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PROVIDER SECTOR
Scottish Widows

FINANCIAL STRENGTH ASSESSMENT

Analysis by **AKG Financial Analytics Ltd**
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AKG



ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

This AKG report and the analysis and ratings contained within it provide assessment of financial strength and associated considerations. Financial Strength is focused on the ability of a company to deliver ongoing operational capability in the interest of its customers and in line with their fairly held expectations. AKG's perspective in the assessment of financial strength is wholly that of a customer of a product or service. From that foundation, this analysis is specifically designed to inform financial advisers and assist in their required understanding of a company's operational financial strength.

Given the underlying customer perspective, the financial strength of companies needs to be focused at an operational level (i.e. the elements and functions of an organisation which operate to specifically deliver and manage a proposition or service to the customer), specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met. This contrasts to credit rating, which will be undertaken at group or parent company level where investment or debt placement etc. is made.

Further details on how analysis is undertaken is provided at the end of this report and may also be obtained from AKG.



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Rating & Assessment Commentary



RATINGS

Overall Financial Strength



Additional Financial Strength and Supporting Ratings

	Non Profit Financial Strength	Unit Linked Financial Strength	With Profits Financial Strength	Service	Image & Strategy	Business Performance
Scottish Widows Ltd	★★★★★	★★★★★	★★★★	★★★★	★★★★★	★★★★



SUMMARY

- Scottish Widows Ltd (SWL) is a core provider of life, pensions and protection within Lloyds Banking Group (LBG), managing £185bn of funds under management at end-2024 [2023: £164bn], up 13%
- The business continues to represent a diversified revenue stream for LBG and a key engine of growth, while generating substantial dividends
- Digital progress included over one million digitally registered customers, with a refreshed app now used by more than 400,000 workplace customers, 60% of whom are active
- New product launches during 2024 included Ready-Made Pensions and a Self-Invested Personal Pension, building on the earlier Ready-Made Investments offering, helping attract a younger demographic (c.40% of accounts held by under-35s)
- Workplace pensions AuA increased to £108bn, supported by higher regular contributions, reinforcing a top-tier position in the large-scheme market
- The acquisitions of Embark and Cavendish Online have been integrated, enhancing intermediary capability and distribution
- Exit from bulk annuities has sharpened focus on individual retirement solutions, where SWL grew its individual annuities market share to 23.5%, issuing c.£1.7bn of new policies
- Solvency coverage remained robust with a 144% regulatory view and 153% shareholder view, albeit lower than 2023 following dividend payments and market impacts
- Overall profitability was constrained, with a loss after tax of £159m, reflecting claims outflows and restructuring costs, but cash generation remained strong, evidenced by a £917m dividend paid to the parent
- Climate-aware investments reached £25.9bn in 2024, exceeding the group's 2025 target range, underlining SWL's role in supporting sustainable investment objectives
- LBG acquired full ownership of Schrodgers Personal Wealth in Oct 2025, which is being rebranded to Lloyds Wealth, with the aim to strengthen its integrated wealth management offering



COMMENTARY

Financial Strength Ratings

At 31 December 2024, LBG reported a CET1 ratio of 14.2% (2023: 14.6%). On a pro forma basis, after dividends and share buybacks, this stood at 13.5% [2023: 13.7%], remaining comfortably above management's revised operating range of around 12% plus a 1% buffer.

Scottish Widows Group Ltd (SWG) reported a solvency coverage ratio of 158% on a shareholder view [2023: 184%] and 149% on a regulatory view basis [2023: 167%] Scottish Widows Ltd (SWL), as the main UK long-term insurance entity, reported a regulatory coverage ratio of 144% [2023: 160%] and a shareholder view ratio of 153% [2023: 172%]. These remain solid, albeit reflecting lower levels than the prior year following dividend payments of £917m and the impact of market movements.

The wider LBG capital position remains supportive, with end-2024 CET1 ratios within the group's target range. The additional motor finance provision recognised in 2024 does not directly affect Scottish Widows but has increased attention on capital efficiency and stress resilience across the group. Dividend and buyback activity continues to be balanced against maintaining a robust capital buffer.

As the UK's only integrated financial services provider, LBG should be well placed to deliver holistic solutions in areas such as Insurance and Wealth management, alongside its traditional Retail and Commercial Banking activities.

Scottish Widows Ltd

SWL is LBG's sole UK long term insurance company. With business now more evenly distributed between the intermediary market and its bank parentage, the Insurance, Pensions & Investments (IP&I) division is a core component within LBG, both with regards to the width it provides for the overall proposition as well as its cash generation role and ongoing dividend stream. The inclusion of Scottish Widows in the development of LBG's Single Customer View, and the development of the SW App, being examples of this core positioning.

Retained unit linked business is by far the most significant business line. Whilst Scottish Widows and Clerical Medical both have strong with profits heritages, with profits business now forms a reducing minority of the company's business, at 5% [2023: 4%] of the total reserves (£7.8bn out of a total of £170.4bn). This proportion is expected to reduce now that the company's new business efforts are focused on non profit and unit linked product lines.

On a Solvency II basis, SWL disclosed an SCR Coverage Ratio of 144% at the end of 2024, based on Own Funds of £4.7bn (after excluding £1.7bn Own Funds in the ring-fenced with profits funds) and an SCR of £3.3bn [2023: 160% SCR Coverage Ratio, £5.5bn Own Funds (excluding £1.7bn), £3.4bn SCR]. SWL uses an internal model, with transitional measures on technical provisions (TMTP), and with a matching adjustment (MA). The MA contributes significantly to the solvency ratio of both SWL and SWG, with removal reducing the solvency ratio and excess capital materially. Without the use of TMTP and MA, SWL's SCR ratio would be 78% [2023: 55%].

The exit from the Bulk Annuities market has already simplified the capital position of SWL, with a reduced need to source illiquids and an ability to optimise liquid investments with its partnership with Schroders.

SWL regularly monitors its liquidity position to ensure that, even under stressed conditions, it has sufficient liquidity to meet its obligations and remain within the approved risk appetite. As at 31 December 2024, SWL had liquidity coverage of 132% [2023: 135%]. During 2024, the decrease was driven primarily by movements in interest rates and equity markets in the year, and the payment of dividends to the parent entity. Liquidity continues to be monitored within established group frameworks. The business is also preparing for enhanced liquidity reporting requirements arising from the PRA's insurer liquidity reforms, which will introduce more granular templates and increased reporting frequency for larger entities. Engagement with the PRA on these developments is ongoing.

Service Rating

Service performance has shown clear improvement across customer contact channels, supported by telephony upgrades and improved workflow management. While a small number of legacy areas still show greater variability, overall stability and responsiveness have strengthened through 2024 and 2025.

