Assurant Group Limited Group Solvency and Financial Condition Report

Year ended 31 December 2023

ASSURANT®

Contents

I Terms and Acronyms

Term	Definition
AGIL	Assurant General Insurance Limited
AGL	Assurant Group Limited, the UK holding company of AGIL. The supervised insurance holding company under Solvency II.
AGL Group, the Group	Assurant Group Limited and its subsidiaries
ARCC	Audit, Risk and Compliance Committee of AGL Group
Assurant, Inc. or AIZ	Assurant, Inc., the ultimate parent and controlling party of AGL
Board	The board of directors of AGL
CAE	Chief Audit Executive of Assurant, Inc.
EEA, EU	European Economic Area, European Union respectively
ELC	European Leadership Committee
FCA	Financial Conduct Authority in the UK
GAAP	Generally Accepted Accounting Practices
IAS	Internal Audit Services
LSG	Lifestyle Services Group Limited, an intermediary and insurance administration company within the Group
MCR	Minimum Capital Requirement, calculated as per the Solvency II Directive
MPI	Mobile Phone Insurance
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority in the UK
RMF	Risk Management Framework
SCR	Solvency Capital Requirement, calculated as per the Standard Formula set out in the Solvency II Directive
SFCR or Report	Solvency and Financial Condition Report (this document)
SMF	Senior Manager Function: role which has been identified by the PRA as having ‘significant influence’ on the management and conduct of a firm’s regulated activities. These are identified in a firm’s Management Responsibilities Map.
Solvency II or SII	The Solvency II Regulations of the EU as implemented in the UK by the PRA

II Introduction

Assurant Group Limited (AGL) is an insurance holding company domiciled in England and Wales. AGL is the parent of one of Assurant's insurance companies operating in the United Kingdom, Assurant General Insurance Limited (AGIL). AGIL is authorised by the PRA and regulated by the PRA and FCA. As such, AGL is subject to PRA group supervision. AGL also owns, directly and indirectly, regulated insurance intermediaries and unregulated non-insurance companies. Together these companies are referred to in this document as AGL Group, or the Group. The Group has no entities other than AGIL that are subject to SII regulations on a solo basis. AGL's ultimate parent company is Assurant, Inc., which is domiciled in the United States of America.

III Summary

Within the AGL Group, AGIL provides insurance protection for mobile phones and other consumer electronics. This protection is often provided in combination with non-insurance services that are provided by affiliate entities of the Group.

Performance for the period

AGL Group achieved an underwriting profit for the year of £1,089,000 and a net result of £14,363,000, the difference mainly driven by the performance of the Group's investment result and non-insurance activities.

Further details are provided in Section A.

Risk Management

AGL maintains a Risk Management Framework (RMF) with the following characteristics:

- The risk strategy is owned by the Board, and it is the Board's responsibility to ensure that the business strategy and risk strategy do not diverge. The Risk Function has responsibility to report divergence to the Audit Risk & Compliance Committee (ARCC) together with mitigation recommendations.
- Policies and procedures deal with monitoring techniques, measurement, and reporting, to ensure that the risk exposures that arise from the business are appropriately managed.
- These policies and procedures are embedded, and all employees are required to follow recurring training, communications and collaborative meetings with the Risk function.
- The Risk function is responsible for overseeing implementation of the risk strategy and challenging the risks inherent within the business strategy by engaging with the Risk Accountable Executives, Risk Owners and Risk Co-ordinators in their risk management and mitigation activities.

The main risks that AGL Group is exposed to are underwriting risk, inherent in the nature of its insurance business, followed by credit risk due to counterparty default and market risk. In particular, AGL Group has exposure to market risk in terms of currency risk, which results from the capital the Group holds in its non-insurance subsidiaries located in countries with currencies other than Pound Sterling.

Capital and Solvency

AGL Group's solvency position, according to the Solvency II standard formula model, is as follows:

AGL Group (£'000)	2023	2022
Available Own Funds	130,164	145,206
Eligible Own Funds to meet the MCR	129,287	142,402
Eligible Own Funds to meet the SCR	130,164	145,206
SCR	45,723	56,529
Solvency Ratio %	**285%**	**257%**

AGL Group maintained Own funds above its SCR and MCR requirements during the entire year.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the group SFCR in accordance with the PRA rules and SII Regulations.

The PRA Rulebook for SII firms in Rule 6.1(2) and Rule 6.2(1) of the Reporting Part requires that AGL Group must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Group must ensure that its SFCR is subject to approval by the Directors.

Each of the Directors, whose names and functions are listed in section B1 of this document, confirms that, to the best of their knowledge:

a) Throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable; and

(b) It is reasonable to believe that, at the date of publication of the SFCR, the Group continues to comply and will continue to comply in the future with the relevant PRA rules and SII Regulations.

By Order of the Board

Christian Formby

Chief Executive Officer

17 May 2024

Independent Auditors' Report

Report of the external independent auditor to the Directors of Assurant Group Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report ('SFCR')

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group SFCR of the Company as at 31 December 2023, ('the Narrative Disclosures subject to audit'); and
- Group Templates G.02.01.02, G.23.01.22, G.25.01.22 and G32.01.22 ('the Group Templates subject to audit').

The Narrative Disclosures subject to audit and the Group Templates subject to audit are collectively referred to as the 'relevant elements of the Group SFCR'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group SFCR;
- Group templates G.05.01.02 and G.05.02.01;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Group SFCR ('the Responsibility Statement');
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with UK law other than the Solvency II regulations ('the sectoral information').

To the extent the information subject to audit in the relevant elements of the Group SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group SFCR of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group SFCR in the UK, including the Financial Reporting Council's (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.

Emphasis of Matter – Basis of Accounting

We draw attention to the ‘Valuation for solvency purposes’ and ‘Capital Management’ sections of the Group SFCR, which describe the basis of accounting. The Group SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Group SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the Group SFCR, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the Group SFCR is appropriate.

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

- obtaining an understanding of controls relevant to the Company’s going concern and forecasting processes, including the governance review controls in place over the key judgements made;
- reviewing the historical accuracy of the Company’s forecasting process, including consideration of post-year-end performance to-date;
- challenging the reasonableness of key judgements made regarding the impacts that changes in macroeconomic conditions may have on the operations and resilience of the Company, its customers and third-party reinsurance partners, as well as its ability to comply with its external capital requirements, through assessing post-year-end performance to date;
- evaluating the appropriateness of stress test scenarios performed by the Company as part of its Own Risk Self-Assessment, and the impacts that these are forecast to have on the company’s liquidity and compliance with external capital requirements in future periods.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the Group SFCR is authorised for issue.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group SFCR does not cover the Other Information and we do not express an audit opinion or 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 relevant elements of the Group SFCR, 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 there is a material misstatement in the relevant elements of the Group SFCR themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations, which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group SFCR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group SFCR 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 it 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 decision making or the judgement of the users taken on the basis of the Group SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the Group SFCR.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Group SFCR. These included Solvency II as implemented in the UK and applicable taxation legislation; and
- do not have a direct effect on the Group SFCR but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Companies Act 2006 and related Company Law.

We discussed among the audit engagement team including relevant internal specialists such as actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address them are described below:

- we identified a specific risk of fraud in relation to the valuation of technical provisions due to the valuation methods applied including forward-looking estimates over premium receipts, claim costs and expenses that will arise in future periods, which are uncertain and may therefore be susceptible to management manipulation or bias.

In response to the specific risk of fraud identified, our audit procedures included:

- obtaining an understanding of controls relating to the Company's reserving process, including the valuation of technical provisions under Solvency II;
- engaging with our internal actuarial specialists to challenge the reasonableness of claim estimates made by management, with reference to recently observed claims behaviour and experience;
- challenging the reasonableness of future premium and expense assumptions applied by management, with reference to our understanding of the Company's business and recently observed financial performance;
- independently re-calculating material inputs to management's technical provision calculation, assessing their reasonableness and consistency with the Solvency II regulations; and
- performing a 'stand-back' assessment of movements in the Company's technical provisions from 2022 in order to evaluate their consistency with our understanding of its business and performance in 2023.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing Group SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with the PRA and FCA and reviewing internal audit reports.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Chapter of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and UK law relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1(3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Assurant Group Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

Use of our Report

This report is made solely to the Directors of Assurant Group Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Group SFCR 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 PRA, for our audit work, for this report or for the opinions we have formed.

Deloitte LLP
Hanover Building
Corporation Street
Manchester
M4 4AH

17 May 2024

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Group SFCR that are not subject to audit comprise:

- The following elements of Group template G.23.01.22:
    - Rows R0410 to R0440 – Own funds of other financial sectors
    - Row R0690: Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included in D&A
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

A Business and performance

A.1 Business

A.1.1 Name and legal form

		Legal Form	Principal activity
Supervised Group Parent:	Assurant Group Limited	Private limited company	Holding company

A.1.2 Name and contact details of the responsible supervisory authorities

AGL Group is regulated on a group basis by the PRA in the UK. PRA contact details are below:

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
0207 601 4878

A.1.3 Name and contact details of external auditor

This SFCR is audited by Deloitte LLP who can be contacted at:

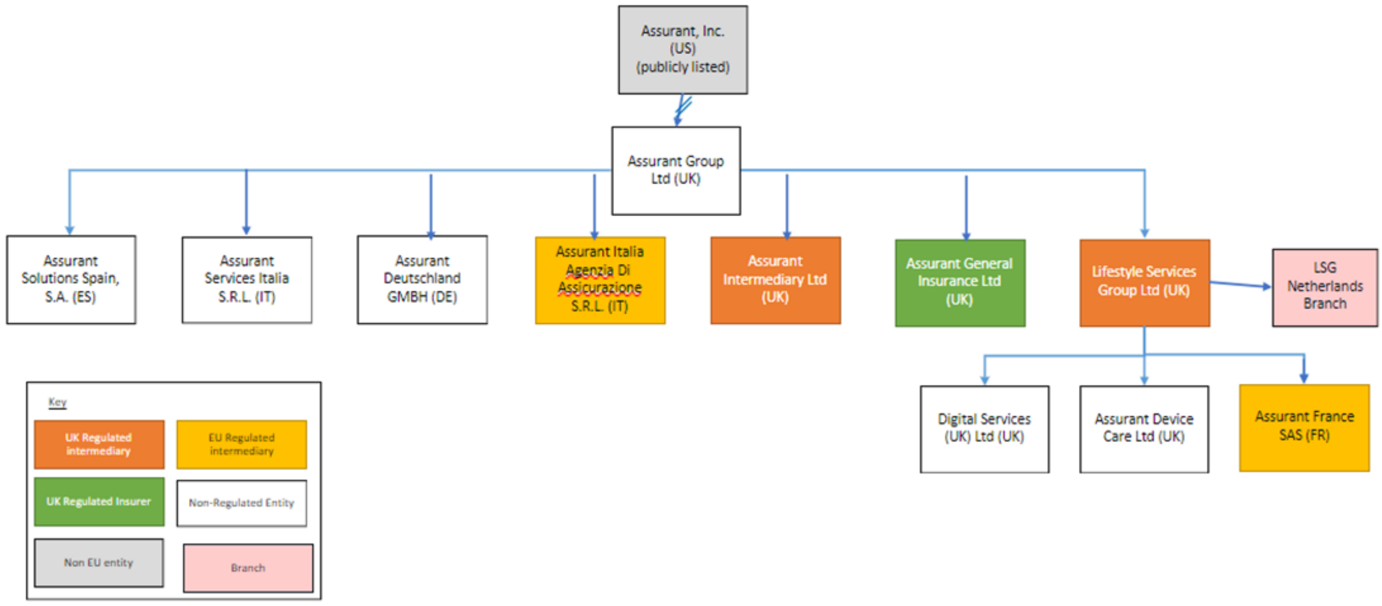
Deloitte LLP
The Hanover Building
Corporation Street
Manchester
M4 4AH

A.1.4 Shareholders and group structure

AGL's immediate and sole parent undertaking is Solutions Cayman, a company registered in the Cayman Islands. The ultimate parent undertaking is Assurant, Inc., a public company listed on the New York Stock Exchange, registered in Delaware, United States of America.

