity premium is determined as a percentage of the current spread over the risk-free yield on an index of covered bonds which represents the additional return above the risk free rate that could be generated by investing in illiquid assets.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies:

						2025						2024
	1 year	**5 years**	**10 years**	**15 years**	**20 years**	**40 years**	1 year	5 years	10 years	15 years	20 years	40 years
Latent claims												
GBP	3.76 %	3.88 %	4.26 %	4.58 %	4.75 %	4.65 %	4.77 %	4.35 %	4.38 %	4.54 %	4.62 %	4.34 %
USD	3.56 %	3.60 %	3.97 %	4.27 %	4.42 %	4.21 %	4.39 %	4.22 %	4.27 %	4.34 %	4.31 %	3.87 %

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk reflects the compensation required by the Company to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. The calculation of the risk adjustment is calibrated with reference to the Company’s pricing and capital allocation framework. The calibration leverages the Solvency II view of non-financial risk, considering a lifetime view, and includes diversification between risks within the Company. The risk adjustment includes diversification between different portfolios of insurance contracts, financial and non-financial risks using correlation matrix techniques. The diversification benefit includes diversification between different portfolios of insurance contract groups, expired and unexpired insurance risks portfolios using correlation matrix techniques.

The risk adjustment is allocated to the individual group of contract level based upon their capital intensity, with a greater amount allocated to contract groups with greater valuation uncertainty.

Initially, the Company applies these techniques on a net of reinsurance basis before calculating gross up factors for each group of contracts and calculating the reinsurance risk adjustment as the difference between the gross and net.

The risk adjustment for non-financial risk corresponds to a 99th percentile (2024: 99th percentile) confidence level, net of reinsurance. The Company benefits from very extensive reinsurance under which the ultimate cost of claims is nil in all but the most extreme 1% of scenarios. The risk adjustment for non-financial risk is also £nil (2024: £nil) and the Company’s confidence that the value of the liability for incurred claims, including the risk adjustment, is sufficient to meet the ultimate cost of claims therefore corresponds with up to a 99th percentile (2024: 99th percentile) level. Since the risk adjustment for non-financial risk is £nil, it remains unaffected by variations in the confidence level up to the 99th percentile. The percentile is an estimate made as of 31 December which could reasonably change within 12 months, including due to changes in the Company’s risk profile or quantification thereof.

14. Tax assets and liabilities

(a) Current tax

Tax assets recoverable and liabilities payable in more than one year are £nil and £nil (*2024*: £nil and £nil) respectively.

(b) Deferred tax

There are no provided or unprovided deferred tax assets and liabilities at the year end (2024: £nil).

15. Payables and other financial liabilities

	2025	2024
	£'000	£'000
Other financial liabilities		
Amounts due to other Group companies	**429**	429
Total as at 31 December	**429**	429

All payables and other financial liabilities are carried at amortised cost, which approximates to fair value. All payables and other financial liabilities are due to be settled within one year.

Notes to the financial statements (continued)

16. Other liabilities

	2025 £'000	2024 £'000
Other liabilities		
Expected to be settled within one year	**4**	4
Expected to be settled in more than one year	**657**	715
Total as at 31 December	**661**	719

Other liabilities include a provision for Letters of Credit amounting to £674 thousand at the reporting date (FY24: £715 thousand), originally established to cover the run-off costs associated with the Institute of London Underwriters.

17. Contingent liabilities and other risk factors

(a) Uncertainty over claims provisions

Note 13 gives details of the estimation techniques used in determining the general business outstanding claims provisions.

These approaches are designed to allow for a degree of prudence, to give a result within the normal range of outcomes. However, the actual cost of settling these liabilities may differ, for example because experience may be worse than that assumed, or future general insurance business claims inflation may differ from that expected, and hence there is uncertainty in respect of these liabilities.

(b) Regulatory compliance

The FCA and the PRA regulate and authorise the Company's UK business and in addition monitor the financial resources and organisation of the Company as a whole. The PRA and FCA have broad powers including the authority to grant, vary the terms of, or cancel a regulated firm's authorisation; to investigate marketing and sales practices; and to require the maintenance of adequate financial resources. The Company's regulators outside the UK typically have similar powers, but in some cases they also operate a system of 'prior product approval'.

The directors believe that the Company dedicates appropriate resources to its compliance programme, endeavours to respond to regulatory enquiries in a constructive way, and takes corrective action when warranted. However, all regulated financial services companies face the risk that the regulator could find that they have failed to comply with applicable regulations or have not undertaken corrective action as required.