The Customer Satisfaction (Trustpilot) for Scottish Widows increased to 4.5 in 2025 [4.3 in 2024, 3.0 in 2023]. To deliver this improvement in the customer service proposition, investments were made in staffing, as well as in Scottish Widows' digital capability. A 'customer vision' strategy has been rolled out across servicing areas, focused on improving outcomes and experience through digital upgrades, improved service processes and more proactive engagement. This aligns with Consumer Duty, using data led communications and proposition enhancements to build confidence and trust.

Customer complaints (FCA reportable complaints per 1,000 policies) decreased to 1.95 in 2024 [2023: 2.5].

The NPS across LBG as a whole decreased slightly to 67.0 as at December 2024 [2023: 68.2], but remains at a good level.

Image & Strategy Rating

LBG has a multi-brand approach, offering its services through a number of recognised brands in order to 'address the needs of different customer segments more effectively'.

Underpinned by its purpose of 'Helping Britain Prosper', LBG's strategic vision is to be a UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale. It will look to deepen relationships with existing customers, both consumers and businesses of all sizes, and meet more of their financial needs by making its products more relevant to them and its channels simpler and more personalised to use. LBG will also retain a strong focus on cost and capital discipline.

LBG aims to serve its customers' lifetime banking, insurance and wealth needs in one place through a comprehensive product range. With ever increasing competition, LBG is aware of the evolving competitive environment and recognises that it must continue to build on and develop its competitive strengths, through diversification of its business, expanding its offering to customers and capturing new growth opportunities. LBG is investing in data capabilities to personalise and deepen its customer relationships and meet a broader range of needs, whilst ensuring it faces the ethical considerations posed by new data uses.

As part of LBG's purpose, the aim is to 'create a more sustainable and inclusive future for people and businesses, shaping finance as a force for good'. SWG has a major role to play in this by:

Supporting the financial health and wellbeing of our customers through propositions which provide immediate financial resilience such as Protection, and those such as Pensions and Investments which help prepare for the future

Helping businesses to recover and thrive, including by de-risking their pensions liabilities

Investing our policyholder and shareholder assets in ways which enable a green recovery, generate an appropriate return and help to build an inclusive society

The IP&I division's aim is to become 'Britain's preferred financial partner for pensions and financial planning, helping to rebuild households' financial health and wellbeing, and meeting more of the LBG customers' financial needs, increasingly with carbon neutral investments'.

IP&I delivers this strategy through a range of insurance, investment and pension management products and services, with Scottish Widows positioned as the lead group brand and proposition across these activities. Within its investment propositions, Scottish Widows has identified opportunities to support the transition to a low-carbon economy as part of delivering long-term customer outcomes. In General Insurance, the strategic focus remains on customer-centric delivery, supported by the scale and capabilities of LBG.

2024 was described as a year of significant strategic progress for LBG, with the group completing the first phase of its five-year purpose-driven strategy while delivering robust financial results.

Within IP&I the group aims to unlock the potential of the bancassurance model to deliver innovative digital solutions and expanded propositions. The ambition is to scale its digital waterfront to over 1.5 million customers by 2026, whilst improving group connectivity to drive growth in high-value areas, such as ranking in the top three for Protection and growing both Workplace and Advised Wealth Platform AuA.

Specifically, progress against strategic priorities for the IP&I business unit of LBG in 2024 included the following:

- Scottish Widows now has more than 1 million digitally registered customers. Recently relaunched an app for workplace pension customers which has over 400,000 users, 60% of which are active users
- Increased the product offering with the introduction of Ready-Made Pensions and Self Invested Personal Pensions. Alongside Ready-Made Investments launched in 2023, with c.45,000 accounts opened to date and c.40% of customers under the age of 35, this creates a significant opportunity to grow the business and drive deeper customer relationships
- Continued to grow home insurance market share through the group's strong brands, transforming customer experiences through digitisation, whilst also delivering productivity gains. New policies increased by over 24% and market share grew by 0.9 percentage points to 15.0% compared with 2023
- Continued momentum in the protection insurance offering, utilising Retail channels with take-up rates (as a percentage of mortgage completions) increasing from 9.1% to 15.2% in 2024
- In protection, successfully launched a refreshed independent financial advisor proposition on new architecture driving significant new business. With applications for protection cover up 50% in the second half of the year following the launch
- Overall open book AuA of £185bn [2023: £164bn], with 13% growth in the year. Net AuA flows of £5.3bn, contributing to an increased stock of deferred profit. This included a significant contribution from the workplace pensions business, with a 9% increase in regular contributions to pensions administered and £108bn of AuA
- Market share of stocks and shares ISA new account openings at 19.8%, second in the market (12 months to 30 September 2023: 20.2%, second in the market)
- Grew individual annuities market share by 4 percentage points to 23.5%, issuing c.£1.7bn of policies [2023: c.£1.0bn]. Focused strategic presence following the sale (subject to High Court approval) of the bulk annuities business
- Completed the transfer of the longstanding life and pensions business to IP&I's strategic platform with four migrations successfully executed during 2024
- Climate-aware investments increased by £4.2bn in 2024, bringing overall investment to £25.9bn, currently exceeding the target of £20bn to £25bn by the end of 2025
- Ended the year with a Trustpilot score of 4.3 stars for Scottish Widows (this has now increased further to 4.5 in 2025)

A decade on from pension freedoms, opportunities for a recognised customer brand in the retirement market are clear and Scottish Widows is well positioned to play a key role in business acquisition/retention in this area. However, access to, and valid interpretation of, deep customer insight will be key to understanding and converting these opportunities.

Given LBG's wider business experience and customer reach there is scope for knowledge sharing and relationship leveraging for the benefit of Scottish Widows, but this activity will need to be carefully aligned and managed in order to be productive. The ability to deliver across multiple distribution channels will also be critical but the balancing act between these different channels, propositions and segments also needs to be carefully managed to ensure optimum penetration.

The strategy for Scottish Widows acknowledges the requirement for ongoing investment in digital capability and IT infrastructure, both of which will be crucial for the successful delivery of the various product/proposition, service and distribution initiatives within the business. The acquisition of Embark provided access to the growing individual platform market, as well as the technology to deliver a digital, mass market, direct to consumer proposition, complementing the group's existing advice offerings.

Digital engagement has strengthened significantly, driven by enhancements to the Scottish Widows 'Your Tomorrow' app, which now integrates behavioural nudges, retirement modelling, and linked banking data. Weekly active usage has increased materially, and management reports higher levels of member interaction with planning tools. While digital capability remains an area of competitive focus across the market, Scottish Widows' proposition has seen clear improvements.