The below chart shows the corporate structure of the AGL Group for the purpose of providing consolidated SII information.

AGL Group Corporate Structure



Notes:
1. *AGL Group refers to Assurant Group Limited and its subsidiaries (direct and indirect).*
2. *All depicted entities are 100% owned by their immediate shareholder (shown by blue connecting lines) except for Assurant, Inc. which is publicly listed.*
3. *This chart does not show (a) intermediary holding companies above AGL or (b) dormant entities within the AGL Group.*

Assurant Direct Limited (ADL) is also part of the AGL Group due to common control (not included in AGL Group structure chart above). ADL is a service company whose ultimate parent is Assurant, Inc. but is not a subsidiary of AGL. Due to there being common directors on the Boards of Directors' of both AGL and ADL, and the underwriting and service relationships between AGL and ADL, AGL is treated as exerting dominant influence over ADL and therefore ADL is included in AGL's supervised group. The impact of ADL's inclusion in AGL's supervised group is not material.

A.1.5 Material lines of Business and material geographical areas where business is carried out

Through AGIL, AGL Group underwrites insurance covers for mobile phones and other electronic devices in the UK. Its direct clients are mainly large commercial enterprises that purchase or arrange protection for their customers.

Its Solvency II lines of business are:

- Fire and Other Property Damage
- Miscellaneous Financial Loss

A.1.6 Significant events during the reporting period

The following events had a significant impact on AGL Group:

Interest rate environment

In the course of 2023, market interest rates relevant to the group's investment portfolio in the UK decreased, driving substantial revaluation gains.

Inflation and consumer behaviour

The level of inflation remained above the Bank of England's desired long-term average. This had a negative impact on the company's technical result as the cost per claim increased and claims handling costs increased. The company also experienced the impact of heightened levels of fraudulent claims, which was attributed to generally worsening economic circumstances for an increasing group of end consumers.

A.1.7 Business performance

Whilst this report generally provides information that is based on valuation rules required by the Solvency II reporting regime, sections A.2, A.3 and A.4 are required to be reported in accordance with the measurement basis as shown in the company's financial statements. AGIL prepares financial statements under UK GAAP. No consolidated financial statements are prepared for the AGL Group, as AGL has taken advantage of the exemption from preparing consolidated financial statements, under Section 401 of Part 15 of the Companies Act 2006, as the results of AGL Group are consolidated in the financial statements of the ultimate parent undertaking Assurant, Inc., which are publicly available. The information on the business performance of the AGL Group below should be understood to refer to an unaudited UK GAAP consolidated pro forma income statement.

The disclosure rules of Solvency II require the business performance of the company to be analysed using three distinct sections, being:

- Underwriting performance
- Investment performance
- Performance of other activities

The table below shows the performance of the Group's operations by section.

AGL Group (£'000)		2023	2022
Underwriting performance	Section A.2	1,089	7,238
Investment performance	Section A.3	5,422	-5,870
Performance of other activities	Section A.4	7,852	9,822
Profit before tax in consolidated pro forma income statement		**14,363**	**11,190**

A.2 Underwriting Performance

The underwriting performance of AGL Group by SII line of business as reported in the UK GAAP consolidated pro forma income statement is set out below:

AGL Group (£'000) Year ended 31 December 2023	Fire & Other Damage to Property	Miscellaneous Financial Loss	General Business Technical Account
Gross written premiums	150,954	1,139	152,093
Net written premiums	104,502	1,139	105,641
Net premiums earned	99,819	1,145	100,964
Net incurred claims	-65,039	-199	-65,238
Net operating expenses	-33,758	-879	-34,637
Net underwriting result	**1,022**	**67**	**1,089**

Schedule G.05.01 is included in Appendix F.

Results and performance

Gross written premiums increased by 5% to £152,093,000, mainly as a consequence of higher sales volumes in the MPI market. The loss ratio increased from 59% in 2022 to 65% in 2023, both as a consequence of increased frequency and cost per claim (inflation) whereas expenses were managed to a consistent year-on-year ratio of 34%.

Analysis by geography

All business is underwritten in the UK and all risks are located in the UK. Schedule G.05.02 is included Appendix F.

A.3 Investment Performance

AGL Group's investment portfolio consists of a mix of relatively short duration government and corporate bonds, smaller investments in collateralised securities (CMBS) as well as short-term investments in money market funds. Especially the latter provided relatively high interest rates, explaining the majority of the increase in interest income compared to prior year. The second largest variance in investment income compared to the prior year concerns the different directions the yield curves and spreads took in 2023 vs 2022.

AGL Group (£'000) Year ended 31 December 2023	Interest income / (expense)	Realised gains / (losses)	Unrealised gains / (losses)	Total
Government Bonds	186	-	15	201
Corporate Bonds	1,601	-87	1,575	3,089
Collateralised Securities	51	-14	24	61
Collective Investment Undertakings	2,181	-	-	2,181
Cash & Deposits	4	-	-	4
				5,536
Asset management expenses				-114
Total investment income	**4,023**	**-101**	**1,614**	**5,422**

A.4 Performance of other activities

AGL Group performs a significant volume of non-insurance business including functioning as an intermediary for third party insurers, providing insurance and claims administration services to affiliate companies outside of the AGL group and to external parties, and mobile phone trade-in and Value Added Services (VAS) business.

AGL Group (£'000)	2023
Commission, fee income and sale of goods - external	84,790
Re-charges to group companies	29,472
Operating expenses	-106,410
Non-insurance result	**7,852**

A.5 Any other disclosures

There are no other matters to report.

B System of governance

B.1 General information on the system of governance

B.1.1 Governance structure

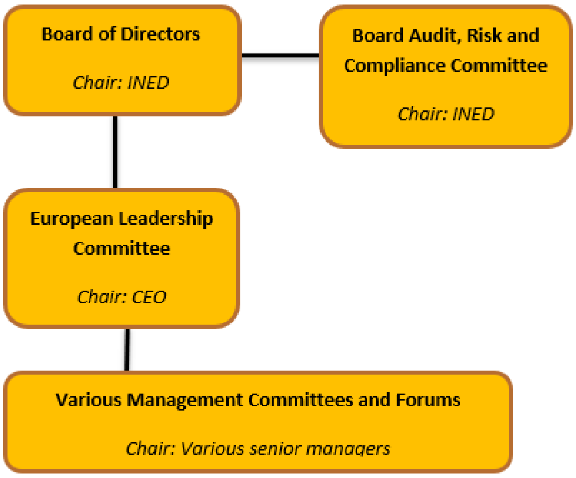
B.1.1.1 Governance Framework Overview

The Group operates a robust internal governance framework which is organised in a manner relevant and proportionate to business activities and size.

Board and management committees exist to direct, control and oversee activities in key areas such as:

- Strategy and business plans (setting, execution and monitoring thereof);
- Audit, risk, and compliance; and
- Day-to-day business activities and performance including:
    - Financial performance;
    - Sales and client management;
    - Customer experience;
    - Risk management;
    - Solvency, capital and reserving;
    - People and culture;
    - Operational resilience;
    - New business; and
    - Technology.

During the year, the governance framework was organised through the following key bodies:



B.1.1.2 Board of Directors

The Board is composed of a combination of Executive Directors, Group Non-Executive Directors and Independent Non-Executive Directors. The Directors set out below held office during the whole of the year from 1 January 2023 to the date of this report unless otherwise indicated:

Director	Role	Approved Function	Comments
S.E. Purdy	INED	SMF9 - Chair of the Governing Body (from 01/03/2023) SMF10 - Chair of the Risk Committee (until 08/06/2023) SMF11 - Chair of the Audit Committee (until 08/06/2023)	
P.I. Thomas	INED	SMF10 - Chair of the Risk Committee (from 06/06/2023) SMF11 - Chair of the Audit Committee (from 06/06/2023)	Appointed 26/04/2023
C. W. Formby-Hernandez	Executive	SMF1 - Chief Executive Officer	
M.J. Schofield	Executive	SMF4 – Chief Risk Function	Appointed 02/02/2023
S.M. Shepherd	Group Non-Executive Director	SMF7 - Group Entity Senior Manager	Appointed 02/02/2023

Role and Responsibilities of the Board

The overriding collective role of the Board is to promote the long-term sustainable success of the Group, generating value for its stakeholders through effective governance and assumption by the Board of direct responsibility for:

a) Providing leadership within a framework of prudent and effective controls which enable risk to be assessed and managed.
b) Setting strategic aims and risk appetite.
c) Monitoring Management's performance against those strategic aims.
d) Ensuring that the necessary resources are in place to enable strategic aims to be met.
e) Ensuring that an appropriate system of governance is in place.
f) Setting the purpose and values and promoting the desired culture of the Group.
g) Engagement with the shareholder and other stakeholders.

Board Committees

The Board has one board-level committee, the ARCC whose role is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

a) The integrity of annual financial and regulatory reporting.
b) The internal and external audit process and auditors.
c) The system of internal controls and risk management.
d) The attitude to, and appetite for, risk and risk strategy.
e) How risk is reported internally and externally.
f) Compliance with laws and regulations (including regulatory solvency and capital requirements) and related processes.
g) The integrity of whistleblowing and fraud investigation processes.

The ARCC is composed solely of Independent Non-Executive Directors, one of whom acts as Chair. Regular formal meetings are held which include reports from Risk, Compliance, External Audit, Internal Audit, Actuarial and Finance.

Management Committees

As explained above, the Group operates a management committee structure to ensure appropriate oversight and control of performance, activity and risks within the business.

The management committee structure is determined by the ELC which is responsible (except where specific local legal and/or regulatory requirements dictate otherwise) for managing and overseeing the day-to-day business and affairs of the Group in accordance with the agreed strategy and the authority delegated to it by the Board.

