



Group and Solo Solvency & Financial Condition Report

31 December 2024

**Unum Limited
Unum European Holding Company Limited**

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Summary

The SFCR has been prepared in accordance with Prudential Regulation Authority (“PRA”) Rules and Solvency II (“SII”) Regulations (as reformed by the PRA in 2024) and provides key information relating to the business and performance (Section A), system of governance (Section B), risk profile (Section C), valuation for solvency purposes (Section D) and capital management (Section E) of the business.

Unum UK SII Group is an Employee Benefits Insurance Group; the ultimate UK SII insurance parent company is Unum European Holding Company Limited (“UEHCL”), the principal and only UK SII regulated insurance company in the Unum UK SII Group being Unum Limited (“UL,” “the Company” or “Solo entity”). Unum Group Inc, located in Chattanooga, Tennessee, USA, owns all of the class A ordinary shares in UEHCL and is the ultimate worldwide insurance parent.

As there are no significant differences between the nature of the Unum UK SII Group and UL businesses, and the governance and risk management systems are consistent, we produce a combined SFCR covering both the Unum UK SII Group and the UL Solo entity. As UL is the only regulated insurance company in the Unum UK SII Group, the data relating to underwriting and investment performance (in Sections A2 and A3) are broadly aligned for both the Company and the Unum UK SII Group and are presented together.

Unum UK SII Group operates primarily in the UK through UL which is the UK authorised insurer.

Strategy and business model

The principal activities of Unum Limited (the ‘Company’) continue to be the provision of employee benefits including Group Income Protection insurance (‘GIP’), Group Life insurance (‘GL’), Group Critical Illness insurance (‘GCI’), Dental insurance and Optical cover to UK employers.

Our products support people when they are feeling vulnerable and help them when they need us the most. We help employers to manage the impacts of absence, support their employees’ health and wellbeing and provide financial security to our customers in times of ill health.

We believe the best place to offer our products is through the workplace, and our strategy leverages our strengths and expertise as a specialist employee benefits provider. Our products are primarily distributed through our established broker relationships. We keep the customer at the centre of what we do, in line with our mission to help and protect more people, by developing high-quality solutions, market leading health and wellbeing services and best in class products to meet the changing needs of employers and the working population.

We will drive growth in our business by:

- Focusing on delivering a high-quality and segmented broker experience, leveraging our expertise and digital tools to become easier to do business with;
- Increasing customer engagement by putting the customer at the centre of our proposition, delivering innovative health and wellbeing solutions, and developing deep and long-lasting relationships with our customers;
- Enhancing our risk and pricing methodologies through data-driven analytics, helping us to protect more people through the workplace; and
- Providing market-leading products and propositions with a focus on innovation and broadening our product set within the group risk and health market.

Strategy and business model (continued)

We will aim to expand our reach, whilst protecting financial returns, so that we can achieve sustainable and scalable growth in lives covered, premiums and earnings. We have a strong capital management approach, responding effectively and promptly to changes in the market to protect our policyholder and shareholder interests. Our robust framework enables us to utilise our capital efficiently and maintain sufficient funds for future growth.

Responsible Business and Environmental, Social and Governance (ESG) matters

The Company carefully considers sustainability factors in its business operations and investment decisions. This includes incorporating these factors in due diligence and monitoring processes.

Our long-term Responsible Business Strategy focusses on the social, environmental, governance and economic dimensions of our business and is centred on four critical action areas:

- **Inclusive products & services** - *Doing the right thing for our customers and society*
Prioritising those in need of our support and expertise by providing products, services, and practices that reflect the needs of our customers and the societies they live in.
- **Responsible employer** - *Doing the right thing for our employees*
Creating an environment that supports a healthy, diverse, and inclusive workforce. A workplace where every employee is valued and respected, and one that provides people with opportunities to give back to their communities through our leading outreach and volunteering programmes.
- **Environmental impact** - *Doing the right thing for our planet*
Systematically reducing our environmental impact every year and ensuring a minimal impact from environmental issues on our business.
- **Responsible Investments** - *Doing the right thing for our stakeholders*
Being responsible stewards of the assets we manage, by actively including environmental, social and governance factors in investment decisions, while delivering consistent long-term returns for our stakeholders.