Awareness of the brand remains strong in terms of positive customer recognition and Scottish Widows continues to support initiatives which raise awareness of key market themes, including the requirement for long term savings, and to participate in discussions which informs the future direction of the Life & Pensions industry.

2024 saw Scottish Widows refresh its brand identity to make it stand out more in digital channels, replacing the widow model with a digital widow logo, with an ambition is to double its one million already digitally registered customers.

Scottish Widows has announced a target of reaching net zero carbon emissions across its investment book by 2050, with an intermediate target of halving its investments' relative carbon footprint by 2030. The company reports that good progress has been made towards these targets.

In October 2025 Lloyds Banking Group acquired the remaining stake in Schroders Personal Wealth, and are rebranding the business to "Lloyds Wealth", to strengthen its integrated wealth management offering.

Business Performance Rating

Gross written premiums increased by 6% in 2024 to £16.8bn [2023: £15.8bn].

SWL saw life and pensions sales (PVNBP) increase by 5% to £18.2bn [2023: £17.4bn], driven by strong performance in the individual annuities and workplace business, partly offset by the sale of the in-force bulk annuity portfolio. Additionally, £3.2bn PVNBP was contributed by Embark in 2024 [2023: £2.9bn].

SWL reported a consolidated loss after tax of £159m in 2024 [2023: £85m], consisting of a shareholder loss before tax of £116m [2023: £180m] and a tax credit of £43m [2023: tax credit of £95m]. The result was said to be reflective of market movements. SWL paid dividends of £917m [2023: £100m].

SWG received dividends totalling £1,113m [2023: £285m] from its subsidiaries in 2024 and paid dividends of £846m [2023: £191m] to LBG, in accordance with its risk appetite policy.

SWL's results are reported as part of LBG's IP&I (previously known as the Insurance and Wealth division). LBG reported that the division's underlying profit increased to £220m [2023: £190m].

IP&I contributed 3% [2023: 2%] of LBG's underlying profit in 2024, with Retail contributing 50% [2023: 52%], Commercial Banking 38% [2023: 41%] and Equity Investments and Central Items 8% [2023: 5%].

LBG's statutory profit after tax decreased to £4.5bn [2023: £5.5bn]. Underlying profit was £6.3bn with net income down 5%, operating costs up 3% and higher remediation and underlying impairment charges.

Group & Parental Context



BACKGROUND

SWL forms a core part of LBG, sitting within the IP&I division. The business has long provided diversification for LBG beyond its retail and commercial banking activities and remains a significant generator of cash through regular dividends.

LBG is the UK's largest retail and commercial banking group, with a history of integrating insurance activities following the acquisition of Scottish Widows in 1999 and Clerical Medical in 2009. More recently, the group has pursued growth in Insurance and Wealth through the purchase of Zurich's workplace pensions business in 2019, the acquisition of Embark and Cavendish Online both in 2022. These additions have been positioned to enhance the long-term savings, platform and protection propositions available under the Scottish Widows brand.

At a group level, LBG reported statutory profit after tax of £4.5bn in 2024 [2023: £5.5bn], supported by strong net interest income and resilient customer franchise. Capital generation remained robust, with a year-end CET1 ratio of 14.2% (13.5% on a pro forma basis post buybacks and dividends), consistent with the Group's stated target range.

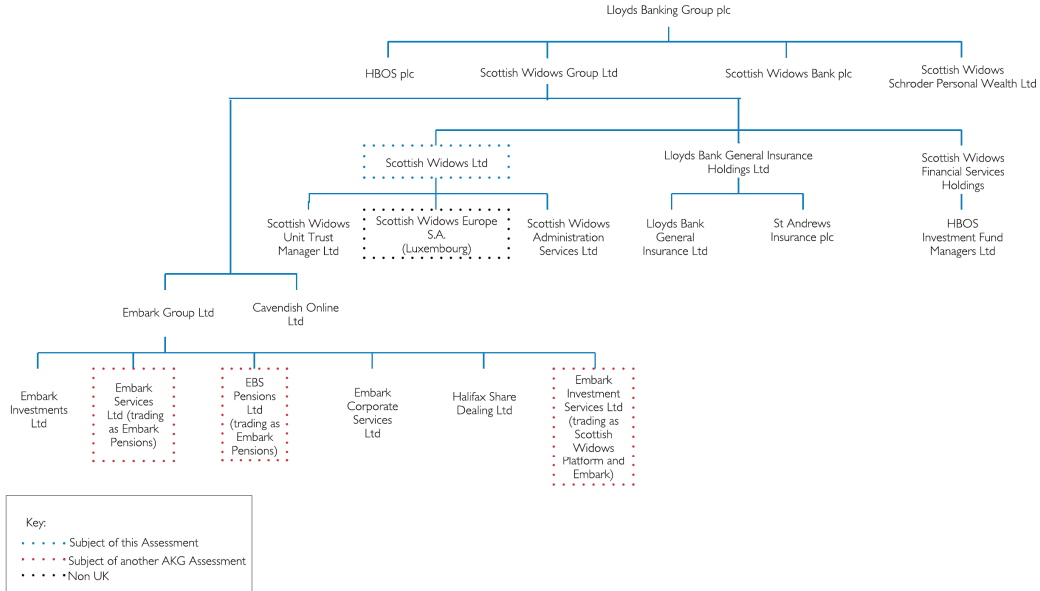
A key development in 2024 was the additional £700m provision for motor finance commission arrangements, following the Court of Appeal ruling. While this has no direct impact on SWL, it illustrates the broader remediation pressures facing the group.

IP&I remains a key strategic pillar for LBG, with the division now positioned as a proposition-led business focused on deeper customer relationships rather than individual product lines. Scottish Widows plays a central role in this shift, supporting the group's ambition to provide integrated financial planning through combined banking, savings, protection and retirement journeys. The extension of the 'Single Customer View' and the increasing alignment of digital journeys across the group underline the importance of SWL in LBG's broader customer franchise.

Aligned with LBG's purpose of "Helping Britain Prosper", SWL also supports group sustainability objectives, having exceeded its climate-aware investment targets in 2024. Despite broader group headwinds, SWL benefits from the scale, brand reach and financial resources of its group.