The ELC is chaired by the President, Europe (an AGL and AGIL director) and is composed of all Executive Directors plus other senior managers nominated by the President to represent certain business units, geographies, and functional areas. Regular formal meetings are held, and relevant outputs are reported to the Board via the President's quarterly report to the Board.

As per its Terms of Reference, the ELC's key responsibilities include:

a) Development and execution of strategy and business plans and monitoring of performance thereof.
b) Ensuring that activities are consistent with the strategy, risk tolerance/appetite and policies approved by the Board.
c) Reporting to the Board (via the President) on how it has discharged its responsibilities.
d) Oversee business functions, ensuring that the business has the necessary resources to meet its objectives.
e) Monitoring the financial position, ensuring that applicable legal and regulatory requirements (including as to capital and solvency) are met.
f) Overseeing business development and new business opportunities.
g) Overseeing client relationships and customer experience.
h) Setting and overseeing the management governance framework.

The ELC has established a number of management sub-committees and forums to assist it in discharging the roles and responsibilities assigned to it by the Board. Each committee and forum has a core membership consisting of relevant senior managers and, in general, committees and forums are chaired by the relevant Senior Manager Function holder. Each sub-committee and forum is delegated with authority from the ELC to perform certain roles and responsibilities assigned to it within Terms of Reference set by the ELC. The sub-committees and forums are accountable to the ELC but do not relieve the ELC of any of its responsibilities.

B.1.1.3 Key Function holders

A Fit and Proper Person framework is in place to ensure functions are led by appropriately skilled people. In addition to the Directors listed in the previous section, the following individuals have also been approved by the appropriate UK regulatory bodies up to the date of issuance of this SFCR.

A complete list of SMF holders for AGL Group is shown below:

Name	Approved Function
C W Formby-Hernandez	SMF1 - Chief Executive Function
A Schaut (from 09/02/2023)	SMF2 – Chief Finance Officer
M J Schofield	SMF4 – Chief Risk Function

Name	Approved Function
M Klimek	SMF5 – Internal Audit Function
R Morales-Gomez (end 02/02/2023) S Shepherd (from 27/01/2023)	SMF7 - Group Entity Senior Insurance Manager
S E Purdy	SMF9 – Chair of the Governing Body (from 01/03/2023) SMF10 – Chair of the Risk Committee (end 08/06/2023) SMF11 - Chair of the Audit Committee (end 08/06/2023)
P I Thomas (from 06/06/2023)	SMF10 – Chair of the Risk Committee SMF11 - Chair of the Audit Committee
N Colclough	SMF16 – Compliance Oversight
A M Buckner R Carson M I Danino M R Davies S Harper D Jones (from 18/09/2023) N Rashid R Stevens L Sturgeon (from 24/01/2023) C Woolnough	SMF18 – Other Overall Responsibility
W T Diffey (end 22/05/2023)	SMF20 – Chief Actuarial Officer
C Fothergill (from 04/08/2023)	SMF20 – Chief Actuarial Officer
G A Davies	SMF23 – Chief Underwriting Function
C W Formby-Hernandez	Responsible for Insurance Distribution
G D W Bartlett (end 30/06/2023) P I Thomas (from 03/04/2023, end 06/06/2023)	Director of firm who is not a certification employee or a SMF manager

The detailed responsibilities of each SMF holder are documented in the Group's Management Responsibilities Map which is reviewed and approved by the Board periodically. This ensures that each SMF holder has the necessary authority and operational independence to carry out their role. On an annual basis, as part of the business planning process, each SMF holder will ensure that they have the necessary resources to deliver on their responsibilities. The business plan is reviewed and approved by the Board annually.

SMF holders and external audit have direct access to the ARCC and the Board to share any concerns they may have about the governance framework.

B.1.2 Material changes in the system of governance

There were no material changes to the governance structure during 2023.

B.1.3 Information on the Remuneration Policy

Policy

The ELC oversees remuneration policies and procedures for all staff below Executive level. Executive incentive plans and remuneration policies are governed at an Assurant, Inc. level by people with knowledge of relevant UK laws and regulations. For this reason, the Group does not have a Remuneration Committee, although one of the Group's Independent Non-Executive Directors is responsible for overseeing the development and implementation of remuneration policies and practices.

AGL Group's remuneration policy and practices seek to provide incentives to employees that are within the risk tolerance limits of the business, in order not to undermine the effective risk management of the Group and are culturally aligned to our values, whilst ensuring customers receive good outcomes in line with Consumer Duty with no foreseeable harm.

Variable remuneration

Variable remuneration is performance related; the total amount of the variable remuneration is based on a combination of the assessment of performance of the business and the individual. The performance of the business always outweighs the performance of the individual to ensure appropriate variable remuneration decision-making.

There are a number of variable remuneration schemes which cover both short and long-term incentive plans. The scheme periods and deferral in respect of the short-term schemes are in line with the short-term nature of the insurance liabilities the business writes or are linked to client contracts. Each variable remuneration scheme has a different scope of employees and performance measurements. Variable remuneration schemes are aligned to the nature of the role and key responsibilities. Employees are only eligible to participate in either; Head Office bonus, STIP or SIP and one long-term incentive scheme i.e. ALTEIP.

Employees are only eligible to participate in one of the short-term incentive plans. Variable remuneration as a percentage of total direct compensation shall not exceed 100% of salary.

The deferral periods for the awards are considered to be appropriate and proportionate to the nature of the Assurant business and to the length of the risk profile described above.

Non-European based Directors receive no variable remuneration based directly on the performance of the Group, their remuneration being linked to the performance of the wider Assurant, Inc. group.

Non-Executive Directors receive no variable remuneration.

B.1.4 Transactions with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

During the year, the following transactions took place between the shareholder and respective entities:
1) In September, AGL paid a cash dividend of £20m to its shareholder.
2) In October, AGL declared and paid a £2.839m cash dividend to its shareholder.

B.1.5 Assessment of the adequacy of the system of governance

The Group's system of governance is periodically reviewed by the Board to ensure that it is effective and it provides for sound and prudent management of the business. Such reviews take into account the nature, scale and complexity of the business. The scope, findings and conclusions of such reviews are documented and reported to the Board with suitable feedback loops in place to ensure that any follow-up actions are undertaken and recorded.

Based upon the most recent internal review conducted, the Board has assessed the Group's system of governance to be adequate and appropriate to the nature, scale and complexity of the risks inherent in the business.

B.2 Fit and proper requirements

The Group has a Fit and Proper Policy that oversees that appropriate resources are in place to deliver effective and efficient management of the business. The Group takes appropriate steps to ensure that directors, (senior) managers, individuals responsible for key functions and those working in key functions are fit and proper to carry their responsibilities. The requirements are proportionate to the role and responsibilities of the position. Checks are made on initial appointment and are re-assessed annually for individuals within the Senior Manager & Certification Regime and otherwise as required. For new employees and directors, these tests include some or all of the following:

- Criminal record checks.
- Credit referencing.
- Curriculum Vitae detailing skills, qualifications and experience.
- Continuous professional development / performance management framework.
- Membership of professional institutes.
- The recruitment and selection process in place at the time of appointment.
- Permanent education requirements, which are reported on quarterly and monitored by the Compliance Officer.

B.3 Risk management system including the own risk and solvency assessment

B.3.1.1 Risk Management System

The objective of the Group’s Risk Strategy is to establish a rigorous RMF to ensure that the principles of good risk management are embedded throughout the Group. To this end, management of the organisation at all levels is required to be risk aware and understand that Risk Management is part of all employees’ responsibility in delivering the business objectives in an efficient and effective manner and in line with an agreed and established risk appetite.

B.3.1.2 Risk Management Strategy

The Group has defined its Risk Appetite for its key risks. These risks are allocated to the following four strategies:

- Risk acceptance: the Board accepts risks that fall within the boundaries/limits defined in the risk appetite framework. Any risk falling outside the specified limits or boundaries is reviewed and may be accepted for a defined period of time.
- Risk reduction/minimisation: these activities generally relate to control and mitigation activities, and therefore this strategy may include any or all of the following; the design of new process or accounting controls, contracting controls, changes in product design, improvement in a set of Terms and Conditions, or other changes designed to control and/or mitigate risk.
- Risk transfer: risk is transferred principally through reinsurance agreements. These may include, but are not limited to stop loss, excess of loss, quota share, or other such treaties. Other types of risk transfer can also be considered.
- Risk Avoidance: where an activity is outside its risk appetite, the Group will seek to avoid exposure to that type of risk.

B.3.1.3 Process

The Group works within the three lines of defence model and reinforces the requirement for first line management of risk, with oversight and challenge from the second line risk and compliance functions and third line internal audit function:

Enabling Risk Culture	Oversight	Board and Executive	• Establishes risk appetite and strategy • ARCC - Approves risk framework and challenges risk management function	Risk Management Framework and Process Alignment
	3rd Line of Defence	Internal Audit Services	• Provides independent assurance on the effectiveness of first and second line of defence functions	
	2nd Line of Defence	Risk Management Function Compliance Function Actuarial Function Data Protection Officer	• Design, interpret and develop overall RMF • Overview of AGL Group Risk Registers • Ownership of ORSA Process and Output • Monitor controls in place against key risks • Challenges risk mitigation and acceptance • Reports on Risk exposures, Issues, mitigations and resolutions • Actuarial Function Report; Underwriting / Reinsurance opinions under Solvency II	
	1st Line of Defence	Business / Functions	• Risk Accountable Executives • Risk Owners • Owner of the risk management process • Identifies, manages, and mitigates risks • Identifies, manages, and reports on Issues	

The Group has implemented a robust governance structure around Risk Management that is proportionate to its scale and complexity. The ELC is supplemented by a quarterly sub-committee, the Management Risk Committee, that is attended by the Risk Accountable Executives to review the risk profile, status of remediating activities and any risk events during the quarter.

The Risk Function maintains a key risk register for the overall business, with each key risk having an agreed Risk Accountable Executive, who is supported in managing the risk exposure by a Risk Co-Ordinator and / or Risk Owner. Business areas are responsible for maintaining the controls to manage and mitigate the risk exposure. The business, supported by Risk, update the risk registers on a periodic basis defined in the risk register process, using measurement techniques specified in Assurant's RMF.

Management is given authority to manage risks within the agreed risk appetite. The monitoring processes and controls that operate over the organisation will be complementary to the processes and controls used by the Risk organisation and its committees.

B.3.2 Own Risk and Solvency Assessment

The Group has an ORSA policy in accordance with which it performs an ORSA at least annually and ad hoc ORSA's are completed when required in line with the ORSA policy. The ORSA is reviewed and approved by the Board.

