

Supplementary Report to the Directors of Aviva Protection UK Limited from the Chief Actuary on the Proposed Transfer of the whole of the business of Aviva Protection UK Limited to Aviva Life & Pensions UK Limited

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1. Executive Summary

This Supplementary Report, made in my capacity as Chief Actuary, is addressed to the Directors of Aviva Protection UK Limited (“APUK”) and concerns a Scheme of Transfer (“the Scheme”) under Part VII of the Financial Services and Markets Act 2000. It is proposed that the whole of the business of APUK is transferred to the Non-Profit Sub-Fund (“NPSF”) of Aviva Life & Pensions UK Limited (“UKLAP”), the main UK Life company of Aviva.

This report should be read in conjunction with my original report entitled “Report to the Directors of Aviva Protection UK Limited from the Chief Actuary on the Proposed Transfer of the whole of the business of Aviva Protection UK Limited to Aviva Life & Pensions UK Limited” (the “Main Report”), dated 2 July 2025, as submitted to the High Court at the Directions Hearing held on 16 July 2025 and to the Royal Court of Jersey on 22 July 2025. The Main Report remains available to view by policyholders and other interested parties on Aviva’s website at <http://www.aviva.co.uk/partvii>.

In preparing this Supplementary Report I have considered relevant events, experience, and developments since completing the Main Report and their effect on the conclusions set out in that report. In particular, I have considered the financial position of UKLAP and APUK as at 30 June 2025 compared to the position as at 31 December 2024 used in the Main Report.

I have also considered the correspondence with policyholders that has taken place in connection with the proposed Transfer and the responses received up to 2 November 2025.

Allowing for these developments, and consistent with my previous opinion, I conclude that:

- The financial security of the policyholders of APUK transferring to UKLAP will not be materially adversely impacted by the Transfer; and
- The Scheme will have no material adverse impact on the expected benefits or the fair treatment of the policyholders of APUK transferring to UKLAP.

At the time of writing this Report, all policyholders are expected to transfer under the Scheme.

Michael Aitchison, FFA

Date: 6 November 2025

2. Introduction

2.1. Purpose of the report

2.1.1. As the Chief Actuary for APUK, I have been asked to comment on the proposals for the transfer of the whole of the business currently written within APUK to UKLAP under Part VII of the Financial Services and Markets Act 2000. The proposals are set out in the Scheme, a copy of which can be found on Aviva's website at <http://www.aviva.co.uk/partvii>.

2.1.2. If approved, the Scheme will come into effect on the "Effective Date", which is expected to be 31 December 2025.

2.1.3. The purpose of this Supplementary Report is to consider whether events or experience since I prepared the Main Report have impacted the conclusions that I set out. Only matters in relation to the proposed Transfer which have changed or arisen since the Main Report are addressed in this Supplementary Report, and only to the extent that they may impact the benefit security, benefit expectations or fair treatment of APUK policyholders. This report should be read in conjunction with the Main Report.

2.1.4. This report covers three main areas:

- Updated financial information
- Policyholder communication and objections; and
- Other relevant developments.

2.1.5. The Independent Expert appointed in connection with the Scheme has also prepared a Supplementary Report covering the impact of the Scheme on the benefit security and fair treatment of APUK policyholders and of existing UKLAP policyholders. The Independent Expert's Report will be considered by the UK High Court at the Sanction Hearing scheduled for 26 November 2025, as well as 2 December 2025 and 5 December 2025 for the Jersey and Guernsey Scheme respectively.

2.1.6. The Chief Risk Officer of APUK, Ruth Middleton, has also provided me with her opinion which is set out in Section 2.5.

2.1.7. Copies of this report have been made available to the Independent Expert, the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").

2.2. Disclosures

2.2.1. I am a Fellow of the Institute & Faculty of Actuaries, having qualified in 1998.

2.2.2. I am an employee of Aviva Employment Services Limited, a wholly owned subsidiary of Aviva plc. I have shares in Aviva plc and am a member of the Aviva Staff Pension Scheme. I do not hold any insurance policies issued by APUK or UKLAP.