GROUP STRUCTURE (SIMPLIFIED)



Company Analysis: Scottish Widows Ltd



BASIC INFORMATION

Company Type

Life Insurer

Ownership & Control

Lloyds Banking Group plc

Year Established

1996

Country of Registration

UK

Head Office

25 Gresham Street, London, United Kingdom, EC2V 7HN

Contact

www.scottishwidows.co.uk/contact-us/

Key Personnel

Role	Name
Lloyds Banking Group:	
Chair	R F Budenberg
Chief Executive Officer	C A Nunn
Chief Financial Officer	W L D Chalmers
CEO, Scottish Widows and Insurance, Pensions & Investments	C Barua
Scottish Widows:	
Chair (Interim)	C Moulder
Chief Information Officer	A Thawani
Chief Investment Officer	K Doran
Chief Operating Officer & MD, Longstanding	D MacKechnie
Chief Financial Officer	S T Nyahaha
Chief Customer & Digital Officer	M Herrero-Bullich
Chief Risk Officer	M R Downie
Strategy Director	M Preston
Managing Director, Pensions and Retirement	G Bold
Managing Director, Insurance	J Ward
Managing Director, D2C Investments	M Paradavila-Gonzalez

Company Background

The Clerical, Medical & General Life Assurance Society was established in 1824 to cater for the insurance needs of the professionals of the day - the clergy and medics, subsequently broadening its target market to all types of professions and beyond this to a wider target market. At the end of 1996, the Society demutualised, becoming part of Halifax, and its business was transferred into the newly formed Clerical Medical Investment Group Ltd (CMIG).

December 2009 saw CMIG recapture the annuity business previously reinsured to CMMF. This involved assets of £2bn and a loss of £112.2m. In January 2009, the company began accepting reinsured protection business from Scottish Widows plc. In July 2009, CMIG ceased writing new pensions business and in 2010 CMIG started to distribute the excess estate from its with profits fund. Ownership of CMIG, which became a direct subsidiary of SWplc in 2011, was transferred to SWG in advance of the business transfers in December 2015.

On 31 December 2015, the company became Scottish Widows' sole UK long term insurance company following the major simplification that took place. The business of SWplc, SWUF, SWA, PMSWF, HLL, SAL and CMMF was transferred into CMIG, which was renamed Scottish Widows Ltd (SWL). SWL was also reopened to new business. Historically a with profits company, recent new business has been written on a unit linked basis.

As part of its implementation of the ring-fencing requirements, Scottish Widows agreed to transfer ownership of a subsidiary undertaking, Scottish Widows Services Ltd (SWSL), a provider of service to the Insurance Group, to Lloyds Bank plc, a subsidiary of LBG. This disposal took place in May 2018. Costs recharged to the group from SWSL are incurred on an arm's length basis from the date of the disposal. In addition to the disposal of SWSL, the Group transferred its obligations relating to the Scottish Widows Retirement Benefit Scheme (SWRBS) to Lloyds Bank plc for consideration of £284m reflecting the value of the scheme liabilities.

SWL's existing European business was transferred to SWE following regulatory approval via a Part VII transfer in March 2019. SWE remains a wholly owned subsidiary of SWL and so there is minimal impact on SWL as a result of the transfer of its European business to SWE. As part of the transfer process, SWE issued share capital to SWL sufficient for it to cover its relevant capital requirement and risk margin. The initial capital issued by SWE was £71m (€81m). Since then additional amounts of £27m (€30m) and £59m (€70m) have been issued in September and December 2019 respectively, with a further £27m issued in 2020.

Scottish Widows' principal activity is the undertaking of ordinary long-term insurance and savings business and associated investment activities in the United Kingdom. It also, now through SWE, writes a relatively small amount of business in Europe, principally in Germany. SWL offers a wide range of life insurance products such as annuities, pensions, whole life, term life and investment type products through independent financial advisors, the LBG network and direct sales. SWL also reinsures business with insurance entities external to itself and LBG.

In October 2017, Scottish Widows entered into an agreement to acquire the UK workplace pensions and savings business from the Zurich Insurance Group. The savings business was acquired by Scottish Widows Administration Services Ltd (SWAS) in April 2018. SWL acquired the pensions business via a Part VII transfer, with a net asset value of £6m, in July 2019. £7m of consideration was prepaid in 2018 and the remaining £9m was paid during 2019. In 2019 Scottish Widows recognised £10m of goodwill and £6m of acquired value in respect of the acquisition. SWAS has received capital injections totalling £165m from SWL to support this acquisition and to enable it to meet its regulatory capital requirement.

In April 2020, SWL completed the sale of its Halifax branded Child Trust Fund business to Forester Life Ltd.

SWL entered the Bulk Annuity market in 2015 and with a market share of less than 5%, was one of the smaller participants in the market. In 2024, SWL made a strategic decision to exit this market in line with its strategy to focus on growing strategically important and more capital light lines of business such as insurance, investments, retirement and pensions, through direct and intermediary channels.

In March 2024, Scottish Widows entered into a Business Transfer Agreement ('BTA') with Rothesay Life plc for the sale of its c.£6bn bulk annuity business via a Part VII transfer, with a court approval in May 2025. A Reinsurance Agreement with Rothesay was implemented in May 2024 (backdated to 1 January 2024), so that Scottish Widows fully de-risked its bulk annuity portfolio.



OPERATIONS

Governance System and Structure

The Insurance Group is overseen by the Insurance Board, which is the primary decision-making body for the Group's insurance entities. The Board has common membership across the key legal entities, including SWL, LBGIL and StAI, and meets concurrently to consider matters affecting the wider Insurance Group. Scottish Widows Europe (SWE) sits outside this structure and is overseen by its own Board in Luxembourg.

Alongside the Insurance Board, the Group also has several standalone subsidiary boards that are responsible for their own regulated activities, notably the Authorised Corporate Director (ACD) Board, the GI Broker Board and the Embark Group Board.

The Insurance Board comprises eleven members: the Chair, two Executive Directors and eight Non-executive Directors, six of whom are independent. The Senior Independent Director also chairs the Insurance Audit Committee, the With-Profits Committee and the Insurance People Committee. Other independent Non-executive Directors chair the Risk Oversight Committee and the Board Investment Committee. The Board Chair was independent on appointment.

The Insurance Board is collectively responsible for setting strategy, overseeing performance, establishing culture and standards, and ensuring that risks are well managed. It also ensures that the Insurance Group has the financial and human resources needed to meet its objectives.

In order to support its work, the Insurance Board has established a number of committees, which carry out their tasks in support of the Board. These include:

- Insurance People Committee
- Insurance Risk Oversight Committee
- Insurance With-Profits Committee
- Insurance Audit Committee
- Insurance Board Investment Committee
- Independent Governance Committee
- Insurance General Purposes Committee

The Chief Executive of Scottish Widows (CEO, IP&I) has executive responsibility for overall management of LBG's insurance business and discharges responsibilities for the day-to-day management of the business with the assistance of Executives who have been delegated elements of authority and through the operation of the Executive Committee (IPIEC) and other executive level committees. IPIEC is the principal executive management committee of the Insurance Group, and is supported by a series of subsidiary committees.