This strategy is underpinned by our continued focus on ethics, governance and compliance; privacy and cybersecurity; and community outreach. Furthermore, we have embedded our Responsible Business commitments into our business growth strategy as a key foundation. These commitments also form part of the non-financial metrics for senior leadership team remuneration.

Business performance

Unum Limited

In 2024, the Company achieved another year of growth, driven by higher sales, increased in-force premiums and strong persistency, despite a low-growth economic environment in the UK.

Our in-force premiums increased by 9% to £682.8 million (2023: £624.7 million), driven by strong persistency and higher sales. Overall sales to both our new and existing customers increased by 7% to £118.1 million (2023: £110.8 million), particularly in our Group Life and Dental products, which also contributed to the Company growing the number of lives we protect to over 2.7 million at 31 December 2024 (2023: 2.4 million). Dental sales were significantly higher than prior year, driven by

strong growth in new business and boosted by robust sales of dental policies to ex-Cigna customers, for which Unum Limited owns the renewal rights. While GIP sales to our large case customers performed well, we continued to face competitive pressure in our GIP core segment, which remains a key area of focus for us.

With regards to claims experience, our GIP product performed well throughout 2024, underpinned by strong operational claims management. We also saw improvements in both our GCI and Dental claims experience, however our GL claims experience continued to be impacted by NHS delays in diagnosis and treatments.

We maintained our robust capital position throughout the year, with our solvency ratio increasing to 204% at 31 December 2024 (2023: 203%).

Net earned premiums increased by 9% in 2024 to £632.6 million (2023 restated: £582.1 million) driven by strong overall persistency of 90.8% (2023: 89.4%), and higher sales of £118.1 million (2023: £110.8 million).

The Company's earnings before tax for the year were £72.1 million (2023: £98.6 million) which comprises profit before tax of £139.0 million (2023: £55.4 million), and other comprehensive loss before tax of £(66.9) million (2023: income of £43.2 million) driven by market movements as described below. 2024 earnings before tax fell compared to prior year due to higher new claims on Group Income Protection business and higher administrative expenses from increased investment in business growth, partly offset by the growth of the Dental business.

The Company's 2024 UK GAAP profit before tax was higher than 2023, mainly due to the impact of market movements on technical provisions. A significant rise in yields during the year more than offset the impact of a slight narrowing of credit spreads, decreasing the value of technical provisions, and therefore increasing profit before tax. The result has also led to a higher tax charge in 2024 of £32.3 million (2023: £9.7 million). The effect of the market movements noted above led to unrealised losses on assets classified as fair value through other comprehensive income which is the main driver of the total other comprehensive loss for the year before tax.

UK GAAP equity shareholders' funds at 31 December 2024 were £552.5 million (2023: £566.0 million). The decrease of £(13.5) million during 2024 reflects the after-tax profit for the year of £106.7 million which was more than offset by other comprehensive loss after tax of £(50.2) million, and dividends paid in the year of £(70.0) million.

In December 2024, S&P Global Ratings reconfirmed the Company's financial strength rating of A- (Stable).

Further details about UL's business and performance are noted in Section A.2

Unum UK SII Group

The principal activities of the UK entities in the Unum UK SII Group are summarised in the table in Section A.1.1.

Unum UK SII Group's 2024 net earned premiums totalled £632.6 million (2023 restated: £582.1 million) with a consolidated UK GAAP profit before tax of £145.0 million (2023: £65.5 million).

The majority of non UL profit before tax (after excluding dividends received from subsidiaries) comes from UEHCL, which had a profit before tax of £5.8m (2023: £10.0m). UEHCL is an insurance holding company providing management services to fellow UK group companies in the Unum UK SII Group, including its principal insurance subsidiary Unum Limited.

System of Governance

The Boards of UL and UEHCL provide governance and oversight either directly or through delegation to their various Board committees. They bring independent judgement on all issues of strategy, performance and standards of conduct. The Boards monitor corporate governance continuously through their activities, ensuring there are clear lines of accountability for management. They also monitor and input into the corporate strategy, key business decisions, the risk policies and performance.

The Boards place regulatory responsibilities at the heart of the way they operate and drive this approach through their culture, which is promoted from the Boards downwards, with Executive and Senior Management expected to be role models in the organisation. This culture is supported and reinforced through its Enterprise Risk Management (ERM) framework and corporate governance model. In common with many other organisations, Unum UK SII Group operates a “three lines of defence” approach to risk governance, overseen by the Boards and their committees, as detailed in the table on the following page.