The impact of any such finding could have a negative impact on the Company's reported results or on its relations with current or potential customers. Regulatory action against the Company could result in adverse publicity for, or negative perceptions regarding, the Company, or could have a material adverse effect on the business of the Company, its results of operations and/or financial condition and divert management's attention from the day-to-day management of the business.

(c) Other

In the course of conducting insurance and investment business, the Company receives liability claims, and becomes involved in actual or threatened related litigation. In the opinion of the directors, adequate provisions have been established for such claims and no material loss will arise in this respect.

The Company pays contributions to levy schemes in several countries in which it operates. Given the economic environment, there is a heightened risk that the levy contributions will need to be increased to protect policyholders if an insurance company falls into financial difficulties. The directors continue to monitor the situation but are not aware of any need to increase provisions at the statement of financial position date.

18. Statement of cash flows

(a) The reconciliation of profit before tax to the net cash inflow from operating activities is:

	2025 £'000	2024 £'000
Profit before tax	**112**	570
Changes in working capital:		
Decrease in reinsurance assets	**2,478**	28,262
Decrease in insurance liabilities	**(2,463)**	(28,310)
Increase in other assets and liabilities	**195**	318
	210	270
Total cash generated from operating activities	**322**	840

Notes to the financial statements (continued)

18. Statement of cash flows (continued)

(b) Cash and cash equivalents in the statement of cash flows at 31 December comprise:

	2025	2024
	£'000	£'000
Cash at bank and in hand	**4,928**	5,206
Cash equivalents	**15,400**	14,800
Cash and cash equivalents	**20,328**	20,006

19. Capital structure

The Company maintains an efficient capital structure from equity shareholders' funds, consistent with the Company's overall risk profile and the regulatory and market requirements of the business. This note describes the way the Company manages capital and shows how this is structured.

(a) General

IFRS underpins the Company's capital structure and accordingly the capital structure is analysed on this basis. The Company measures its capital requirements under the Solvency II regime.

(b) Capital management

In managing its capital, the Company seeks to:

(i) match the profile of its assets and liabilities, taking account of the risks inherent in the business;
(ii) maintain financial strength to support new business growth and satisfy the requirements of its policyholders and regulators;
(iii) retain financial flexibility by maintaining strong liquidity; and
(iv) allocate capital efficiently to support growth and repatriate excess capital where appropriate.

The Company considers not only traditional sources of capital funding but alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital.

(c) Different measures of capital

The Company measures its capital on a number of different bases. These include measures which comply with the regulatory regime within which the Company operates and those which the directors consider appropriate for the management of the business. The measures which the Company uses are:

(i) Accounting basis

The Company is required to report its results on an IFRS basis.

(ii) Regulatory basis

Relevant capital and solvency regulations are used to measure and report the Company's financial strength. These measures are based on the regulatory requirements under Solvency UK. The regulatory capital tests verify that the Company retains an excess of solvency capital above the required minimum level based on Minimum Capital Requirement (MCR). The risk management note (note 20) gives further details.

Solvency II "own funds" represents the amount of regulatory capital resources that are available to meet regulatory capital requirements under the Solvency II regime, and is a closely monitored metric. At 31 December 2025 the Company's estimated own funds under Solvency II were £68,025 thousand (unaudited) (2024: £68,860 thousand (unaudited)). The Company's own funds are sufficient to meet its capital requirements under Solvency II based on Solvency Capital Requirement (SCR) of £6,965 thousand (unaudited) (2024: £6,908 thousand (unaudited)). The Company fully complied with the relevant regulatory requirements during the year.

(d) Company capital structure

	2025	2024
	£'000	£'000
Equity shareholders' funds	**69,572**	69,460
Total capital	**69,572**	69,460

20. Risk management

Risk Environment

Macroeconomic risk has been elevated throughout 2025, with persistent uncertainty around global growth prospects reflected in ongoing cost of living pressures. While inflation has eased in some regions, interest rates remain high and trade policy developments have introduced new risks to global supply chains and pricing dynamics. Momentum in global growth has softened, with analysts highlighting the impacts of geopolitical tensions, protectionist trade measures and financial market vulnerabilities. The Company continues to maintain a limited investment portfolio and given this and its strategy, any impacts on its solvency and liquidity positions are anticipated to be immaterial.