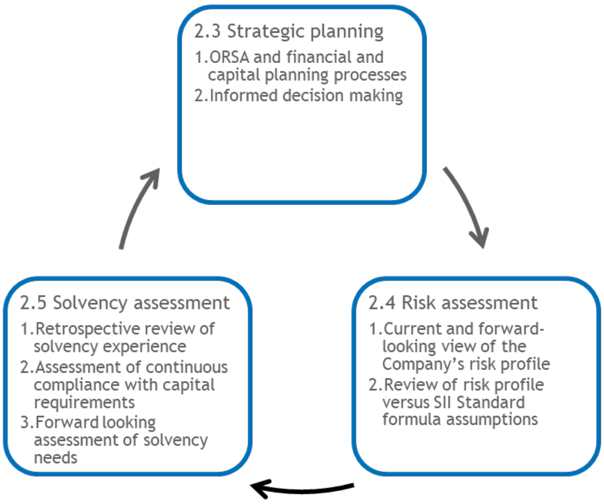
The ORSA is not separate to the RMF, but an integral part of it to describe the whole risk to the business and, by implication, the ability of the business to meet the funding requirements of its overall business plans including its on-going liabilities now and into the future.

The ORSA is a forward-looking analysis of the Group's short and long-term risks, which is updated regularly to ensure sufficient own funds to meet the entities' existing and future liabilities, through a combination of risk, capital and solvency projections.

In general, the "ORSA process" is one of coordinating with many areas of the business to ensure that the information, data and calculations are available for reporting through to the results and ensuring that key stakeholders are available to review and comment on the ORSA outputs.

The process is owned and operated by the Risk Function, which has access and continuing understanding and control of many of the key elements that make up the ORSA.

ORSA Process



B.4 Internal control system

B.4.1 Description of system of internal control

The internal control system of the Group is designed to provide reasonable assurance that its reporting is reliable and compliant with applicable laws and regulations, and its operations are effectively controlled.

The Group applies the three lines of defence principle. The Group's general efforts to promote, foster and facilitate an organisational culture of sound and ethical business practices is the responsibility of the first line of defence, i.e. business management. Second line of defence functions help, support, and challenge the business management to meet that responsibility. Internal audit will provide independent assurance and is the third line of defence. The Group's internal control system and three lines of defence model is further elaborated in policies, procedures and guidelines.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of risk management processes, practices and internal control systems. In practice, the oversight and management of these systems necessarily involves participation of the Board, the ARCC, senior management, Risk, Finance, Compliance, Legal, business managers, various management committees and Internal Audit. Primary responsibility for ensuring day-to-day oversight of the internal control system lies with the relevant SMFs and Key Function Holders.

The Group promotes the importance of appropriate internal controls by:

- ensuring that all personnel are aware of their role in the internal control system;
- ensuring a consistent implementation of the internal control systems across the Group; and

- establishing monitoring and reporting mechanisms for decision-making processes. The Risk Management and Controls section above includes a brief description of the internal control systems relating to the risk function.

B.4.2 Implementation of the Compliance function

The Group operates within the financial services' regulatory regime of the UK. The PRA and FCA define the standards required within the business via their principles, rules and guidance, which cover key areas around customer protection, customer fair treatment and sustainability – with expectations that these requirements are embedded in the culture of the business, driven from the top of the organisation and managed via robust governance frameworks. All employees are required to understand the regulatory rules and requirements applying to their role, which assists the business in meeting the standards required in both the letter and the spirit of those requirements. Some Senior Managers have specific responsibilities, accountabilities and obligations under the SM&CR regime to the regulators.

The Compliance function's purpose is to ensure that the Group meets the regulatory requirements. Through engagement with the business leaders and a variety of activities and processes using a risk-based approach to identify, assess, control, measure, mitigate, monitor and report compliance risks, as a part of its advice services, approval processes, and oversight and governance through the Compliance Plan. The Compliance function ensures, together with the People Organisation, that there is a strong regulatory compliance culture.

The function is led by the Chief Compliance Officer who reports directly to the International Compliance Officer of the parent group and has direct access to the Board and ARCC in order to assist with management of any conflicts of interest. The Chief Compliance Officer provides regular updates on relevant Compliance matters to the ELC and the Board (via the ARCC).

The Compliance function also:

- owns and develops relationships with the FCA and PRA, which includes taking a forward-looking view to manage regulatory change.
- carries out horizon scanning activities identifying changes affecting regulatory matters and working with stakeholders to implement changes to policies and processes.

B.5 Internal audit function

B.5.1 Description of how the internal audit function is implemented

The IAS function is responsible for regularly assessing the adequacy of the internal controls system of the Group and reporting its findings to the Board (via the ARCC).

The Internal Audit Charter defines the framework for the activities of the Internal Audit function as it pertains to the Group and is approved by the ARCC. The Charter aligns with the broader global Charter established between IAS and the Assurant Inc. Audit Committee.

The bi-annual audit plan is prepared and submitted to the ARCC for review and approval. Upon confirmation, IAS distributes the plan to Executive business leaders and executes the plan during the course of the audit plan period. Additionally, at IAS' discretion or at the request of the ARCC, or management, other unannounced audits may be completed.

The audit plan preparation and execution follow the following steps:

- Initially the entire risk universe is considered during the annual audit planning and subsequent revisions to plan. The highest-risk items are included as risk-based audits. Certain processes, while perhaps not rising to a level of significant risk, are still included on a cyclical basis to ensure breadth of coverage over a span of time.
- Secondly, risks associated to the audit are identified and their mitigation evaluated via an assessment of the design and operational effectiveness of key internal controls, information systems,

governance, risk management, and financial reporting supplemented where necessary by a programme of testing, creating audit programs for every project.

- Audit plan activities typically conclude with some form of communication (audit report, memo, or other testing result) addressed to appropriate management of not only the results of the activities, but also management's action plans for remediation and/or improvement. Depending on the scope of the engagement these actions could be in the area of risk management, controls, or corporate governance with action plans obtained from appropriate management which are tracked by IAS until final completion as part of the IAS issues follow-up process.
- Senior management has the opportunity to provide responses to audit findings, which are included in the final report, when that format is used to communicate results. The completed reports are made available to executive leadership, the ARCC and the Assurant Audit Committee.

B.5.2 Description of how the internal audit function maintains independence and objectivity

The Internal audit function's mandate and responsibilities are documented in the Internal Audit Charter. It defines the framework for the activities of the Internal Audit function and is approved by the Board. The charter allows Internal audit to be independent of the functions audited and it provides full, free, and unrestricted access to all operations, records, property, and personnel. Additionally, it provides the authority to allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

The Head of Internal Audit reports directly to Assurant's CAE and has a line of escalation to the ARCC.

B.6 Actuarial function

The actuarial function is responsible for calculating the technical provisions and claims reserves and the SCR and MCR. It carries out standard formula appropriateness reviews on an annual basis. In addition to these responsibilities, the actuarial function is also responsible for reviewing the appropriateness of insurance product pricing and contributing to corporate governance committees/forums, capital initiatives and regulatory returns as appropriate.

The function is led by the Chief Actuary. The Chief Actuary has the knowledge and experience, is appropriately qualified, and has the appropriate level of skill necessary to perform this function in accordance with applicable professional and technical standards.

The Chief Actuary coordinates the calculation of technical provisions, provides the Actuarial Function Report and opines on the underwriting policy and reinsurance arrangements, and contributes to the effectiveness of the risk management system.

The Chief Actuary provides quarterly reports to the Board, via the ARCC, in which methodologies, assumptions, and results of work are explained and provided for noting and/or approval. Annually, the actuarial function prepares the Actuarial Function Report. The Chief Actuary has access to the independent non-executives in the Board to escalate issues or concerns.

B.7 Outsourcing

Internal

AGL Group operates as part of the overall Assurant group of companies. Many of the Group's processes are part of wider Assurant, Inc. global activities and staff working on the Group's business also have responsibilities for the European organisation and report up through the global enterprise structures. Similarly, there are employees of the Global enterprise who perform activities for European businesses, including IT services.

Where such activities relate to critical functions, those employees are also directly responsible to the Board for activities performed on behalf of the business and are therefore also not deemed to be outsourced arrangements.

Name of Provider	Outsourced function	Jurisdiction
Assurant Inc. & subsidiaries	IT infrastructure and application services	US

External

The Group regularly makes use of third-party organisations to provide goods and services to the business in various areas. The Outsourcing policy sets out the standards and controls required for selection of providers of this type of arrangement as well as the requirements for ongoing management of the relationships to ensure adequate oversight and governance of performance of the services.

Critical and key functions that are outsourced externally:

Name of Provider	Outsourced function	Jurisdiction
Blackrock Investment Managers Limited, UK.	Asset Management	UK

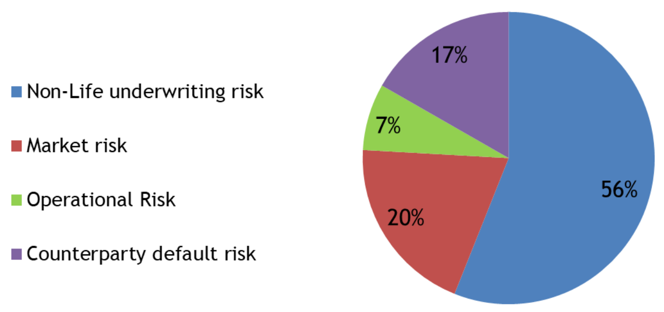
B.8 Any other disclosures

None.

C Risk management

The main risk which AGL Group is exposed to is underwriting risk, inherent to its insurance business, followed by credit risk due to counterparty default and market risk, arising from investments and technical provisions. The Group has exposure to market risk in terms of currency risk, which results from the capital which the Group holds in its non-insurance subsidiaries located in countries with currencies other than the Sterling.

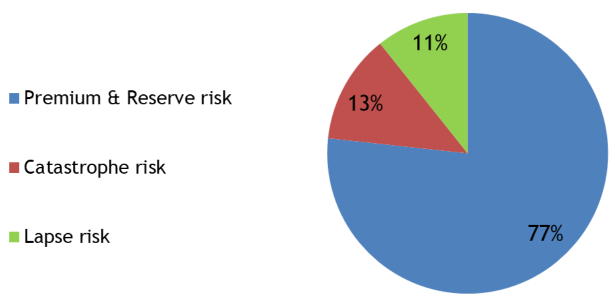
The chart below shows the distribution of the SCR required for the Group by risk module (excluding the diversification effects between the risk modules).



C.1 Underwriting risk

Underwriting Risk is defined as the financial and contractual risk involved when underwriting insurance policies. Unmitigated, the risk exposure would have a material impact on the financial position of the Group.

The chart below shows the underwriting risk profile of the Group using the risk capital requirements calculated by the standard formula.



Measures used to assess underwriting risk

Premium Risk, the risk that premiums are not sufficient to cover future actual claim costs and expenses and to provide the Group with an appropriate return for the risk taken:

- Expected premiums, claims and expenses (commissions and other acquisition costs, costs to service policyholders and fulfil claims and related overheads) are projected three years ahead as part of the annual operating plan and forecast process. Variances between forecast and actual results are reviewed monthly by the senior management team and quarterly by the Board and actions identified and assigned.