2.2.3. I can confirm that my personal interests have not influenced me in reaching any of the conclusions detailed in this report.

2.3. Reliances

2.3.1. I have read a draft of the Supplementary Report prepared by Andrew Carr, the Chief Actuary of UKLAP. I have considered his comments on the likely effect of the Scheme on the existing policyholders of UKLAP.

2.3.2. The financial information on APUK and UKLAP referred to in this report is based on 30 June 2025 results. I have relied on these figures being correct.

2.3.3. Other economic capital information has been provided to me. This information is confidential and has not been reproduced in this report. Nevertheless, I have reviewed this information in detail.

2.3.4. Figures have also been supplied to me on the position allowing for the proposed Transfer. These have been subject to review internally, and by me in the course of writing this report. I have relied on these figures being correct.

2.3.5. Details of the objections from policyholders is based on the Management Information supplied to me up to 2 November 2025. If there are further objections raised ahead of the Sanction Hearings, these will be provided to the Courts and I will consider if an addendum to my Supplementary Report is required.

2.4. TAS Compliance

2.4.1. This report is technical actuarial work and hence falls within the scope of the Technical Actuarial Standards issued by the Financial Reporting Council. I consider that this report and the work underlying it meet in all material aspects the requirements of TAS 100: General Actuarial Standards and TAS 200: Insurance.

2.4.2. In addition, under the Actuarial Professional Standard X2, this report has been reviewed by Denis Cavanagh, Group Actuarial Function Director at Aviva and Chief Actuary of Aviva International Insurance Limited.

2.5. Chief Risk Officer Opinion

2.5.1. As at 6 November 2025, it is my view that the conclusions I set out in the Main Report continue to hold.

3. Updated Financial Information

3.1. Purpose of Section

3.1.1. This section provides additional information on the solvency position of APUK and UKLAP and the impact of the proposed Transfer.

3.2. Solvency Position of APUK and UKLAP

3.2.1. In the Main Report, the conclusions of the likely impact of the proposed Transfer were based on financial data as at 31 December 2024 (Full Year 2024 or “FY 2024”). The table below shows an updated view, using financial data as at 30 June 2025 (Half Year 2025 or “HY 2025”).

Financial Impact as at 31 December 2024

FY 2024	APUK Pre-Transfer	UKLAP Post-Transfer
Solvency Component	£m	£m
Own Funds	345	9,148
SCR	203	5,515
Surplus	142	3,634
Solvency II Cover Ratio	170%	166%

Financial Impact as at 30 June 2025

HY 2025	APUK Pre-Transfer	UKLAP Post-Transfer
Solvency Component	£m	£m
Own Funds	360	8,833
SCR	207	5,397
Surplus	154	3,435
Solvency II Cover Ratio	174%	164%

3.2.2. The financial position for UKLAP post-Transfer was estimated within Aviva’s Finance team based on reported pre-Transfer financials. This was adjusted to allow for the valuation on the Aviva Internal Model, diversification within the NPSF and the reinsurance to Aviva International Insurance Limited, Aviva’s UK-based internal reinsurance vehicle.

3.2.3. The solvency positions of APUK and UKLAP at 30 June 2025 are similar to those at 31 December 2024. UKLAP continues to hold capital above its Solvency Risk Appetite (“SRA”) post-Transfer, having greater headroom over the SRA compared to APUK and thus increasing policyholder security at the point of Transfer.

3.2.4. The impact of the Scheme on the solvency position of UKLAP post-Transfer has increased from the Main Report as, following clearance from HMRC, the tax assets transferring have been confirmed, as a result of which UKLAP is able to recognise an additional deferred tax asset. This is partially offset by a refinement to one small component of the SCR calculations.

3.2.5.I have also considered the updated risk profile of APUK and UKLAP as at 30 June 2025 which is materially the same as the position set out in the Main Report as at 31 December 2024.

3.2.6.I am satisfied that the updated financial analysis as at 30 June 2025 does not change the conclusions set out in the Main Report.

3.2.7.All other conclusions relating to benefit security, benefit expectations and the fair treatment of APUK policyholders are unchanged from the Main Report.