There remains uncertainty in the underlying reserves due to the Company's exposure to asbestos, pollution and health hazards and historical abuse claims, where settlement of these types of claims outstanding occur over a long period of time and the claims are open to developments in individual cases, impacts of inflation, legislation and judicial action.

The Company continues to maintain strong solvency and liquidity positions and is resilient to a range of Stress and Scenario Tests (SST) to which the Company could become exposed to and maintains a set of plausible and timely management actions which include retention of dividends and capital injections from AIL (immediate parent Company) or Aviva plc (Ultimate parent Company).

There remains an increased threat of malware and ransomware attacks across the world and several recent cyber incidents impacting the UK retail sector caused significant disruption. In response as part of the wider Aviva Group, the Company has increased the protection level of anti-malware and cyber incident security controls and continues to monitor threat intelligence data and update our controls to maintain protection against new and emerging ransomware variants.

(a) Risk management framework (RMF)

The Company's RMF has a key role in supporting the business to deliver its purpose for our customers, our people and our shareholders, helping the business identify, predict, understand and manage our risks, thereby maintaining a safe risk environment. The RMF comprises the system of governance, including Risk Policies and Business Standards, risk management processes, Risk Appetite Framework (RAF), risk oversight committees (both Board and Management) and clearly defined roles and responsibilities along with the processes the Company uses to Identify, Measure, Manage, Monitor and Report (IMMMR) risks, including the use of risk models and SST.

The Company's RAF outlines the risks that the Company selects and manages in pursuit of return, the risks the Company accepts and retains a moderate level of, and the risks the Company actively avoids or takes action to mitigate as far as practical. It comprises:

a. **Risk preferences**: qualitative statements that express where the business prefers to take risk (or else accept or avoid) and why, applied to individual key risk types (e.g. Insurance, Market & Credit, Climate and Artificial Intelligence).
b. **Risk appetites**: overarching statements, metrics and thresholds that express the level of risk the business is willing to accept. The Company has risk appetites for Solvency, Liquidity, Operational, Climate and Conduct (albeit the latter two are reported at an AIL / UKGI Business Unit level (of which the Company is a part). Risk appetites are reviewed and approved annually by the Board and monitored at least quarterly by relevant management committees.
c. **Risk limits**: quantify more granular limits for specific defined risk exposure (e.g. maximum credit exposure limits to particular counterparties). These are also reported at an AIL / UKGI Business Unit level.

To promote a consistent and rigorous approach to risk management across the business, the Company has adopted a number of Risk Policies and Business Standards. The Risk Policies set out the Board's risk strategy appetite for risk and its expectations in respect of the management of risk while the Business Standards set out the mandated controls which together with any local controls aim to keep key operational risks within tolerance. The immediate parent company's Chief Executive Officer (CEO) makes an annual attestation that the system of governance and internal controls are effective and fit for purpose for the Company throughout the year and this declaration is supported by an opinion from the immediate parent company's Chief Risk Officer (CRO).

A variety of tools and processes are available to support risk identification; both bottom up and top down, and while run separately, these are designed to complement each other and used to generate risk reports which are shared with the relevant Boards. These different processes, which ensure all risks to which it is or may be exposed, both quantifiable and non-quantifiable, are appropriately identified include: Risk and Control Self Assessment (RCSA), Risk review of the Business Plan, maintenance of an Emerging Risk Spectrum, and Risk Identification (Risk ID). With the exception of RCSA, risk identification processes consider risks across all risk categories. The RCSA process only covers operational risk, that arise from within internal processes, systems or people and which might prevent the business from achieving its objectives. Market, credit, liquidity and strategic risks (including reputational) will be included in the RCSA only if they manifest operationally.

Risk models are an important tool in the measurement of risks and are used to support the monitoring and reporting of the risk profile with consideration to the risk management actions available. A range of stress tests (where one risk factor, such as a downgrade in reinsurer credit rating, is assumed to vary) are undertaken to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. For those risk types managed through the holding of capital, being the Company's principal risk types except for liquidity risk, the Company measures and monitors its risk profile on the basis of the Solvency UK Capital Requirement (SCR).

Aviva staff on behalf of the Company are involved in the management and mitigation of risk, with the RMF embedded in the day-to-day management and decision-making processes. The 'three lines of defense model' is adopted by the Company and the Aviva Group (as required by the RMF policy). The first line (the Business) is accountable for the management of all risks relevant to the business of the Company, including the implementation of the RMF and embedding of the risk culture. The second line (Risk Function) is responsible for providing independent objective quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the RMF. The third line (Internal Audit) provides an independent assessment of the RMF and internal control processes.