	1st line of defence	2nd line of defence	3rd line of defence
WHO	<ul style="list-style-type: none"> ▪ All Unum UK SII Group employees and management ▪ Executive Committee ('ExCo') ▪ Divisional Risk Co-ordinators 	<ul style="list-style-type: none"> ▪ Risk Function ▪ Risk Committee ▪ Compliance Function 	<ul style="list-style-type: none"> ▪ Internal Audit ▪ Audit Committee
WHAT	<ul style="list-style-type: none"> ▪ All Unum UK SII Group employees are responsible for ensuring the risks in their business area are understood and managed. ▪ Unum UK SII Group maintains and regularly reviews a Register of all its risks. ▪ It uses a Risk Event process to ensure timely escalation and mitigation of any risks that crystallise. 	<ul style="list-style-type: none"> ▪ The Risk Function is responsible for overseeing the processes that Unum UK SII Group uses to manage risk. ▪ The Risk Committee has oversight responsibilities for risk management, risk culture and the risk appetite of Unum UK SII Group, and governance of the Solvency II Internal Model and capital management. It recommends the risk management strategy and appetite to the Board. It also provides oversight of the regulatory, conduct, customer and legislative framework within which Unum UK SII Group operates. ▪ The Compliance Function supports the business in implementing regulatory requirements. It also conducts audits of the business to provide assurance to the board that requirements are being met. 	<ul style="list-style-type: none"> ▪ Unum UK SII Group uses Internal Audit reviews to gain independent assurance as to the effectiveness of its risk and controls framework. ▪ These reviews are assessed at Unum UK SII Group's Audit Committee.

There have been no material changes in Unum UK SII Group's system of governance over the reporting period. During the year, Michael (Mike) Simonds resigned as a Non-Executive Director on 9 February 2024.

Further detail about the system of governance is presented in Section B.

Risk Profile

Through its risk management and capital strategy Unum UK SII Group aims to achieve the following:

- Honouring its commitments and promises to customers, in particular by ensuring that it manages its risk within the parameters of its risk appetite;
- Competitive advantage by understanding the drivers of risk; pricing through capital efficiency; quicker and more informed decision making; flexibility and responsiveness; and

- Embedding risk within the business to ensure that risk analysis and capital management are used in all key business decisions.

Unum UK SII Group’s risk appetite is summarised in its Risk Appetite Statement which is reviewed and recommended to the Board for approval by the Risk Committee on an annual basis. The Risk Appetite Statement articulates the categories of risk and key tolerances that Unum UK SII Group has consciously decided to accept in its day to day activities.

Unum UK SII Group’s high materiality risks are: Underwriting/Insurance Risk, Credit Risk, Market Risk and Operational Risk/Conduct Risk (further details are in Section C).

Unum UK SII Group continue to monitor the potential impact to its risk profile from external factors and the impact this may have on our customers, our employees and our strategy. During 2024 these factors included continued NHS disruption and geopolitical factors with the ongoing conflicts in Ukraine and Gaza. Despite these external factors, there have been no significant changes to our risk profile during the year ended 31 December 2024 and no significant updates required to our risk management framework or systems of governance.

Valuation for solvency purposes and Capital management

Assets and liabilities are valued in the Solvency II balance sheets in accordance with the requirements set out in the Valuation Part of the PRA Rulebook and related guidance. Asset and liability valuations other than technical provisions, reinsurance recoverables, dental premium receivables, intangibles, and deferred tax, are based on UK GAAP or IFRS values, representing accounting fair values. Section D of this report provides further details on the methods and main assumptions used for the valuation of items in the Solvency II balance sheet.

UL and Unum UK SII Group calculate Solvency Capital Requirements (“SCR”) using a full Internal Model approved by the PRA in accordance with SII regulations.

The objective of the Unum UK SII Group’s capital management framework is to maintain sufficient Own Funds to cover the SCR with an appropriate surplus in the context of its risk appetite. The Unum UK SII Group and UL carry out a regular review of the solvency ratio (available regulatory assets over its capital requirement) as part of the risk management and capital management system.