3.2.8.I am not aware of any events since 30 June 2025 to the date of this report that would affect the conclusions in relation to benefit security.

3.2.9.I will continue to monitor the solvency position and risk profile of APUK and UKLAP during the period up to the Court Sanction Hearings.

3.3.Solvency Position of Aviva International Insurance Limited ("All")

3.3.1.As noted in the Main Report, 30% of the liabilities of the transferred business, net of external reinsurance, will be reinsured to All immediately when the proposed Transfer takes effect.

3.3.2.Inclusion of this business in the scope of the All reinsurance treaty has been approved by All and UKLAP subject to the Scheme being sanctioned and the liabilities transferred from APUK to UKLAP.

3.3.3.The key consideration on whether the All reinsurance treaty would impact the financial security of the transferring APUK policyholder benefits relates to All's ability to meet its future reinsurance obligations to UKLAP, and the extent to which UKLAP's financial position depends on the All reinsurance treaty.

3.3.4.The Solvency II Cover Ratio of All has decreased from 220% at FY 2024 to 153% at HY 2025, mainly driven by the planned £1,000 million cash dividend paid to Aviva Group Holdings Limited on 18 February 2025.The solvency position following the dividend distribution remains above All's SRA.

3.3.5.Whilst there is a small reduction in All's Solvency II Cover Ratio at HY 2025, from 153% to 149%, as a result of the additional reinsurance from UKLAP, it remains above All's SRA.

3.4.Conclusion

3.4.1.Having considered the above, I am satisfied that the conclusions of the Main Report remain appropriate. In particular, I am satisfied that the proposed Transfer will have no material adverse impact on the benefit security, benefit expectations or the fair treatment of the APUK policyholders transferring to UKLAP under the Scheme.

4. Policyholder Communication and Objections

4.1. Purpose of Section

4.1.1. This section covers key points relating to the communication of the proposed Transfer to Transferring Policyholders and other interested parties. The Transfer communication exercise has been carried out in accordance with the Court Order issued subsequent to the Directions Hearing on 16 July 2025, which included dispensations in relation to communications to certain classes of APUK policyholders and other related parties.

4.2. Overview of Communication

4.2.1. Information and key documents relating to the proposed Transfer were published on the Transfer Website at www.aviva.co.uk/partvii/ shortly after the Directions Hearing. This was linked from banners on the homepage of the APUK website (<https://protection.aviva.com/>), the homepage of Aviva's UK website (www.aviva.co.uk) and on Aviva's online service portal and app for UK customers (MyAviva). As at 2 November 2025, a total of approximately 110,000 webpage views were recorded.

4.2.2. The Legal Notice regarding the proposed Transfer was published by 1 August 2025 in each of the London, Edinburgh and Belfast Gazettes, in five national newspapers in the United Kingdom (The Daily Mail, The Guardian, The Mirror, The Telegraph and The Times) and the international edition of the Financial Times.

4.2.3. In addition to 4.2.2., the Legal Notice in respect of the Jersey and Guernsey Schemes was published by 6 August 2025 in the Jersey Gazette and La Gazette Officielle in Guernsey.

4.2.4. The mailing of the Notification Pack to existing APUK customers was substantially completed over the period of the agreed mailing window of 28 July 2025 to 5 September 2025, with approximately 1.3 million Notification Packs issued. The final mailing batch to fewer than 100 policyholders, was processed on 15 October 2025, meaning Transferring Policyholders had at least 6 weeks from the date of receipt of the mailing to the date of the Sanction Hearings to consider the content of the Transfer mailing.

4.2.5. Notification packs have also been issued to new APUK customers in planned tranches, following the data extract cut-off for each mailing window.

4.2.6. Formal notification of the proposed Transfer was issued on the week of 28 July 2025 to each of the reinsurers of APUK whose contracts of reinsurance are in scope of the proposed Transfer. As at 2 November 2025, none of the reinsurers has expressed any concerns or objected to the proposed Transfer.