The Board is ultimately responsible for setting the Company's risk preferences, risk appetites, risk tolerances and monitoring the establishment and operation of prudent and effective controls in order to assess and manage the risks associated with the Company's operations.

The types of risk the Company is exposed to has not changed significantly during the year. Further information on the types and management of specific risk types is given in sections (b) to (h) below.

20. Risk management (continued)

Further information on the types and management of specific risk types is given in sections (b) to (h) below.

(b) Credit risk

Credit risk is the risk of loss or adverse outcomes due to a third-party failing to meet their financial obligations (default event) or a change to a third-party credit standings.

The Company's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Company's credit risks arise principally through exposures to reinsurance counterparties, cash and cash equivalents, and other receivables. The Company's approach to managing credit risk management processes (including limits frameworks) complies with the Aviva Group credit limit framework. The AIL Asset & Liability Committee (ALCO) oversees financial risks including credit risk and ensures detailed reporting and monitoring of exposures against pre-established risk criteria. Any material updates are provided to the Board for decision.

(i) Financial exposures by credit ratings

Financial assets are graded according to current external credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as sub-investment grade. "Not rated" assets capture assets not rated by external ratings agencies.

The following table provides information regarding the aggregated credit risk exposure of the Company, excluding intra-group transactions and cash and cash equivalents. Cash and cash equivalents are held with highly rated banking institutions or liquidity funds.

31 December 2025	AAA £'000	AA £'000	A £'000	BBB £'000	Below BBB £'000	Not-rated £'000	Carrying value £'000
Reinsurance assets	—	**251,372**	—	—	—	—	**251,372**
Amounts due from reinsurers	—	**71**	—	—	—	—	**71**
Total	—	**251,443**	—	—	—	—	**251,443**

31 December 2024	AAA £'000	AA £'000	A £'000	BBB £'000	Below BBB £'000	Not-rated £'000	Carrying value £'000
Reinsurance assets	—	253,850	—	—	—	—	253,850
Amounts due from reinsurers	—	70	—	—	—	—	70
Total	—	253,920	—	—	—	—	253,920

The table below provides information regarding the aggregated credit risk exposure of the Company's financial assets that are considered to have contractual terms which are Solely Payments of Principal and Interest (SPPI), excluding amounts due from reinsurers, which are included above, and cash and cash equivalents.

SPPI financial exposure by credit ratings

31 December 2025	AAA £'000	AA £'000	A £'000	BBB £'000	Below BBB £'000	Not-rated £'000	Carrying value £'000
Receivables	—	**50,405**	—	—	—	—	**50,405**

31 December 2024	AAA £'000	AA £'000	A £'000	BBB £'000	Below BBB £'000	Not-rated £'000	Carrying value £'000
Receivables	—	50,658	—	—	—	—	50,658

Of the Company's receivables of £50,405 thousand (2024: £50,658 thousand), £50,280 thousand (2024: £50,526 thousand) is due from other Group companies and details are set out in note 21.

The Company's maximum exposure to credit risk of financial assets, without taking collateral, is represented by the carrying value of the financial instruments in the statement of financial position. These comprise reinsurance assets and receivables. The carrying values of these assets are disclosed in the relevant notes: reinsurance assets (note 13), receivables (note 10).

(ii) Credit concentration risk

The Company has a significant exposure to NICO amounting to £251,372 thousand (2024: £253,850 thousand) in respect of reinsurance assets and £71 thousand (2024: £70 thousand) in respect of amounts due from reinsurers. To mitigate this risk, the Company has an Adverse Reserve Deterioration (ARD) agreement with its parent company, AIL. This agreement provides an additional £1 billion reinsurance cover to protect against scenarios where the reinsurance with NICO is exhausted or fails to satisfy claims.

Notes to the financial statements (continued)

20. Risk management (continued)

(iii) Impairment of financial assets

At 31 December 2025 and 31 December 2024 no financial assets are impaired or overdue.

(c) Market risk

Market risk is the risk of loss or adverse outcomes due directly or indirectly to fluctuations in interest rates, inflation and foreign currency exchange rates. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held. The Company seeks some market risks as part of its investment strategy. However, it has limited appetite for interest rate risk because it does not believe interest rate risk is adequately rewarded.

The Company manages market risk using its market risk framework and within regulatory constraints. Market risk is managed in line with established Group policy, including established criteria for matching assets and liabilities to limit the impact of mismatches due to market movements.