The following tables provide a high-level summary of the solvency ratio and capital requirements for UL and Unum UK SII Group respectively:

Figures in £m		
Unum Limited	31 December 2024	31 December 2023
Basic Own Funds	662.8	675.4
Tier 2 Ancillary Own Funds (“AOF”)	75.0	75.0
Tier 3 AOF	12.0	16.7
Eligible Own Funds	749.8	767.1
Solvency Capital Requirement	367.5	377.7
Minimum Capital Requirement (“MCR”)	165.4	170.0
Solvency Ratio	204%	203%

Figures in £m

Unum UK SII Group	31 December 2024	31 December 2023
Basic Own Funds	691.6	703.7
Tier 2 AOF	74.9	75.0
Tier 3 AOF	12.0	16.7
Additional Tier 3 AOF restriction at group level	(1.1)	(1.2)
Eligible Own Funds	777.4	794.2
Solvency Capital Requirement	367.8	377.8
Minimum Consolidated Group Solvency Capital Requirement (MGSCR)	165.4	170.0
Solvency Ratio	211%	210%

At 31 December 2024, the Company's solvency ratio was 204% (2023: 203%). The solvency ratio remains in line with our Capital Management Framework and our risk appetite. There have been no periods of non-compliance with the MCR or non-compliance with the SCR during the 2024 reporting period.

The Company has two Ancillary Own Funds ('AOF') arrangements in place with Unum Group, subject to permissions provided by the PRA. Each of the AOF items enables the Company to call, at its discretion, up to £75 million of capital; for one arrangement this is structured in the form of restricted Tier 1 contingent convertible loan notes; for the other, the contingent capital is structured as Tier 2 subordinated loan notes. Both arrangements are guaranteed by letters of credit from major banks. Whilst undrawn, the arrangements are recognised as Tier 2 and Tier 3 capital respectively under the Solvency II regulations. No loan notes have been issued in respect of either arrangement at the reporting date. Further details on both AOF arrangements are provided in the Capital Management Section E of this report.

Eligible Own Funds that are available to cover the SCR consist of Basic Own Funds plus AOF and are subject to certain restrictions.

The sum of the eligible amounts of Tier 2 and Tier 3 items cannot exceed 50% of the SCR. In addition, Tier 3 eligible own funds cannot exceed 15% of the SCR.

For UL, this means the full £75m of Tier 2 AOF and the full Tier 3 deferred tax asset can be recognised as eligible own funds. However, the amount of Tier 3 AOF eligible to cover the SCR is restricted to £12.0m. For Unum UK SII Group, Tier 3 AOF is further restricted by £1.1m.

UL has approval from the PRA to utilise the Transitional Measure on Technical Provisions ("TMTP") and the Volatility Adjustment ("VA"). The TMTP has been recalculated at 31 December 2024 and is £26.8m (2023: £31.2m).

The solvency ratio at 31 December 2024 without allowance for the TMTP is 195% (UL) and 202% (Unum UK SII Group), and without both the TMTP and VA is 184% (UL) and 191% (Unum UK SII Group).

UL does not apply a matching adjustment to the risk-free interest rate term structure under the Matching Adjustment Part of the PRA Rulebook for Solvency II Firms to calculate the best estimate of its insurance or reinsurance obligations.

Directors' Report

The Directors of UL and UEHCL are responsible for preparing the Unum UK SII Group and Solo SFCR in accordance with the PRA rules and SII regulations.

Each of the Directors, whose names and functions are listed in the Directors' Report of the UK GAAP financial statements of Unum Limited, confirm that, to the best of their knowledge:

- (a) Throughout the financial year in question, the Unum UK SII Group and the Company have 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 the publication of the SFCR, the Unum UK SII Group and the Company continues to comply, and will continue to comply in the future in all material respects.

On behalf of the Boards

Jonathan Fletcher
Chief Financial Officer

8 April 2025

Report of the external independent auditor to the Directors of Unum Limited and Unum European Holding Company Limited 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 and Solo Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Group ('Unum UK SII Group' or 'the Group'), comprising Unum European Holding Company Limited and the authorised insurance entity, Unum Limited ('the Company') as at 31 December 2024:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group and Solo Solvency and Financial Condition Report of the Unum UK SII Group as at 31 December 2024 (**the Narrative Disclosures subject to audit**);
- Group templates IR.02.01.02, IR.22.01.22, IR.23.01.04, IR.32.01.22 (**the Group Templates subject to audit**); and
- Company templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.22.01.21, IR.23.01.01, IR.28.02.01 (**the Company Templates subject to audit**).