Governance structures remain well established, with Board and Committee oversight supported by strengthened risk culture initiatives introduced through 2024 and 2025. There is increased focus on Consumer Duty outcomes, with clearer accountability for customer experience and conduct within business scorecards. Governance reporting has also broadened to incorporate digital transformation progress and operational stability metrics.

Oversight of key third-party service partners, including Diligenta and technology platform suppliers, has been strengthened through improved management information and greater operational transparency. Major updates to telephony technology and continued optimisation of workflows have contributed to more consistent oversight and clearer tracking of service performance.

As part of LBG, the Insurance Group has published a climate plan that sets out a long-term strategy with actions to drive the investment portfolio towards net zero by 2050, formulated in a manner that prioritises customer goals within decision-making.

The Insurance Group is supportive of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and related regulatory expectations, and aligned to best practice outlined by the Climate Financial Risk Forum (CFRF).

Risk Management

The business model aims to maximise the capital benefits from risk diversification available under Solvency II. Overall, the Insurance Group has a well-diversified portfolio of risks arising from a wide variety of insurance and investment products, across both Life and Pensions and the General Insurance sectors.

The most significant risks across the Insurance Group are underwriting risk, market risk, liquidity risk and operational risk. Within the underwriting and market risks, the most significant risks include; longevity, persistency, expenses and credit risk on corporate bond and loan assets. Other material risks include the risks associated with the With Profits Funds.

The group states a diversification benefit of 67% [2023: 69%] of undiversified SCR at the level of the Insurance Group as indicative of the diverse portfolio.

Reinsurance is primarily used to reduce underwriting risk, in both life and general insurance businesses. In addition, reinsurance is also used to offer Investment Fund Links which SWL is unable to provide through other means. The Insurance Group's reinsurance strategy is to reduce the volatility of profits through the use of reinsurance whilst managing the insurance and counterparty credit risk within the constraints of the risk appetite limits.

When considering the Insurance Group's solvency position, an important metric is the capital buffer held above regulatory capital requirements. The level of buffer held is monitored in risk appetite, with thresholds set below the target buffer level. Should the capital position fall below the Risk Appetite Metric's thresholds, specified management actions would be considered to improve the capital position. There is a clear group policy to return surplus capital to LBG.

Climate Risk has been integrated into the group's existing risk management framework, both as a principal risk on its own, as well as integration into other materially impacted principal risks.

Administration

Scottish Widows has the following main advised customer facing business units:

- Pensions and Retirement: Workplace and intermediary pensions, annuities and 'at retirement' guidance service for existing D2C customers
- Longstanding: Customers serviced by Diligenta under a long-term strategic partnership
- Protection: Life and Critical Illness cover for personal and business customers. Also now offering Income Protection

These are supported by Strategy, Technology, Operations and Investment functions as well as a Chief Customer & Digital Office that designs, develops and delivers digital journeys for non-advised customers.

In 2020, SWAS and SWL agreed to migrate SWL legacy policies onto the Corporate Savings Platform (CSP). SWAS has continued to deliver integration and configuration services to SWL in respect of workplace pensions business to be migrated from SWL systems onto the CSP. It agreed a revised contractual basis with SWL for charging for these services. SWAS entered into a new contractual relationship with the supplier of the CSP, FNZ. This resulted in additional systems build by FNZ and SWAS over the next three years, allowing CSP capability to be expanded to administer workplace savings business written by SWL. Scottish Widows undertook the initial migration of over 5,000 workplace schemes to the CSP with further migration and the full programme completed in 2023. This has upgraded the workplace savings business in SWL to a new platform, provided by FNZ, to support future growth of the business.

This reflects that a major priority over recent years has been the simplification of the digital estate. 2025 saw a multi-year program of activity completed, with 15 legacy system migrations, 1.7m customers and £42bn of FuM, enabling nearly 250 legacy systems to be decommissioned. These actions have reduced operational complexity, improved customer journeys and strengthened the foundation for future digital propositions.

The 2022 acquisition of Embark, resulted in the rebranded launch of the SW Platform and the simplification of the tech stack for individual advisers and customers, with the migration from and closure of the Advance by Embark platform.

Benchmarks

In 2025, Scottish Widows again achieved Defaqto 5-star product ratings for a number of its individual pensions, workplace pensions and protection products, as well as a Gold rating for both its pension and protection service.

At the 2024 Investment Life and Pensions Moneyfacts Awards, Scottish Widows won Best Personal Pension Provider for the third year running and Best Critical Illness Provider for the second year running. In 2025, they were highly commended in both categories.

Scottish Widows achieved 5 stars for the seventh consecutive year in the 2022 Financial Adviser Service Awards in Investments, and Pensions and Protection, before dropping back to 4 stars in 2023 and 2024 and 3 stars in 2025. Platform and Investment Propositions both achieved 4 stars in the 2025 awards.

Scottish Widows measures itself against 3 non-financial key performance indicators as follows:

- Customer satisfaction (Trustpilot rating): 4.3 in 2024 [2023: 3.0]. This has risen to 4.5 in 2025
- Customer complaints (FCA reportable complaints per 1,000 policies): 1.95 in 2024 [2023: 2.5]
- Colleague engagement index (% favourable): 62 in 2024 [2023: 58]

To continue the recovery of its customer service proposition, investments were made in staffing, as well as in digital capability, allowing more customers to self-serve or contact the business through the customer service channel of their choice, which has resulted in improvements in the Trustpilot rating. Service performance has shown clear improvement across customer contact channels, supported by telephony upgrades and enhanced workflow management. Call handling times, email turnaround and case progression have all strengthened through 2024 and 2025, although a small number of legacy areas continue to show greater variability.

Outsourcing

Scottish Widows operates a number of outsourcing arrangements.

In 2017 Scottish Widows established a major outsourcing arrangement with Diligenta. This partnership covered the migration of customers from legacy systems onto the BaNCS platform and then the back office administration for those life, pensions, and investment products.

There was a change in investment management outsourcing from abrdn to Schroders and BlackRock for active and passive mandates respectively, that was concluded in 2022. The transition was managed in tranches and represented a significant project, having started in 2019.

The Corporate Savings Platform and Individual Wealth Platform are both supplied by FNZ as the technology partner.



STRATEGY

Market Positioning

Scottish Widows continues to hold a strong position in the long-term savings and retirement market, supported by a highly recognised brand and its integration within Lloyds Banking Group. The business has materially expanded its digital presence over the last year, with more than one million digitally registered customers and a redesigned app that now offers retirement planning tools, personalised projections and integrated banking views. Recent enhancements such as gamified educational content and the new SW Lifetime Investments default have strengthened customer engagement and modernised the workplace proposition, improving competitiveness in the evolving landscape.