The Company has assets and claims liabilities in foreign currency, principally United States dollars, and so has exposure to foreign exchange rates. However, there is no material net exposure to exchange rate fluctuations due to the reinsurance that has been put in place.

Oversight of market risk for the Company is undertaken by the Board.

(d) Liquidity risk

Liquidity risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form either in normal and stressed conditions. The Company seeks to ensure that it maintains sufficient financial resources to meet its obligations by monitoring its position relative to its agreed liquidity risk appetite.

Maturity analyses

The following tables show the maturities of the Company’s insurance liabilities and payables and other financial liabilities.

(i) Analysis of maturity of financial liabilities and insurance contract liabilities

For insurance contract liabilities, including reinsurance contract liabilities, the following table shows the estimates of the present value of future cash flows at 31 December 2025 and 2024 analysed by estimated timing. Insurance contract liabilities are shown at discounted amounts based on expected settlement pattern. This contrasts with the undiscounted contractual maturity for financial liabilities, providing a clear distinction between the two types of liabilities.

The following table shows the Company's insurance liabilities and payables and other financial liabilities analysed by duration:

								2025
	Total	**On demand or within 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-15 years**	**Over 15 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Insurance contract liabilities	**251,443**	**28,038**	**25,972**	**24,171**	**22,395**	**20,666**	**108,296**	**21,905**
Payables and other financial liabilities	**429**	**429**	**—**	**—**	**—**	**—**	**—**	**—**
Other liabilities	**661**	**4**	**657**	**—**	**—**	**—**	**—**	**—**
Total	**252,533**	**28,471**	**26,629**	**24,171**	**22,395**	**20,666**	**108,296**	**21,905**

								2024
	Total	On demand or within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-15 years	Over 15 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance contract liabilities	253,906	51,325	29,862	26,616	20,415	17,916	85,837	21,935
Payables and other financial liabilities	429	429	—	—	—	—	—	—
Other liabilities	719	4	715	—	—	—	—	—
Total	255,054	51,758	30,577	26,616	20,415	17,916	85,837	21,935

Financial assets and Liabilities

(ii) Analysis of maturity of financial assets

The following table provides an analysis, by maturity date of the principal, of the carrying value of financial assets which are available to fund the repayment of liabilities as they crystallise.

Notes to the financial statements (continued)

20. Risk management (continued)

								2025
	Total	**On demand or within 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5-15 years**	**Over 15 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Reinsurance assets	**251,372**	**28,030**	**25,965**	**24,164**	**22,389**	**20,660**	**108,265**	**21,899**
Receivables	**50,405**	**50,405**	**—**	**—**	**—**	**—**	**—**	**—**
Cash and cash equivalents	**20,328**	**20,328**	**—**	**—**	**—**	**—**	**—**	**—**
Total financial assets	**322,105**	**98,763**	**25,965**	**24,164**	**22,389**	**20,660**	**108,265**	**21,899**

								2024
	Total	On demand or within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-15 years	Over 15 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurance assets	253,850	51,315	29,855	26,610	20,410	17,912	85,818	21,930
Receivables	50,658	50,658	—	—	—	—	—	—
Cash and cash equivalents	20,006	20,006	—	—	—	—	—	—
Total financial assets	324,514	121,979	29,855	26,610	20,410	17,912	85,818	21,930

The reinsurance assets above are analysed using the estimated timing of expected cash flows. The other assets are analysed in accordance with the earliest possible redemption date of the instrument at the initiation of the Company.

Oversight of liquidity risk for the Company is undertaken by the Board.

(e) General insurance risk

The Company is not currently seeking or accepting new business and considers insurance risk within its general insurance activity to be the management of claims and the adequacy of reserving. The Company's claims liabilities are primarily comprised of Marine and Liability risks spread across the United Kingdom and North America.

All business is reinsured as the Company is party to a reinsurance agreement entered into with National Indemnity Company (NICo) in 2000, which provides substantial protection in excess of current gross liabilities.

The Company has an Adverse Reserve Deterioration (ARD) agreement with its immediate parent company, AIL. This agreement provides an extra £1 billion of reinsurance cover to protect against circumstances in which the reinsurance with NICo is exhausted or otherwise fails to satisfy claims.

The adequacy of the Company's general insurance gross and net claims provisions is overseen by AIL's Reserve & Projections Committee. Actuarial claims reserving is the responsibility of the Company's actuaries, although draws heavily on the gross reserving activity carried out by Resolute Management Limited.