- The impact of the 3-year plan on the Group's future solvency and economic capital position is modelled through the annual ORSA process.
- All new business proposals are assessed by the Pricing team against target returns on capital and approved by a committee which includes representatives from Risk and Compliance.

Reserve Risk, the risk that claim reserves are insufficient to cover the actual costs of reported claims:

- In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics, or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims.
- Reserve positions are reported at least half-yearly and monitored more regularly.

Material underwriting risks

- AGL Group issues non-life insurance policies through AGIL.
- Fluctuation in the frequency and severity of insured events that were underwritten presents the most material elements of underwriting risk for the Group.
- Insured events include property policies (covering loss, theft and accidental damage) and extended warranty contracts (covering mechanical breakdown), for which actual experience could vary significantly from that anticipated when the policy was originally priced.
- The majority of the business underwritten is short tail. Claims are reported and settlements are made quickly. Speed of payment of claims reduces the uncertainty surrounding the ultimate claim amounts and reduces the exposure to Reserve risk.

Risk management

The risk appetite of the Group is to limit the time period for exposure on underwriting risk to less than one year. Where the Group accepts risk beyond one year, this will be in exchange for a higher anticipated financial return.

The Group has a range of contractual mitigations included within contracts. These allow for the Group to re-price contracts for new business and renewals and therefore reduce underwriting risk.

Due to the nature of the primary business lines insured, it is necessary to continually scan the horizon for emerging risks with regards to changes in customer behaviour and changes in technology. Commercial contracts contain controls to protect against any future change in the landscape.

Concentration of underwriting risk

Policies issued by AGL Group through AGIL are not exposed to significant geographical concentration risk. The Group therefore only has a limited exposure to catastrophe events.

Risk mitigations

The Group can seek to use reinsurance treaties to limit underwriting exposure where it exceeds the limits set out in its Reinsurance policy. Any reinsurance treaty or negotiation of terms on existing treaties needs to comply with the requirements of the policy.

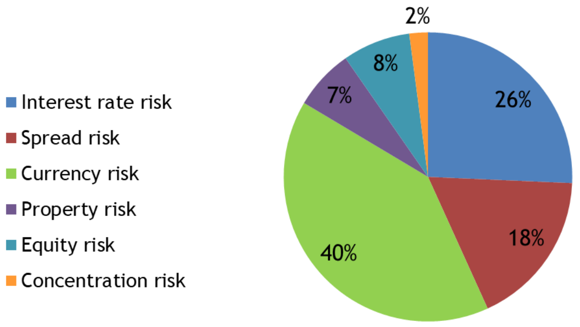
Two distinct types of reinsurance may be utilised:

- as a mechanism for sharing risks with individual client groups for certain products as part of the relevant commercial relationship (account risk management); and,
- for the purposes of broader risk and capital management (portfolio risk management).

C.2 Market risk

Market risk is defined as the risk of loss or of a temporary adverse change in the financial position of the Group resulting, directly or indirectly, from fluctuations of market prices of assets and liabilities.

The chart below shows the market risk profile of the Group using the risk capital requirements calculated by the standard formula.



Measures used to assess market risk

The Group is exposed to market risk and exposures are monitored by the Finance function and overseen by the ARCC. The factors that are likely to affect market risk include, but are not limited to, large fluctuations in, or changes to, interest rates, volatility in foreign exchange markets, inflation/deflation, recession, conflict (war, terrorist attack), and/or political instability.

Management of the investment portfolio is outsourced to external asset managers, which operate within agreed mandates that are set in accordance with the risk appetite and subject to the prudent person principle.

The risks associated with the investment portfolio are modelled through the annual ORSA process.

Material market risks

The Group does not seek market risk as a means to increase revenue or profit. Market risk is a necessary consequence of investing the premiums received from policyholders and the associated requirement to hold solvency capital.

Included in market risk are:

Interest Rate Risk	The fair value of AGL Group's portfolio of fixed income securities is inversely correlated to changes in the market interest rates. Therefore, if interest rates fall, the market value of the portfolio would tend to rise and vice versa.
Currency Risk	AGL Group has exposure to currency risk arising from its non-insurance business in European countries outside of the UK.
Spread Risk	Spread risk does present a material risk to the business but is closely managed by the use of a suitably diverse investment portfolio.
Concentration Risk	Depending on the diversity of the investment portfolio, concentration risk can emerge. Amounts invested in money market funds can occasionally give rise to concentration risk to an issuer of the underlying assets.
Property Risk	AGL Group has a limited exposure to property risk because of the right-of-use assets recognised for the rental contracts of the offices of the Group subsidiaries.
Equity Risk	A Group affiliate, Assurant Device Care Ltd (ADC), holds stock for trade-in and VAS business. This trade-in stock is subject to equity risk.

Risk management

The investment portfolio is structured so that asset quality is a primary feature. As a result, the portfolio is limited to Government Bonds, Sovereign and Sub-Sovereign debt, Collateralised Securities, and investment grade Corporate Bonds.

Investments are required to be above investment grade (BBB-) at purchase. Those that fall below investment grade subsequently are investigated with subject matter experts and the costs of early exit are assessed against the risk of default.

The investment portfolio reflects the Group's risk appetite to mitigate spread risk, and investments are diversified by industry, allocation, and quality and the duration required by the liabilities that are invested against.

Market risk to the investment portfolio is considered in real time. Risks to the value of investments are discussed quarterly with the investment managers.

Concentration of market risk

Concentration of market risk arises when too much exposure is held in assets which respond to similar risk factors. As noted above, the Group seeks to diversify its market risk exposure and thereby limits concentration of market risk.

Prudent Person Principle

The Group's investment practices incorporate the principle of 'Prudent Person'. Accordingly, the Board requires that the investment manager appointed to manage the investment portfolio only invests in assets and financial instruments whose risks the Group can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs performed as part of the ORSA.

Risk mitigation techniques used for market risk

The Group does not use any derivatives or other specific risk mitigation instruments to manage its market risk exposure.

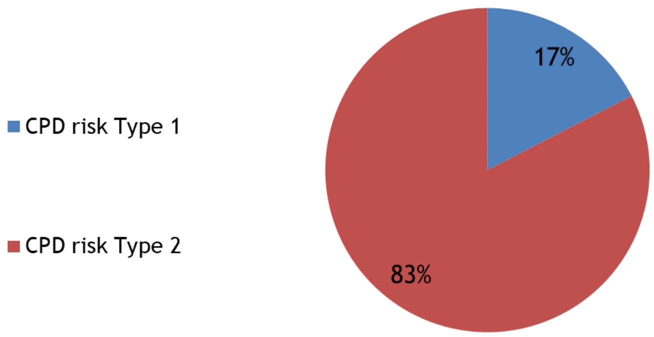
C.3 Credit risk

The Company is exposed to credit risk via:

- default or delay in payments on receivables due;
- reinsurance counterparties failing to meet financial obligations;
- default or delay of repayment of loans and receivables; and
- amounts receivable on group companies.

The Company considers the credit risk of holding assets in interest bearing investments as part of market risk. Refer to the market risk section above for further information.

The chart below shows the credit risk profile of the Group using the risk capital requirements calculated by the standard formula.



Measures used to assess credit risk

Exposures to all counterparties are analysed, assessed and quantified in the Group's Standard Formula solvency capital requirement calculation.

Material credit risks

The Group's maximum exposure to credit risk is represented by the values of financial assets included in the balance sheet. See also section D1 for details of the financial assets for the Group at the reporting period end.

Risk management

The Group holds cash balances with a number of high street banks in the UK but diversifies its exposure to ensure that any single bank failure would not have a material impact. The Group's policy is that holdings must be held in counterparties classified as investment grade or above by the main ratings agencies, Moody's and S&P.

Third party reinsurers are required to be credit scored at 'A-' (or equivalent) or be SII regulated in the UK or EU, and are in compliance with their solvency capital requirements, in order to be accepted, unless appropriate collateral is provided to mitigate the exposure.

The Group extends payment terms to clients and will have significant amounts due from clients from time to time.

Concentration of credit risk

The Group has significant amounts due from a small number of large customers.

Risk mitigation techniques used for credit risk

The Group does not use any specific risk mitigation techniques in respect of credit risk.

C.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will have insufficient liquid assets available to meet liabilities as they fall due.

Measures used to assess liquidity risk

Liquidity risk is managed by the Group's Treasury team. Working capital requirements are forecasted monthly. The Group conducts stress testing scenarios to examine the effect on liquidity levels of various adverse business conditions.

Material liquidity risk

The Group's exposure to liquidity risks is related to its ability to convert and access its assets, and in particular its deposits and cash and cash equivalents, its bond portfolio, and its collective investment fund (money market) holdings.

The Group's bond portfolio primarily comprises a mixture of UK government securities and corporate bonds with investment grade ratings. All the securities are in active markets and are easily convertible into cash.

Investments in collective investment undertakings are in highly liquid money market funds with next day access.

Risk management

The Group holds significant cash balances with a number of high street banks but diversifies its exposure to ensure that any bank failures do not materially impact liquidity. Bank cash holdings must follow the internal liquidity and concentration requirements.

The Group seeks to maintain assets in classes which can be realised into cash easily with minimal impact on asset valuation. All investible assets should be readily realisable and quickly convertible into cash.

Concentration of liquidity risk

The Group has taken action to diversify its asset portfolio, accurately forecast cash flow and future liabilities and maintain access to funding in order to mitigate liquidity risk.

Risk mitigation techniques used for liquidity risk

The Group does not use any specific risk mitigation techniques in respect of liquidity risk.

Expected Profit in Future Premium

As required by Article 260(2) of the SII Directive, AGL Group calculated the amount of expected profit in future premiums included in the calculation of best estimate technical provisions.

At the end of the reporting period the amount of expected profit in future premiums was as below:

AGL Group (£'000)	2023	2022
Expected profit in future premiums	13,540	26,676

The EPIFP decreased in line with the reducing remaining duration of insurance programs with fixed-price multi-year distribution agreements and an expected decrease in profitability of these programs.

C.5 Operational risk

The Group is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. In particular, this includes the failure of key outsourcing arrangements, business disruption, fraud, and loss of key management. This includes legal risk and reputational risk, as the Group considers reputational risk critical to its franchise and therefore has adopted this broad definition of operational risk.

Measures used to assess operational risk

Operational risks are captured through the Group's risk reporting processes as part of the RMF.

In assessing capital required in respect of operational risk, the Standard Formula SCR uses earned premium and reserves as a proxy for exposure to operational risk. Quantification of operational risk on the business is also assessed through the stress and scenario testing carried out as part of the ORSA process.

Material operational risk

The Group provides products to end-consumers both on a B-to-C and B-to-B-to-C basis. It is critical to the success of the business, and in order to retain existing clients and attract new clients, that client and customer expectations in terms of service and product performance are met and that customer service is central to the operation. Service levels and other key indicators in both the customer contact centres and claims fulfilment supply chain are monitored closely by management to ensure that they continue to be met and that any issues that arise are dealt with. There is a risk that as businesses continue to deal with the ongoing consequences of macroeconomic change, particularly in relation to staff recruitment, that it becomes more difficult for the Group to meet its SLAs. In this situation, the focus would be on continuing to provide a good customer experience. The Group also continues to innovate new products and enhancements to existing products to improve and add value to the offering to clients and their customers.