Scottish Widows retains a significant share of the workplace pensions market, with assets administered through large corporate schemes and a growing digitally engaged customer base. The combination of established workplace strength and expansion into individual retirement solutions including personal pensions, SIPP and annuities positions the company across the full retirement spectrum. This breadth is seen as increasingly important as customers seek flexible and blended solutions, though it also places Scottish Widows in competition with a wide range of players from traditional composites to challenger platforms.

Individual annuities remain an important source of growth, with market share reaching 23.5% in 2024. Following the sale of the bulk annuity book, Scottish Widows has increased focus on individual retirement solutions and has begun modernising annuity processes and digital journeys to support further growth. Management continues to see demographic and market trends as supportive for sustained expansion in this segment. Alongside this, the business continues to target growth in protection, leveraging the Cavendish Online acquisition to increase penetration through Lloyds' mortgage

channels. These initiatives highlight Scottish Widows' strategy to broaden participation in adjacent markets, though competition from established insurers and digital entrants remains intense.

The intermediary proposition has been strengthened by the launch of the Scottish Widows Platform, built on the Embark technology stack. Adviser adoption continues to build, supported by enhanced functionality including Bed & ISA and drip-feed drawdown. Future plans for an expanded product set include an onshore bond. The rebrand and architecture consolidation onto one tech stack have enhanced change capability and adviser perception, although the platform continues to operate in a highly competitive market where service levels and digital capability are key differentiators. The success of this initiative will be measured by adviser adoption and flows in the future.

The platform remains a key long-term growth area for the group, with 2024–2025 seeing improved adviser engagement, the introduction of new tools and functionality, and a strengthening of the platform's underlying architecture and change model. The full adoption of the Scottish Widows Platform brand has supported greater market recognition in the adviser channel.

Digital capability is now a core competitive differentiator. The redesigned Scottish Widows app has evolved from a pensions-only interface into a wider 'Your Tomorrow' financial planning tool, integrating modelling, behavioural prompts and linked banking data. Engagement has grown materially, with weekly active users increasing by over 35% in 2025 and strong uptake of interactive retirement features. These enhancements support deeper customer relationships and align with LBG's group-wide ambition to deliver a holistic digital financial experience.

Scottish Widows' market positioning benefits from the combination of a long-standing brand, large in-force book, and the financial strength, resources and distribution reach of LBG. Yet sustaining and enhancing this position will require continued delivery of profitable growth, strong cost management, and the ability to respond to regulatory and competitive pressures in pensions, protection and wealth.

Proposition

Being owned by LBG makes SWL part of the only integrated banking, insurance and investment provider in the UK. With SWL supporting its broad market position and the opportunities afforded by its group role through a customer focused multi-product, multi-channel offering. With a wide range of product offering including annuities, pensions, protection and investments, distributed via independent financial advisors, bancassurance and directly to consumers. SWL's product offering is as follows:

- **Protection:** SWL continues to rebuild direct relationships through a multi-channel, multi-brand engagement model and build scale within the intermediary channel. Specific recent emphasis has been on implementing a new digital protection platform and underwriting engine. The acquisition of Cavendish Online in late 2022 and the launch of a new income protection proposition in 2024 supporting the ability to continue to grow in a competitive market
- **Workplace Pensions:** with SWL now a top two player in the workplace pensions market, they continue to increase capacity to build an efficient business of scale that serves its growing customer base, providing a better employer experience and improving member engagement. The acquisition from Zurich in 2017 was a significant factor here, bringing scale and capability. The Corporate Pensions proposition consists of the auto enrolment scheme, group personal pension and in 2019 the Scottish Widows Master Trust was launched. A key focus remains on digitising the business to enable delivery of modern propositions for clients and digital journeys for customers through developments on the Scottish Widows App
- **Intermediary Wealth:** the acquisition of Embark was crucial to Scottish Widows' on-platform Intermediary and Retail D2C ambitions, whilst it also continues to offer its Retirement Account pension and insured funds to advisers. The acquisition unlocks an opportunity in the IP&I market to obtain above market growth and proposition transformation. Enabling a full service proposition to be taken to market (including ISA & GIA products) and the opportunity to leverage a channel led strategy that meets distinct segment needs. The benefits of this were seen in 2023 through the launch of the rebranded Scottish Widows Intermediary Platform and in the D2C market through new ready-made' investment and pension products
- **Retirement:** this is an area where SWL sees a unique opportunity to become the retirement provider of choice in both retaining and attracting assets from being part of the wider LBG. Looking to build on its existing presence with engaging digital led retirement conversations, whilst still proving telephony guidance for those with complex needs
- **Individual Annuities:** the offering includes an Enhanced Annuity and a Standard Annuity, with Scottish Widows having achieved a top-three market position in this area. The business indicates that it has appetite for further

growth in this product type, in line with changes in market demographics and growth in demand. In terms of the latter, SW reports that it is scaling up and as part of that is modernising its process, with more digitisation

With regard to longstanding customers, significant propositional work remains underway as part of the extensive longstanding customers programme. This has included reduction in product charges and developments such as the implementation of drawdown capability in 2021 for existing customers. With substantial work on migrating customers to newer technology largely completed.

SWL continues to offer a wide range of funds from ready-made/governed investment portfolios to specialist funds, with the aim being to meet a differing range of investment needs. SWL has focused on sustainable investing in recent years, with high profile goals aligned to the group's purpose of helping Britain prosper and providing long-term funding to support the transition to a more sustainable, low carbon economy. Recent propositional developments include SW Lifetime Investments - a new workplace default strategy; Managed Growth Funds, a range of multi-asset funds available through the Scottish Widows Platform; and the soon to launch Scottish Widows Long-Term Asset Fund.

SWL has focused on digitisation for a number of years, with the aim of transforming its technology estate and operating model to deliver enhanced experience and productivity. With the bulk of this work now achieved the focus is now on how SWL can make it simple for direct customers to see their products in one place and engage with their future financial plans by being able to access a broad range of products through a 'digital waterfront'. Scottish Widows already makes a number of engagement tools available to advisers and customers across its product areas and within the Scottish Widows app, and is looking to develop this capability going forward, to provide support, guidance and education for D2C customers. Good progress has been made here with a recently refreshed customer app and over a million customers digitally registered. The aim is not to compete with advisers, but instead provide complementary offerings for those not unable to be served by the advised market.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2024

Assets

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Fixed interest	10,596	12,096	7,554
Equities	0	0	1
Collectives	11,378	11,006	9,828
Property	12	11	8
Linked	109,510	122,540	138,533
Derivatives	1,581	1,516	1,045
Loans and mortgages	7,559	7,299	5,533
Reinsurance recoverables	10,939	11,506	16,043
Cash	1,225	1,093	823
Other	2,697	2,434	2,241
Total Assets	155,496	169,501	181,608

Liabilities

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Technical provisions - non-life	0	0	0
Technical provisions - life	23,920	24,800	170,433
Other	6,874	5,765	5,246
Total Liabilities	149,643	162,551	175,679
Excess of assets over liabilities	5,853	6,950	5,929

Funds under management increased to £171bn in 2024 [2023: £157bn], reflecting net flows and market gains. Total AuA for the group was £232bn at the same point.