Oversight of insurance risks for the Company is undertaken by the Board.

(f) Operational risk

Operational risk is the risk of direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment and legal risks. The Company has a low appetite for operational risks which could result in material losses (direct or indirect), a financial misstatement or have a material negative impact on reputation, customers, employees or other stakeholders. The Company's exposure to operational risks is largely limited to the failure of Resolute Management Limited or failure of management oversight.

The Company's Operational Risk and Control Management Framework (ORCM) integrates the results of the risk identification and assurance activities carried out across the Company's three lines of defense model. Operational risks are initially identified and assessed against implemented controls. Residual risk outside tolerance is given prioritised management action to reduce it within tolerance.

Operational risk is quantitatively assessed on the basis of financial loss and misstatement. Potential reputational and conduct impacts are qualitatively assessed. Management uses key indicator data to help monitor the status of the risk and control environment. They also identify and capture loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

In addition, specifically with respect to conduct risks, the Company has low appetite for poor customer outcomes and seeks to avoid customer harm across all its business activities. Further it seeks to avoid market abuse or activities which might impact on market stability and integrity for fair competition and takes reasonable steps to comply with all conduct regulations and deliver positive customer outcomes.

Oversight of operational risks for the Company is undertaken by the Board.

20. Risk management (continued)

(g) Climate change

In line with the Aviva Group, the Company considers climate change to be a significant risk, with impacts that are already being felt. Global average temperatures over the last five years have been rising, with the past three years, 2023-2025, being the warmest on record. The current trend of increasing CO2 emissions is expected to continue and in the absence of radical action by governments, global temperatures are likely to exceed pre-industrial levels by at least 2 degrees celsius and weather events (floods, droughts, wildfires and windstorms) will increase both in frequency and severity. The Aviva Group, of which the Company is a part, are proactively addressing the effects through our risk management processes. Climate-related risks are 'cross-cutting' rather than standalone risks in the Risk Taxonomy, recognising that climate impacts other risks. For the Company, the most affected risks are general insurance risk, credit risk and market risk.

The materiality and time horizon over which climate-related risks and opportunities affect our business depend on the specific insurance products, geographies and investments being considered. Notwithstanding that the impact on general insurance liabilities is mitigated by the Company's reinsurance with NICo. The Aviva Group's second Transition Plan, published in February 2025, details our strategy and the approach we are taking to achieve our interim ambitions. Aviva's climate disclosure highlights the progress we have made to date.

(h) Risk and capital management

The Company uses several sensitivity test-based risk management tools to understand the volatility of capital requirements and to manage its capital more efficiently. Risk-based capital models are used to support the quantification of risk under the Solvency UK framework, supported by stress tests to inform risk management. Management undertakes a quarterly review of risk, the output of which is a key input into the risk-based capital assessments. Sensitivities are produced annually to inform the Company's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which the Company is exposed.

21. Related party transactions

The Company has the following transactions with related parties which include parent companies and fellow subsidiaries in the normal course of business.

(a) Adverse reserve deterioration ('ARD') agreement

The Company has an ARD agreement with its parent company, AIL. This agreement provides an extra £1 billion of reinsurance cover to protect against circumstances in which the reinsurance with National Indemnity Company is exhausted or otherwise fails to satisfy claims.

(b) Other transactions

Services provided to, and by related parties

	2025 Payable at year end	**2025** Receivable at year end	2024 Payable at year end	2024 Receivable at year end
	£'000	**£'000**	£'000	£'000
Parent	**—**	**50,280**	—	50,526
Fellow subsidiaries	**(429)**	**—**	(429)	—
	(429)	**50,280**	(429)	50,526

The Company has a receivable from its parent company in respect of bank accounts held on its behalf. The movement between 2024 and 2025 is attributable to movements in foreign exchange rates. Amounts owed by the Company's parent are repayable on demand. The Company has a payable to fellow subsidiaries in respect of unpaid accruals and recharges which are due within one year.

(c) Key management compensation

The key management of the Company are considered to be the statutory directors of the Company. Details of directors' emoluments are given in note 6.

(d) Immediate parent entity

The immediate parent undertaking is Aviva Insurance Limited, registered in Scotland.

(e) Ultimate controlling entity

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

22. Subsequent events

Management has evaluated subsequent events for the period from 31 December 2025 to the date of these financial statements, and there has been no material subsequent events during that period.