Clients may be lost due to failure to meet service levels but also clients review and put contracts to a competitive tender process periodically (usually between 3 to 5 years depending on the length of the original contract) where service and product quality are key factors. Failure to meet the expectations of both clients and their customers, or competitor action during a tender period, could result in the loss of that client and have a material impact on the business.

Risk management

The Group has established policies, processes, and controls to manage and mitigate its key operational risks. The process through which operational risk universe is determined, is captured in its Policy. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identifiable and mitigated.

Risk mitigation techniques used for operational risk

The Group has a comprehensive insurance programme that provides financial protection against the majority of material operational risks. There are no other specific risk mitigation techniques applied in respect of operational risk.

C.6 Other material risks

Regulation (Consumer Duty)

Regulatory focus on consumer outcomes and fair value continues following the implementation of the Consumer Duty requirements in July 2023 for new and existing products.

The Consumer Duty program successfully delivered detailed assessments of key terms and conditions and customer journeys and introduced new monitoring and testing processes.

Price and fair value remain an area of high regulatory focus.

Inflation

The level of inflation remains above the Central Bank of England’s desired long-term average. Whilst it is expected that inflation is trending towards that average, the company is exposed to prolonged levels of high inflation through downward pressure on retail volumes across markets and OEM prices.

C.7 Stress testing and sensitivity analysis

Stress and scenario testing are fundamental parts of the Group's risk management framework and is conducted via an annual process with the results documented in the Own Risk and Solvency Assessment (ORSA) report. Stress testing is based on a specific set of stresses applied to the business that quantify impact on the P&L and regulatory solvency that cover the spectrum of risk types to which the group is exposed. The stress test results focus on the impact on:

1. Profit;
2. Own funds;
3. Impact on SCR;
4. Resulting solvency surplus.

Furthermore, stress testing provides comfort in the assessment of the SCR, ensuring that it remains appropriate and suitable against plausible stressed situations, by not fully exhausting capital above policy holder protection levels. Sensitivity testing is used to identify how sensitive the business is to small changes in key variables over a short timeframe. Sensitivities show the impact of standard incremental changes in parameters both up and down to the capital requirement, own funds and resultant solvency ratio.

In determining the appropriate stresses for testing, the Risk Function followed the following process:

- Reviewed the Group's Strategic Objectives and Business Plan;
- Proposed and agreed the Company's Key Risks with Senior Management;
- Reviewed financials – balance sheet and current business plan to determine key drivers;
- Considering the broader macro environment and the agreed key risks, generated a number of plausible stresses and scenarios for testing;
- Held a workshop with Senior Management to agree the appropriate stresses for testing;
- Consulted the Independent Non-Executive Directors on the process applied and discussed the resulting tests.

The latest analysis shows that the most significant risk to the Group's SCR is a default of a major reinsurer. The Group's has contractual arrangements in place to limit the solvency impact of this scenario. Management and the Board consider this scenario significant but plausible and supports the focus on ongoing monitoring of the business.

The Group manages its solvency ratio above 100% and uses the results of the stress testing to aid an appropriate level of buffer i.e. capital in excess of the requirement to be held. This is a key element of the capital management process. As such the Group is able to withstand each of the stresses and scenarios identified within the assessment.

Under the main loss ratio stress, the Group would remain solvent and continue to hold a solvency position in excess of the target.

Reverse Stress Testing (RST) considers extreme situations that could render the Group's business unviable and works backwards, analysing the triggers and associated controls that would mitigate against such an event.

The Group has a number of management actions such as reprice clauses and capital efficiency measures that can be implemented to address adverse situations.

C.8 Any other disclosures

There are no other matters to be disclosed.

D Valuation for solvency purposes

This section of the Solvency and Financial Condition Report shows how the consolidated assets and liabilities of the Group were valued for solvency and UK GAAP consolidated pro forma reporting. The below table summarises the Own funds (as measured on a solvency basis) and net assets (as measured on a consolidated pro forma basis) and a reference to where further information is provided:

As at 31 December 2023 **£'000**		Solvency II	Consolidated Pro Forma Balance sheet
Assets	Section D.1	181,684	206,963
Technical provisions (gross of reinsurance)	Section D.2	-11,496	15,205
Other Liabilities	Section D.3	60,239	58,000
Excess of assets over liabilities		**132,941**	**133,758**
Minority interest		-2,777	-2,777
Own funds / net assets after deductions		**130,164**	**130,981**

D.1 Assets

The Group's assets on the UK GAAP and Solvency II balance sheets as at year-end are as follows:

As at 31 December 2023 **£'000**	Paragraph	Solvency II	Consolidated Pro Forma Balance sheet
Deferred acquisition costs	D.1.1	-	4,060
Intangible assets		-	567
Deferred tax assets	D.1.2	877	1,003
Property, plant, and equipment held for own use	D.1.3	4,903	7,355
Investments, comprising:		**81,595**	**80,827**
Bonds comprising:	D.1.4	44,424	43,656
Government Bonds		4,890	3,825
Corporate Bonds		38,521	39,831
Collateralised securities		1,013	-
Collective Investments Undertakings	D.1.5	37,171	37,171
Reinsurance recoverables	D.2	1,324	3,191
Insurance and intermediaries receivables	D.1.6	17,927	22,010
Reinsurance receivables		-	-
Receivables (trade, not insurance)	D.1.7	40,036	40,240
Cash and cash equivalents	D.1.8	28,170	28,170
Other assets	D.1.9	6,852	19,540
Total assets		**181,684**	**206,963**

D.1.1 Deferred acquisition costs

In SII deferred acquisition costs, not being future cashflow, are valued at nil.

D.1.2 Deferred tax assets

Deferred tax assets arise due to net operating losses brought forward from prior years for tax purposes that are available to offset against future taxable profits. The Group reviews the likelihood of recovery of the deferred tax assets based on the expected profitability over the business planning horizon and with due regard to known changes in respect of the relevant tax regulation over that period.

Deferred tax assets are recognised on the same basis for Solvency II and in the consolidated pro forma balance sheet. However, valuation differences between Solvency II and consolidated pro forma balance sheet, on which the tax is calculated, give rise to an adjustment to the overall deferred tax assets in Solvency II.

D.1.3 Property, plant, and equipment held for own use

Property, plant, and equipment is held at depreciated cost in the consolidated pro forma balance sheet. For SII, property, plant, and equipment, with the exception of property leases, has been valued at nil as the Group does not consider it material or proportionate to expend resource in maintaining records of the items' market values.

For leases for material property occupations, instead, a Solvency II adjustment is made as a recognition of right of use assets.

D.1.4 Bonds

Bonds are measured at fair value.

The difference between the Solvency II and the consolidated pro forma value of investments is due to a difference in the classification of accrued investment income, which is recognised within Investments in Solvency II and within Other assets in the consolidated pro forma balance sheet.

As at 31 December 2023 **£'000**	
Bonds in the consolidated pro forma balance sheet	43,656
Reclassification of accrued interest to Bonds	769
Bonds in Solvency II	**44,424**

D.1.5 Collective Investment Undertakings

Collective Investment Undertakings are measured at fair value.

D.1.6 Insurance and intermediary receivables

Insurance and intermediary receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

As at 31 December 2023 **£'000**	
Insurance and intermediary receivables in consolidated pro forma balance sheet	22,010
Reclassification of premiums and commissions not yet due, to technical provisions	-2,148
Derecognition of insurance-related receivables written by non-insurance entities of the Group	-1,935
Insurance and intermediary receivables in Solvency II	**17,927**

D.1.7 Receivables (trade, not insurance)

Trade receivables are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any allowance for impairment.

As at 31 December 2023 £'000	
Receivables (trade, not insurance) in consolidated pro forma balance sheet	40,240
Prepayments not recognised in Solvency II	-204
Receivables (trade, not insurance) in Solvency II	**40,036**

D.1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and are measured at fair value. Highly liquid is defined as having a maturity of three months or less at acquisition.

D.1.9 Other Assets

Other assets are presented in the consolidated pro forma balance sheet and Solvency II as follows:

As at 31 December 2023 £'000	
Other assets in consolidated pro forma balance sheet	19,540
Reclassification of accrued interest to Bonds	-769
Prepayments not recognised in Solvency II	-2,987
Reclassification of MPI claim fulfilment stock to Technical provisions	-8,932
Other assets in Solvency II	**6,852**

The Company expects that a proportion of its inventory of mobile phones will be used to fulfil claims arising in the future. As such claims will not incur a future cash outflow, a reclassification adjustment between the Other assets and the Best estimate balances has been made, to present a true and fair view of how this inventory will ultimately be used by the Group and the insurance-related cashflows expected to arise in the future from its activities. See also the GAAP-to-SII reconciliation of Technical provisions in Section D.2.

Any other assets are valued at fair value that is not considered to be materially different to the amortised cost basis as recorded per the consolidated pro forma balance sheet.

Changes to the recognition and valuation bases

There have been no material changes to the recognition and valuation bases in the reporting period.

D.2 Technical provisions

The Group's technical provisions by line of business as at year-end are shown below.

AGL Group (£'000) As at 31 December 2023	Fire & Other Damage to Property	Miscellaneous Financial Loss	Total
Gross best estimate	-13,166	139	-13,027
Risk margin	1,527	4	1,531
Gross technical provisions	-11,639	143	-11,496
Reinsurance recoverable	-1,324	-	-1,324
Net technical provisions	-12,963	143	-12,821

The "negative" technical provisions are caused by insurance programs with long term contract boundaries for which future cash inflows are larger than cash outflows.

Bases, methods, and main assumptions

Under Solvency II, liabilities must be valued at the amount for which they could be transferred between knowledgeable parties.

Technical Provisions are defined as the sum of a best estimate and a risk margin. The best estimate is the probability weighted average of all future cash flows and the risk margin is the cost of providing the solvency capital requirement necessary to support the liabilities.

The liabilities valued in the technical provisions are those associated with existing contracts at the valuation date. Under Solvency II, contracts must be valued if there is a legal obligation to provide cover even if this is before the commencement date of the policy, which is different to the approach under UK GAAP.

The non-life business of the Group is split into homogeneous risk groupings referred to as model points. These homogeneous risk groups split the business by currency, cover, underlying product and sometimes client.

The technical provisions for each model point are calculated using a cash flow model. This is carried out by predicting the expected cash flow for each model point separately for each future year until all existing contracts have expired.

Expenses are projected for the cash flow projections and allocated between model points and currency and between earned and unearned exposure.

The best estimate is calculated separately for premium provisions and claim provisions. Premium provisions are established in respect of future exposure and claims provisions are established in respect of past exposure.

Gross cash flows are calculated separately from reinsurance cash flows.