Within SWL, linked assets remained the most dominant, accounting for 76% [2023: 72%] of the total. Collectives at 5% [2023: 6%] remained significant, with fixed interest assets 4% [2023: 7%] of total. Remaining assets include mortgage loans of £5.5bn [2023: £7.3bn], or 3% [2023: 4%] of the total, reflecting the annuity portfolio - a core part of the invested asset portfolio which backs the annuity business is invested in loan assets. These have predominantly been purchased from LBG although SWL has also started originating new business.

Reinsurance recoverables accounted for 9% of total assets [2023: 7%]. Reinsurance is primarily used to reduce underwriting risk and also for improving profitability, reducing capital requirements, obtaining technical support and to offer access to third-party funds via Investment Fund Links.

There is ongoing litigation concerning policies issued by CMIG (now SWL) sold by independent intermediaries in Germany and Austria, principally in the late 1990s-early 2000s. New complaint and litigation volumes continued to reduce in 2024. The total provision made to 31 December 2024 remained at £709m [2023: £709m]; utilisation remained at £13m in the year [2023: £13m]; the remaining unutilised provision was £62m [2023: £75m].

Life Technical Provisions

			Dec 24 £m
Insurance with profit participation			7,839
Index-linked and unit-linked insurance			146,785
Life annuities			15,509
Non-life annuities			0
Other life insurance			275
Health insurance			25
Total life and health technical provisions			170,433

Life Expenses

			Dec 24 £m
Insurance with profit participation			94
Index-linked and unit-linked insurance			709
Life annuities			91
Non-life annuities			0
Other life insurance			122
Health insurance			24
Other expenses			0
Total life and health expenses			1,040

Due to changes in SFCR reporting templates applicable to firms with a 31 December 2024 year-end and beyond, prior year figures are not available on a comparable basis. As a result, the corresponding tables in this and further sections have been left blank.

SWL has written a mix of linked, non-profit and with profits business. In terms of technical provisions, linked business is the most significant, representing 86% of the total. There remains a declining proportion of, mostly historic, with profits business, which represents 5% of the total.

Linked business represents 68% of expenses in 2024.

Solvency Capital Requirement (SCR)

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Market risk	2,382	2,018	1,857
Counterparty default risk	518	468	311
Life underwriting risk	2,308	2,531	2,487
Health underwriting risk	0	0	0
Non-life underwriting risk	0	0	0
Diversification	(3,036)	(2,872)	(2,364)
Intangible asset risk	0	0	0
Operational risk	1,883	1,959	1,739
Capital add-ons already set	0	0	0
Other items	(715)	(676)	(739)
Solvency capital requirement	3,339	3,428	3,291

Eligible Own Funds

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Tier 1 unrestricted	4,406	4,884	4,174
Tier 1 restricted	0	0	0
Tier 2	1,452	606	564
Tier 3	0	0	0
Eligible own funds to meet SCR	5,858	5,490	4,738
Excess of own funds over SCR	2,519	2,062	1,447
SCR coverage ratio (%)	175.4	160.2	144.0

SWG has permission from the PRA to publish a single SFCR covering in respect of SWG and its UK insurance subsidiaries, although SWE produces its own version. An Internal Model is used to calculate the SCR for both SWG and SWL.

The transition to Solvency UK is now well underway, and Scottish Widows is progressing through required internal model updates, with further changes expected to feed into capital metrics once PRA approvals are secured. While the overall solvency position remains strong, the final calibration under the new regime may introduce further adjustments.

Tier 1 Own Funds decreased over 2024 primarily due to dividends, market volatility and the reinsurance of the SWL's bulk annuity business, offset by earnings from in-force business. Tier 2 Own Funds reduced over 2024 due to an increase in interest rates over the year.

On a Solvency II basis the regulatory surplus of SWL in excess of capital requirements was £1.4bn at 31 December 2024, after a £60m interim dividend which was paid in first quarter of 2025 [2023: £2.1bn, after a £350m dividend in the first quarter of 2024].

The Solvency II ratio for SWL was 153% on a shareholder basis, while the Regulatory Solvency Ratio included in the SFCR was 144% [2023: 182% and 160% respectively].

SWL's shareholder-owned fund may need to support the With Profits Funds in the event that the funds are unable to meet claim payouts in adverse scenarios. This is referred to as 'bumthrough' and an allowance for this cost is reflected in the calculation of SWL's own funds (shareholder-owned). Bumthrough costs are also stressed in calculating SWL's SCR, leading to an additional risk margin of £0.7m in 2024 [2023: £13m]. The bumthrough SCR decreased by £13m to annual calibration updates and an improved fit for equity risk.

The TMTP deduction was recalculated in 2024 and reduced by £26m [2023: £167m reduction], from £377m to £351m, due to annual run-off on 1 January 2024 and recalculation on 31 December 2024. Working capital excludes the part of the TMTP deduction in the With Profits Funds, which was £2m [2023: £7m] at 31 December 2024.

The most significant risks across the Insurance Group are underwriting risk, market risk, liquidity risk and operational risk. Within the underwriting and market risks, the most significant risks include; longevity, persistency, expenses and credit risk on corporate bond and loan assets. Other material risks include the risks associated with the With Profits Funds. The group states a diversification benefit of 67% [2023: 69%] of undiversified SCR at the level of the Insurance Group as indicative of the diverse portfolio. For SWL the net diversified SCR decreased by £137m in 2024 to £3,291m [2023: £3,428m]. Movements included:

- £273m increase due to writing new business, primarily unit-linked and annuity business
- £192m decrease due to in-force business running off
- £236m decrease due to the reinsurance of the bulk annuity business
- £56m increase as a result of market variances over 2024, largely due to positive equity returns, partially offset by interest rate movements
- £51m increase from the update of risk calibrations and assumption changes
- £39m decrease from an increase in Loss Absorbing Capacity of Deferred Tax (LACDT) over the year
- £50m decrease from other impacts including movements in the With-Profits funds SCR

Interest rate and credit spread sensitivities remain within expected ranges, though the sale of the bulk annuity book has resulted in a shorter liability duration and a corresponding adjustment to hedging strategies. Management continues to monitor these shifts closely as the balance sheet profile evolves.