4.2.7. Formal notification of the proposed Transfer was issued to commercial counterparties by 7 October 2025.

4.2.8. A dedicated Part VII response-handling team has been set up to deal exclusively with all inbound enquiries received in response to the policyholder mailing during the period from the start of the mailing window until after the Effective Date of the proposed Transfer.

4.2.9. Regular management information tracking the progress of the mailing itself, and all policyholder responses, has been provided to me, the FCA, the PRA, and the Independent Expert. This management information included details of all policyholder objections to the proposed Transfer.

4.2.10. I am satisfied the communications carried out are in compliance with APUK's obligations under the Order for Directions made by ICC Judge Prentis at the Directions Hearing.

4.3. Summary of objections

4.3.1. In total, as at 2 November 2025, 11,402 policyholders have made contact in relation to the proposed Transfer. The vast majority of policyholder responses were general enquiries about individual policies, or general enquiries about the proposed Transfer.

4.3.2. As of 2 November 2025, a total of 34 objections, one of which has been withdrawn, and 6 Expressions of dissatisfaction regarding the proposed Transfer have been raised, representing approximately 0.003% of all Transferring Policyholders. All objectors are either APUK policyholders or advisers to APUK policyholders. Whilst it is possible that objectors may also have a policy with UKLAP or another Aviva company, they have not objected on this basis. The details of each objection and response were presented to me as they arose.

4.3.3. A summary of the objections is set out below, grouped by common theme.

Objection theme	Number of policyholders
Negative experience with Transferee (Aviva) in the past	8
Negative perception of Transferee (Aviva)	6
Policyholder does not want the Scheme to happen but does not state their reason	7
Negative experience with another company associated with Transferee (Aviva)	3
Changes in Terms & Conditions (T&Cs)	2
Customer requires more support	2
Negative experience with Transferor (APUK) in the past	2
Security of benefits of policyholders	3
Reduced competition in the market post-Transfer	1

A record of correspondence relating to these objections has been provided to the Court.

4.3.4. Any objections received after 2 November 2025 will be reported separately to the Court at the Sanction Hearings.

4.4. Conclusion

4.4.1. I have considered the objections raised by policyholders and the responses provided in each case. I am satisfied that none of the objections cause me to reconsider the overall conclusions reached in the Main Report, as set out in Section 6 of this report. I will continue to consider any objections received up to the Sanction Hearings.

5. Other Relevant Developments

5.1.Purpose of Section

5.1.1.This section considers other relevant developments since the date of the Main Report and their possible impact on the Scheme.

5.2.Policyholders subject to Sanctions

5.2.1.At the time of writing this report, there are no Transferring Policyholders subject to Sanctions.

5.3.DLG Acquisition

5.3.1.As covered in the Main Report, the Direct Line Insurance Group (DLG) was acquired by Aviva on 1 July 2025. The acquisition did not impact on the financial position of UKLAP or APUK (as set out in section 3) as DLG was acquired by Aviva plc, the parent company, rather than the life insurance subsidiaries. Also, as the acquired DLG business does not form part of UKLAP or APUK, there are no impacts on the proposed Transfer.

5.4.APUK Integration

5.4.1.As part of the development of the integration plans for the business transferring into the wider Aviva Group, the current administration arrangements have been reviewed. This review is independent of the proposed Scheme and does not rely on the proposed Scheme being implemented. I have considered the details of the review and conclude that these do not change my conclusions in respect of the proposed Scheme.

5.5.Changes to Financials Post HY 2025

5.5.1.Solvency II Basis Changes in APUK and UKLAP

The financials in section 3 are based on data and assumptions as at 30 June 2025. After considering the latest data, and the need for consistency with UKLAP assumptions post-Transfer, I have proposed changes to some assumptions for use at 31 December 2025. These changes do not affect my conclusion in section 3.4 that the proposed Transfer will have no material adverse impact on the benefit security, benefit expectations or the fair treatment of the APUK policyholders transferring to UKLAP under the Scheme.

5.5.2.Market Volatility

At the time of writing, there has been no significant volatility in investment markets since 30 June 2025. I will continue to monitor this and any potential impacts on the proposed Transfer.