The assumptions underlying the calculation of the technical provisions are derived based on the assumption that AGL Group will continue to write new business.

The most material assumptions are those relating to the loss assumptions and the future earned premium. The loss assumptions are outputs from the business planning process and the future earned premium assumptions are reconciled with the financial statements.

The material assumptions used in the calculation of the Technical Provisions are approved by the Board annually.

Discounting

Technical provisions are discounted against the risk-free-interest-rate curve issued by the Bank of England.

Risk Margin

The risk margin is the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the liabilities.

The Risk margin is the present value of the SCR discounted using the risk-free rate multiplied by the Cost of Capital rate of 4% (at 31 December 2022, it was 6%).

The SCR at the valuation date is calculated using the standard formula. The calculation of the SCR assumes that the existing portfolio including all current reinsurance remains the same. The SCR for Risk Margin covers underwriting risk for the existing portfolio (i.e. no new business), the credit risk associated with reinsurance, intermediaries and policyholders and operational risk. Market risk is removed.

The SCR for future time periods, until the business is fully run off, is approximated based on the assumption that the SCR is proportional to the discounted cash flow excluding risk margin in future years.

The SCR for Risk Margin is calculated as a whole and is then allocated by line of business when adding to the discounted best estimate in determining the total Technical Provision.

Risk Margins are not required in respect of reinsurance recoverable as risk margins are calculated at a net rate.

Data

The data underlying the calculation of the technical provisions is either taken from the operating systems or from financial statements and financial forecasts. The actuarial function extracts the information and conducts a detailed reconciliation of the data against source systems and the financial ledger. The process used by the actuarial function to ensure that the data underlying the calculation of the technical provisions is complete, accurate and appropriate for use, is subject to external scrutiny as part of the audit process.

Level of uncertainty

There are several areas of uncertainty in the calculation of the Technical Provisions.

Claims reserving is carried out using standard actuarial methods of projecting the paid (or known) claims to estimate the ultimate claim experience. These methods are generally based on the assumption that the future experience will develop in the same way as historic experience. There is uncertainty in the actual future development patterns, for example due to changes in handling processes such as innovative ways to settle a claim as fast as possible.

Since the majority of the business in AGL Group is related to physical property there is the key uncertainty of the severity of claims and the additional costs associated with this. The evolution of products such as electrical parts in mobile phones may result in higher settlement or repair amounts.

The expense loading is calculated as a proportion of premium. The expenses and premiums in the business plan are compared to derive an expense loading (as a percentage of premium). This yields an estimated expense cash flow for the technical provisions. The key area of uncertainty is the delivery of expense savings, the impact of inflation, and the emergence of other unexpected costs that are not accounted for in the business plan.

Uncertainty in respect of other business is not material.

Differences between Solvency II and the valuation bases for consolidated pro forma balance sheet

The most material assumptions used in the calculation of the Solvency II best estimates are based on existing Assurant processes which are the same as those used in the preparation of the consolidated pro forma balance sheet.

The starting position of the Solvency II best estimate premium provision is the UK GAAP unearned exposures. Under Solvency II, additional adjustments are made as described below.

The premium provision is based on the probability- weighted average of future cashflows related to policies within contract boundaries whereas UK GAAP unearned premium reserve is an allocation of premium income to the remaining time to expiry of the insurance contracts already issued.

The main difference arises due to the recognition of bound-but-not-incepted (BBNI policies) in the Solvency II basis.

Claims Provision

The calculation of AGL Group's Solvency II best estimate claims provision is based on the UK GAAP valuation. Under Solvency II, as applied in the UK, additional adjustments are made to allow for Events Not in Data (ENIDs), an estimate for unknown liabilities not yet captured by the actuarial estimates and discounting. Though, ENIDs are applied on AGL Group at zero value.

Risk Margin

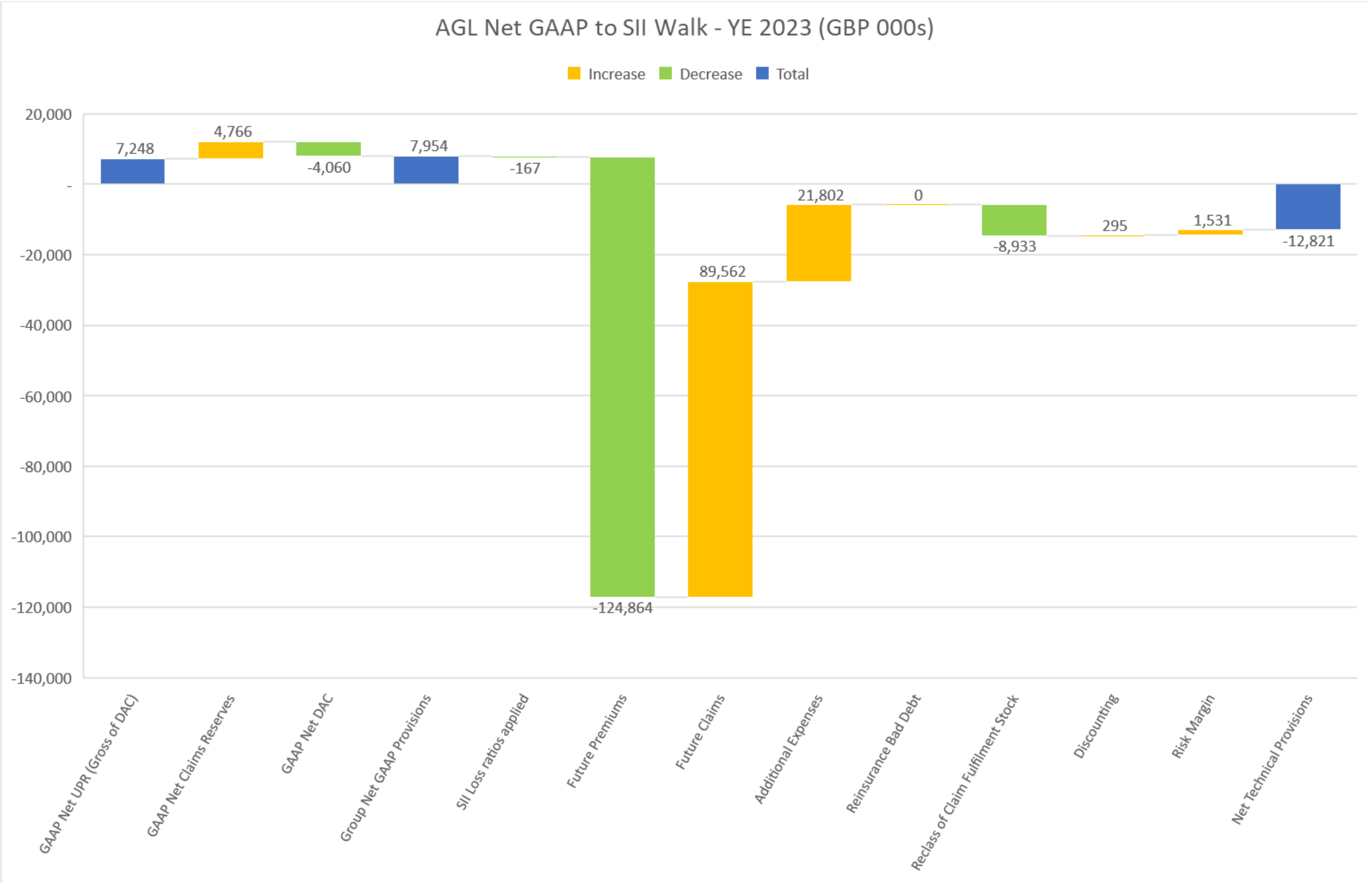
For Solvency II, risk margin is calculated using a cost of capital approach which involves calculating the cost of holding the SCR (per Standard Formula calculation) at each future time period until the technical provisions at the reporting date have run off. The amounts are then discounted back to the current time period. The calculation excludes new business and market risk.

Under UK GAAP there is no requirement to recognise Risk margin.

Discounting

Under Solvency II the best estimate technical provisions are discounted but not under UK GAAP (immaterial).

The main differences between technical provisions as shown in the consolidated pro forma balance sheet and the Solvency II technical provisions are shown in the chart below. For the reclassification of the MPI claim fulfilment stock to technical provisions, see also at D.1.9.



Matching Adjustment

The Group does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

Volatility adjustment

The Group does not apply the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

Transitional risk-free interest rate-term structure

The Group does not apply the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC.

Transitional deductions

The Group does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

Reinsurance

Reinsurance recoverables represent the net discounted cash flow expected to be received from AGL Group's reinsurers. For one program, the Group utilises a significant quota share reinsurance treaty.

Material changes in the relevant assumptions made in the calculation of technical provisions

No material changes have arisen in the assumptions made in the calculation of technical provisions in the period.

D.3 Other liabilities

The following table shows the other liabilities as per 31 December:

As at 31 December 2023 £'000	Solvency II	Consolidated Pro Forma Balance sheet
Provisions other than technical provisions	1,914	1,914
Deferred Tax Liabilities	-	398
Financial liabilities other than debt to financial institutions	5,116	-
Insurance & intermediary payables	2,885	2,885
Reinsurance payables	1,958	1,958
Payables (trade)	45,872	46,048
Other liabilities	2,494	4,797
Total Other Liabilities	**60,239**	**58,000**

Deferred tax liabilities

As at 31 December 2023, a deferred tax liability which is recognised on the consolidated pro forma balance sheet is offset against the deferred tax asset arising from valuation differences between GAAP and Solvency II.

Payables (trade, not insurance)

Trade payables in consolidated pro forma GAAP include provisions for amounts due on service business. Those provisions for non-insurance business are not recognised under Solvency II.

As at 31 December 2023 £'000	
Payables (trade, not insurance) in consolidated pro forma balance sheet	46,048
Derecognition of insurance-related payables written by non-insurance entities of the Group	-176
Payables (trade, not insurance) in Solvency II	**45,872**

Other Liabilities

Other liabilities included in the consolidated pro forma balance sheet relate to accruals, deferred income and other amounts payable that have not been categorised as insurance or trade payables. In SII reinsurance deferred acquisition costs, not being future cashflow, are valued at nil.

The lease liability included in the consolidated pro forma balance sheet is also derecognised in SII, consistent with the derecognition of the corresponding asset under Property, plant and equipment.

As at 31 December 2023 £'000	
Other liabilities in consolidated pro forma balance sheet	4,797
Derecognition of reinsurance deferred acquisition costs	-446
Derecognition of GAAP lease liability	-1,857
Other liabilities in Solvency II	**2,494**

Changes to the recognition and valuation bases

There have been no material changes to the recognition and valuation bases in the reporting period.

D.4 Alternative methods for valuation

No alternative methods of valuation have been used.

D.5 Any other disclosures

There are no other matters to be disclosed.

E Capital management

E.1 Own funds

Capital Management Policy

The internal capital requirement of the Group is to hold the SCR or the requirement identified during the ORSA process if higher, plus a buffer approved by the Board. The buffer to be held is set annually, having regard to the results of stress tests applied to projections over the three-year planning period.