Gross Life Premiums Written By Line of Business

			Dec 24 £m
Insurance with profit participation			45
Index-linked and unit-linked insurance			14,634
Life annuities			1,672
Non-life annuities			0
Other life insurance			395
Health insurance			6
Total gross life premiums written			16,751

Gross Life Premiums Written By Country

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Home country	14,913	15,827	16,701
Country 1	0	0	0
Country 2	0	0	0
Country 3	0	0	0
Country 4	0	0	0
Country 5	0	0	0
Other countries	0	0	0
Total gross life premiums written	14,913	15,827	16,751

Gross written premiums increased by 6% in 2024 to £16.8bn [2023: £15.8bn].

SWL saw life and pensions sales (PVNBP) increase by 5% to £18.2bn [2023: £17.4bn], driven by strong performance in the individual annuities and workplace business, partly offset by the sale of the in-force bulk annuity portfolio. Additionally, £3.2bn PVNBP was contributed by Embark in 2024 [2023: £2.9bn].

Profit

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Profit (loss) before taxation	210	(150)	(116)
Taxation	(2)	65	(43)
Profit (loss) after taxation	208	(85)	(159)
Other comprehensive income	8	6	(2)
Dividends	(600)	(100)	(917)
Retained profit (loss)	(384)	(179)	(1,078)

Life Business Flows

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Net life premiums written	12,471	12,723	8,411
Net life claims incurred	(9,189)	(11,161)	(11,678)
Net flow of business	3,282	1,561	(3,267)

SWL reported a consolidated loss after tax of £159m in 2024 [2023: £85m], consisting of a shareholder loss before tax of £116m [2023: £180m] and a tax credit of £43m [2023: tax credit of £95m]. SWL paid dividends of £917m [2023: £100m].

SWL's results are reported as part of LBG's IP&I (previously known as the Insurance and Wealth division). LBG reported that the division's underlying profit increased to £220m [2023: £190m].

With net premiums decreasing to £8.4bn [2023: £12.7bn] and net claims increasing to £11.7bn [2023: £11.2bn], there was a net outflow of £3.3bn [2023: net inflow £1.6bn].

Guide



INTRODUCTION

For over 30 years AKG has particularly focused on the financial strength requirements of financial advisers, who when acting on behalf of their clients, need to ascertain a company's ability to deliver sustained provision.

From this customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company (not some higher corporate entity) that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met.

It is also important to understand the sector approach (comparative peer groups) that is adopted in financial strength assessment and rating process.

At AKG, this is again driven by the end customer perspective and the fact that assessment is designed solely for this purpose, i.e. as a component in helping customers' advisers to select between comparable companies competing to deliver relevant products or services.

AKG's focus and approach has remained consistent over the years since it commenced assessment and rating support for the market. However, coverage, format and presentation has rightly evolved over this period, in line with the needs and expectations of assessment and rating users in the market. And AKG considers further changes on a continual basis.

Further details including an explanation of what is included in the assessment reports and coverage can be found online at <https://www.akg.co.uk/information/reports>.

AKG's process for assessment and rating is to use a balanced scorecard of measures and comparative information, relevant to the companies contained within each peer group. This is gathered via Public Information only for non-participatory assessments and public information plus company interactions with companies for participatory assessments. Further details on AKG's process can be found at <https://www.akg.co.uk/information/reports>.

This includes further information on the different participatory and non-participatory basis and for companies wishing to learn more about participatory assessment AKG is pleased to outline this and welcomes contact.

This is a participatory assessment.



RATING DEFINITIONS

Overall Financial Strength Rating

The objective is to provide a simple indication of the general financial strength of a company from the perspective of those financial advisers who when acting on behalf of their clients need to ascertain a company's ability to deliver sustained operational provision of products or services.

The overall rating inherently reflects the mix of business within the company, since different types of customer or policyholder have different requirements and expectations, and the company may have particular strengths and weaknesses in respect of its key product or service areas. However, it also takes account of comparison across the sector in which it is assessed.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management

strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	A	B+	B	B-	C	D	☐
	Superior	Very Strong	Strong	Effective	Challenged	Very Challenged	Not applicable

With Profits Financial Strength Rating

The objective is to provide a simple indication of the with profits financial strength of a company, where it currently offers with profits business or has existing with profits business within it.

This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of with profits funds, products or propositions. Its comparison is with other companies within the assessment sector that offer or have with profits business.

The main criteria taken into account are: capital and asset position, expense position and profitability, the amount of with profits business in-force, parental strength (and likely attitude towards supporting the company), and image and strategy.

NOTE: More detailed analysis of with profits companies is included in AKG's UK Life Office With Profits Reports.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Unit Linked Financial Strength Rating

The objective is to provide a simple indication of the unit linked financial strength of a company, where it currently offers unit linked business or has existing unit linked business within it. This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of unit linked products or propositions. Its comparison is with other companies within the assessment sector that offer or have unit linked business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Non Profit Financial Strength Rating

The objective is to provide a simple indication of the non profit financial strength of a company, where it currently offers or has existing products and propositions such as term assurance and annuities. This focuses on the company's ability to deliver sustained operational provision of such non profit products or propositions. Its comparison is with other companies within the assessment sector that offer or have non profit business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, product / service features, its operating environment and ability to withstand external forces.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Service Rating

The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Image & Strategy Rating

The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Business Performance Rating

This review is an assessment of how the company and the brand has fared against its peers, and how it is perceived externally. Effectively this is how it has performed recently in the market. Whilst it will include performance indicators from the most recent available statutory reporting (report and accounts and SFCRs in the case of insurance companies, for example) it will also draw on other recent key performance elements before and after such disclosure, up to the point at which the assessment is undertaken.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity good or bad, press or market commentary, regulatory fines, and competitive position.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

AKG is an independent organisation. Originally established as an actuarial consultancy AKG has, for over 30 years, specialised in the provision of assessment, ratings, information and market assistance to the financial services industry.

As the market has evolved over this period, the range of entities considered by AKG has expanded. Consequently, AKG has brought additional skill sets into its operations. This has meant the inclusion of accounting, corporate finance, IT and market intelligence experience, alongside actuarial resources, to deliver an expanded professional capability.


Today AKG's core purpose is in the provision of financial analysis and review services to support the wider financial services sector and its customers.

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The report contains assessment based on available information at the date as shown on the report's cover and in its page footer. This includes prior regulatory data which may have an earlier date associated with it, but the report also takes into account all relevant events and information, available to and considered by AKG, which have occurred prior to this stated cover and footer date. Events and information subsequent to this date are not covered within it, but AKG continually monitors and reviews such events and information and where individually or in aggregate such events or information give rise to rating revision an updated report under an updated date is issued as soon as possible.

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