The Narrative Disclosures subject to audit, the Group Templates subject to audit, and the Company Templates subject to audit are collectively referred to as the '**relevant elements of the Group and Solo Solvency and Financial Condition Report**'.

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:

- Information contained within the relevant elements of the Group and Solo Solvency and Financial Condition Report set out above which are, or derive from, the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group and Solo Solvency and Financial Condition Report;
- Group templates IR.05.02.01, IR.05.03.02, IR.05.04.02 and IR.25.04.22;
- Company templates IR.05.02.01, IR.05.03.02, IR.05.04.02, IR.19.01.21, IR.25.04.21;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions and, as a consequence, all information relating to the transitional measures on technical provisions as set out in the Appendix to this report; and
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group and Solo Solvency and Financial Condition Report (**the Statement of Directors' Responsibilities**).

To the extent the information subject to audit in the relevant elements of the Group and Solo Solvency and Financial Condition Report 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 and Solo Solvency and Financial Condition Report of the Unum UK SII Group as at 31 December 2024 is

prepared, in all material respects, in accordance with the financial reporting provisions of the Prudential Regulation Authority ('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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Unum UK SII Group in accordance with the ethical requirements that are relevant to our audit of the Group and Solo Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group and Solo Solvency and Financial Condition Report, which describe the basis of accounting. The Group and Solo Solvency and Financial Condition Report 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 and Solo Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the PRA. As a result, the Group and Solo Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Conclusions Relating to Going Concern

In auditing the Group and Solo Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Group and Solo Solvency and Financial Condition Report is appropriate.

Our audit procedures to evaluate the Directors' assessment of Unum European Holding Company Limited's and Unum Limited's ability to continue to adopt the going concern basis of accounting in the preparation of the Group and Solo Solvency and Financial Condition Report included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on Unum European Holding Company Limited's and Unum Limited's ability to continue as a going concern;
- Critically assessing management's assessment of going concern which covers a period of at least twelve months and beyond from the date of approval of the Group and Solo Solvency and Financial Condition Report;
- Inspecting the Unum UK SII Group's Own Risk and Solvency Assessment Report, which gives a forward-looking assessment of own risks and solvency requirements, and the future capital position based on modelled scenarios applied by the Board, and contains severe but plausible Reverse Stress and Scenario Tests;

- Making enquiries of management to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing Unum European Holding Company Limited's and Unum Limited's future financial performance;
- Reviewing regulatory correspondence for the Unum UK SII Group with the PRA and the Financial Conduct Authority ('FCA');
- Reviewing the board minutes of Unum European Holding Company Limited and Unum Limited for the year, and up to the date of issue of the audit report;
- Challenging the appropriateness of Unum Limited's Directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the Directors' consideration of these scenarios;
- Assessing the historical accuracy of forecasts prepared by Unum Limited's Directors by comparing the actual results against the prior period forecast;
- Considering information obtained during the course of our audit and events after the balance sheet date for any evidence that would contradict management's assessment of going concern; and
- Evaluating the appropriateness of Unum European Holding Company Limited's and Unum Limited's Directors' disclosures in the Group and Solo Solvency and Financial Condition Report on going concern.

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 Unum European Holding Company Limited's and Unum Limited's ability to continue as a going concern for a period of at least twelve months from when the Group and Solo Solvency and Financial Condition Report is authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group and Solo Solvency and Financial Condition Report does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group and Solo Solvency and Financial Condition Report, 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 and Solo Solvency and Financial Condition Report, or our knowledge obtained in 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 and Solo Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors for the Group and Solo Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group and Solo Solvency and Financial Condition Report 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 management determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error;
- overseeing Unum European Holding Company Limited's and Unum Limited's financial reporting process; and
- assessing Unum European Holding Company Limited's and Unum Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the companies or to cease operations, or have no realistic alternative but to do so.