The Group's capital positions are formally assessed quarterly, and reported to the ARCC, to ensure that own funds continue to meet the internal capital requirement.

Own funds

Other than an amount of own funds corresponding to the deferred tax assets which are recognised on the Solvency II balances sheet, which are classified as Tier 3, AGL Group's available own funds are all Tier 1. The amount of Tier 3 own funds that are eligible to be set against the SCR is restricted to 15% of that requirement. Given the small amount of the Group's Tier 3 own funds, all the available own funds are also eligible to meet the SCR. They comprise:

AGL Group (£'000)	2023	2022
Share capital – Tier 1	46,000	46,000
Share capital – Tier 3	877	2,804
Reconciliation reserve	86,064	99,507
Excess of assets over liabilities for Solvency II	**132,941**	**148,311**
Minority interests	-2,777	-3,105
Available and eligible Own Funds	**130,164**	**145,206**

During the year, AGL distributed two cash dividends, one of £20m and the other of £2.839m, to its shareholder, Solutions Cayman.

The Group's solvency ratio is as follows:

AGL Group (£'000)	2023	2022
Eligible Own Funds	130,164	145,206
SCR	45,723	56,529
Solvency Ratio	**285%**	**257%**

The main differences between equity as shown in the consolidated pro forma balance sheet and the excess of assets over liabilities as calculated for solvency purposes are shown in the table below:

AGL Group (£'000)	2023	2022
Equity per consolidated pro forma balance sheet	**133,758**	**148,470**
Valuation of goodwill and intangibles	-567	-2,366
Difference in the valuation of technical provisions	8,380	22,930
Other valuation differences (see Sections D.1 and D.3)	-8,902	-20,821
Deferred tax on above valuation differences	272	98
Excess of assets over liabilities for Solvency II	**132,941**	**148,311**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR for AGL Group as at year-end are as follows:

AGL Group (£'000)	2023	2022
Market Risk	11,804	14,073
Counterparty Default Risk	9,949	11,523
Non-Life Underwriting Risk	33,334	39,791
Life Underwriting Risk	-	-
Health Underwriting Risk	-	-
Sum of risk modules	**55,088**	**65,387**
Diversification between risk modules	-11,081	-13,102
Basic SCR	**44,007**	**52,285**
Operational Risk	4,393	4,243
Standard Formula SCR before LAC DT	**48,400**	**56,529**
Loss Absorbing Capacity of Deferred Taxes	-2,677	-
Standard Formula SCR	**45,723**	**56,529**
MCR	**9,516**	**12,011**

Details of the SCR and MCR calculations, including the MCR inputs and floor, are provided in QRTs G.25.01 and G.28.01 in Appendix F.

The Group experienced a significant decrease in the SCR. After diversification between risks, the main movements were:

- Non-life Underwriting risk, and in particular Lapse risk, for a reduction in expected profits in future premiums (as well as in their associated risks) on some insurance programs with fixed-price multi-year distribution agreements, as those agreements approach maturity and the expectation of profitability reduced.
- Counterparty Default risk, for a reduction in amounts receivable both from affiliate entities and from insurance intermediaries.
- Market risk, for a reduction in size of AGIL's bond portfolio after £20m were divested in the year to fund a dividend.

The Group recognises the benefit of the Loss Absorbing Capacity of Deferred Taxes (LAC DT), according to the approach prescribed for insurance groups by EIOPA Guideline 22 on LAC DT. For AGL Group, this results in an amount of LAC DT equal to that of its only insurance company, AGIL. AGIL only recognises the benefit of LAC DT up to the level of its available deferred tax liabilities originating from valuation differences. No deferred tax asset is recognised from carry back of losses or carry forward of losses dependent on achieving future taxable income.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company makes no use of the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Differences between the standard formula and any internal models used

Not applicable.

E.5 Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

The company complied with the required MCR and SCR throughout the year.

E.6 Any other disclosures

There are no other matters to be disclosed.

F. Appendices

Public QRTs

G.02.01.02 - Balance sheet

Contents

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	877
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	4,902
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	81,595
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	44,424
R0140	Government Bonds	4,890
R0150	Corporate Bonds	38,521
R0160	Structured notes	0
R0170	Collateralised securities	1,013
R0180	Collective Investments Undertakings	37,171
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	1,324
R0280	Non-life and health similar to non-life	1,324
R0290	Non-life excluding health	1,324
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	17,927
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	40,037
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	28,171
R0420	Any other assets, not elsewhere shown	6,852
R0500	**Total assets**	181,684

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	-11,496
R0520	Technical provisions – non-life (excluding health)	-11,496
R0530	TP calculated as a whole	0
R0540	Best Estimate	-13,027
R0550	Risk margin	1,531
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	1,914
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	5,116
R0820	Insurance & intermediaries payables	2,885
R0830	Reinsurance payables	1,958
R0840	Payables (trade, not insurance)	45,872
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	2,494
R0900	**Total liabilities**	48,743
R1000	**Excess of assets over liabilities**	132,941

G.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Contents

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	0	0	0	150.954	0	0	0	0	1.139					152.093
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	0	0	0	0	0	0	46.452	0	0	0	0	0	0	0	0	0	46.452
R0200	Net	0	0	0	0	0	0	104.502	0	0	0	0	1.139	0	0	0	0	105.641
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	0	0	0	145.285	0	0	0	0	1.145					146.430
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	0	0	0	0	0	0	45.466	0	0	0	0	0	0	0	0	0	45.466
R0300	Net	0	0	0	0	0	0	99.819	0	0	0	0	1.145	0	0	0	0	100.964
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	0	0	0	90.736	0	0	0	0	195					90.931
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	0	0	0	0	0	0	26.281	0	0	0	0	0	0	0	0	0	26.281
R0400	Net	0	0	0	0	0	0	64.455	0	0	0	0	195	0	0	0	0	64.650
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	0	0	0	0	0	34.454	0	0	0	0	885	0	0	0	0	35.339
R1200	**Other expenses**																	0
R1300	**Total expenses**																	35.339

G.23.01.22 - Own funds

Contents

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector					
R0010	Ordinary share capital (gross of own shares)	46,000	46,000		0	
R0020	Non-available called but not paid in ordinary share capital at group level	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	Non-available subordinated mutual member accounts at group level	0		0	0	0
R0070	Surplus funds	0	0			
R0080	Non-available surplus funds at group level	0	0			
R0090	Preference shares	0		0	0	0
R0100	Non-available preference shares at group level	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0120	Non-available share premium account related to preference shares at group level	0		0	0	0
R0130	Reconciliation reserve	86,064	86,064			
R0140	Subordinated liabilities	0		0	0	0
R0150	Non-available subordinated liabilities at group level	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	877				877
R0170	The amount equal to the value of net deferred tax assets not available at the group level	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
R0200	Minority interests (if not reported as part of a specific own fund item)	-2,777	-2,777	0	0	0
R0210	Non-available minority interests at group level	0	0	0	0	0
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
	Deductions					
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activ	0	0	0	0	0
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
R0250	Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
R0260	Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
R0270	Total of non-available own fund items	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	130,164	129,287	0	0	877
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0380	Non available ancillary own funds at group level	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0	
R0420	Institutions for occupational retirement provision	0	0	0	0	0
R0430	Non regulated entities carrying out financial activities	0	0	0	0	
R0440	Total own funds of other financial sectors	0	0	0	0	0
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
R0460	Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	130,164	129,287	0	0	877
R0530	Total available own funds to meet the minimum consolidated group SCR	129,287	129,287	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the	130,164	129,287	0	0	877
R0570	Total eligible own funds to meet the minimum consolidated group SCR	129,287	129,287	0	0	
	Consolidated Group SCR					
R0610	**Minimum consolidated Group SCR**	9,516				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**					
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	13.5859				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	130,164	129,287	0	0	877
R0670	**SCR for entities included with D&A method**					
R0680	**Group SCR**	45,723				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	2.8468				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	132,941
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	44,100
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	2,777
R0760	**Reconciliation reserve before deduction for participations**	86,064
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	13,540
R0790	**Total Expected profits included in future premiums (EPIFP)**	13,540

G.25.01.22 - Solvency Capital Requirement - for undertakings on Standard Formula

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	11,804		
R0020	Counterparty default risk	9,949		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	33,334		
R0060	Diversification	-11,081		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	44,007		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	4,393
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-2,677
R0200	**Solvency capital requirement excluding capital add-on**	45,723
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	45,723
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	9,516
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
R0520	Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
R0530	Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D and A	0
R0570	**Solvency capital requirement**	45,723

G.32.01.22 - Undertakings in the scope of the group

Contents

Tabular

C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138008J637EUY63UR16	LEI	ASSURANT Intermediary LIMITED	10	PRIVATE LIMITED COMPANY	2		1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800B35UGORWSLV743	LEI	ASSURANT DIRECT LIMITED	10	PRIVATE LIMITED COMPANY	2		0.0000	1.0000	0.0000		1	1.0000	1		1
FR	213800BW96SFPEDJ8S15	LEI	ASSURANT FRANCE	10	SOCIETE PAR ACTIONS SIMPLIFIEE A ASSOCIE UNIQUE	2		1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800G4HFN4XA9XIZ61	LEI	DIGITAL SERVICES (UK) LIMITED	10	PRIVATE LIMITED COMPANY	2		1.0000	1.0000	1.0000		1	1.0000	1		1
IT	213800HQ8R1PAEMFPF92	LEI	ASSURANT ITALIA AGENZIA DI ASSICURAZIONE S.R.L.	10	SOCIETA A RESPONSABILITA LIMITATA	2		1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800L27R5N6AWK6751	LEI	ASSURANT GROUP LIMITED	6	PRIVATE LIMITED COMPANY	2								1		1
GB	213800NAVWNSFXOSTP41	LEI	ASSURANT GENERAL INSURANCE LIMITED	2	PRIVATE LIMITED COMPANY	2	Prudential Regulation Authority	1.0000	1.0000	1.0000		1	1.0000	1		1
DE	213800OS2BKD4IHVRX02	LEI	ASSURANT DEUTSCHLAND GMBH	10	GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	2		1.0000	1.0000	1.0000		1	1.0000	1		1
IT	213800PUROWG3DZFHF98	LEI	ASSURANT SERVICES ITALIA SRL	10	SOCIETA A RESPONSABILITA LIMITATA	2		1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800UR97CT6LXZ5S71	LEI	ASSURANT DEVICE CARE LIMITED	10	PRIVATE LIMITED COMPANY	2		1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800UVWMJMRT8XV213	LEI	LIFESTYLE SERVICES GROUP LIMITED	10	PRIVATE LIMITED COMPANY	2		1.0000	1.0000	1.0000		1	1.0000	1		1
ES	213800YYR75A7HH9NY40	LEI	ASSURANT SOLUTIONS SPAIN SA	10	SOCIEDAD ANONIMA	2		1.0000	1.0000	1.0000		1	1.0000	1		1