5.6.Life Insurance Stress Test (LIST) 2025

5.6.1.LIST 2025 is a structured stress testing exercise specified by the PRA, aimed at assessing the financial resilience of bulk annuity providers to various “severe but plausible” market shocks. This exercise only applies to UKLAP and not APUK.

5.6.2.The LIST 2025 results are expected to be published in November 2025. I have considered the draft results of this exercise and conclude that these do not change my conclusion that the proposed Transfer can proceed.

6. Conclusions

6.1. Summary

It is my view that the conclusions set out in the Main Report continue to hold:

6.1.1. The Scheme does not result in any changes to the benefit expectations of APUK policyholders. Policy terms and conditions are unchanged by the Scheme. The circumstances under which policyholder benefits would be adversely impacted are not materially changed by the Scheme.

6.1.2. The security of benefits for policyholders is not materially adversely impacted by the Scheme as the surplus capital in UKLAP remains in excess of its Solvency Risk Appetite after the proposed Transfer.

6.1.3. Whilst the level of risks to which policyholders are exposed are changed by the Scheme, the changes in exposure to any individual risk are not inappropriate or excessive. Policyholders will remain supported by an adequate level of capital.

6.1.4. Administration and management of policies and treatment of policyholders are not materially adversely impacted by the Scheme.

6.1.5. I therefore conclude that the Scheme does not result in a material adverse impact on the financial security of APUK policyholders, their expected benefits or on the fair treatment of these policyholders.

Full name:

Michael Aitchison



Signed:

Position or office held:

Chief Actuary, Aviva Protection UK Limited

Date:

6 November 2025

Appendix: Glossary of terms and abbreviations

Where a company or fund name is appropriately covered in the body of the paper it is not included within this Glossary.

Effective Date	The Effective Date, 31 December 2025, is the date on which, subject to the consent of the Court, the Scheme will take effect.
Expression of dissatisfaction	A statement by the policyholder that falls short of an objection but which otherwise indicates that the policyholder is not happy about or not satisfied with something with the proposed Scheme.
FCA	Financial Conduct Authority, the regulator of the financial services industry in the UK responsible for the conduct of financial services firms, including the fair treatment of customers.
Guernsey Scheme	The Guernsey court-approved scheme process that, together with the Scheme, would effect the transfer of policies issued by APUK to persons resident in Guernsey to UKLAP. This scheme would provide for the transfer of policies on substantially the same terms as the proposed Scheme and is expected to have the same Effective Date as the Scheme.
HMRC	His Majesty's Revenue and Customs (HMRC) is the UK's tax authority responsible for the administration and collection of taxes, payment of certain benefits, and enforcement of tax compliance across individuals and businesses.
Independent Expert	The individual appointed to report on the terms of an insurance business transfer scheme and approved by the PRA and FCA pursuant to Section 109 of FSMA.
Internal Model (IM)	The Internal Model is the approved model for determining the Solvency Capital Requirement (SCR) that a firm is required to hold under Solvency II.
Jersey Scheme	The Jersey court-approved scheme process that, together with the Scheme, would effect the transfer of business carried on by APUK in or from within Jersey to UKLAP. This scheme would provide for the transfer of policies on substantially the same terms as the proposed Scheme and is expected to have the same Effective Date as the Scheme.
LIST	Life Insurance Stress Test is a structured stress testing exercise specified by the PRA to assess a life insurer's financial resilience against severe, but plausible, adverse scenarios.
PRA	Prudential Regulation Authority, the regulator of the financial services industry in the UK responsible for the safety and soundness of firms and securing an appropriate degree of protection for policyholders.
Scheme	The insurance business transfer document that is the subject of this report. It should be noted that the Guernsey Scheme and the Jersey Scheme are separate schemes and defined elsewhere in the Glossary.

Solvency Capital Requirement (SCR)	The capital an entity is required to hold under Solvency II Pillar 1.
Solvency Risk Appetite (SRA)	The Solvency Risk Appetite specifies the amount of capital required to be held in addition to regulatory requirements.
Technical Actuarial Standards (TAS)	Technical Actuarial Standards, the principles maintained by the Financial Reporting Council against which all Required or Reserved Actuarial work should be performed.