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

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group and Solo Solvency and Financial Condition Report 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 and Solo Solvency and Financial Condition Report 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 and Solo Solvency and Financial Condition Report.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of Unum European Holding Company Limited and Unum Limited, and the insurance sector in which they operate, we considered that non-compliance with the following laws and regulations have a material impact on the relevant elements of the Group and Solo Solvency and Financial Condition Report: permissions and supervisory requirements of the PRA and the FCA.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to Unum European Holding Company Limited and Unum Limited and the industry in which they

operate, and considering the risk of acts by Unum European Holding Company Limited and Unum Limited which were contrary to the applicable laws and regulations, including fraud;

- Inquiring of the Directors, management and, where appropriate, those charged with governance, as to whether Unum European Holding Company Limited and Unum Limited are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including PRA and FCA;
- Reviewing minutes of Directors' meetings in the year for Unum European Holding Company Limited and Unum Limited; and
- Discussing amongst the engagement team the laws and regulations listed above and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct impact on the preparation of relevant elements of the Group and Solo Solvency and Financial Condition Report such as Solvency II regulations.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the relevant elements of the Group and Solo Solvency and Financial Condition Report (including the risk of override of controls) and determined that the principal risks were related to significant accounting estimates, in particular in relation to the valuation of the technical provisions on a Solvency II basis.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Unum European Holding Company Limited and Unum Limited Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Matter

The Unum UK SII Group has authority to calculate their Solvency Capital Requirement using an internal model ('the Model') approved by the PRA in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of, or outputs from the Model, or whether the Model is being applied in accordance with the Unum UK Solvency II Group's application or approval order.

Report on Other Legal and Regulatory Requirements – Other Information

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms, we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audits of the statutory financial statements of Unum European Holding Company Limited and Unum Limited. 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.

Use of the Audit Report

This report, including the opinion, has been prepared for the Directors of Unum European Holding Company Limited and Unum Limited to enable them to comply with their obligations under External Audit Rule 2.1 of the Solvency II Firms Sector of the PRA Rulebook.

Our audit work has been undertaken so that we might state to the Directors of Unum European Holding Company Limited and Unum Limited, those matters we are required to state to them in an auditor's report on the relevant elements of the Group and Solo Solvency and Financial Condition Report and for no other purpose. 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.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors and the PRA for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP

Chartered Accountants

30 Old Bailey

London

EC4M 7AU

8th April 2025

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

Unum UK SII Group

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

Group templates:

The following elements of Group template IR.02.01.02

Row R0552: Risk margin – total

Row R0554: Risk margin - non-life

Row R0556: Risk margin – life

Row R0565 – Transitional measures on technical provisions – life

The following elements of Group template IR.22.01.22

Column C0030 – Impact of transitional measures on technical provisions

Row R0010 – Technical provisions

Row R0090 – Solvency Capital Requirement

The following elements of Group template IR.23.01.04

Row R0020: Non-available called but not paid in ordinary share capital at group level

Row R0060: Non-available subordinated mutual member accounts at group level

Row R0080: Non-available surplus funds at group level

Row R0100: Non-available preference shares at group level

Row R0120: Non-available share premium account related to preference shares at group level

Row R0150: Non-available subordinated liabilities at group level

Row R0170: The amount equal to the value of net deferred tax assets not available at the group level

Row R0190: Non-available own funds related to other own funds items approved by supervisory authority

Row R0210: Non-available minority interests at group level

Row R0380: Non-available ancillary own funds at group level

Rows R0410 to R0440 – Own funds of other financial sectors

Row R0680: Group SCR

Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds

Row R0750: Other non-available own funds

Unum Limited

The relevant elements of the Solo Solvency and Financial Condition Report that are not subject to audit comprise:

The following elements of template IR.02.01.02:

Row R0552: Risk margin – total

Row R0554: Risk margin – non-life

Row R0556: Risk margin – life

Row R0565 – Transitional measures on technical provisions – life

The following elements of template IR.12.01.02:

Row R0100: Risk margin

Rows R0140 to R0180 – Amount of transitional measure on technical provisions

The following elements of template IR.17.01.02:

Row R0280: Risk margin

The following elements of template IR.22.01.21:

Column C0030 – Impact of transitional measures on technical provisions

Row R0010 – Technical provisions

Row R0090 – Solvency Capital Requirement

The following elements of template IR.23.01.01:

Row R0580: SCR

Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds

The following elements of template IR.28.01.01:

Row R0310: SCR

The following elements of template IR.28.02.01:

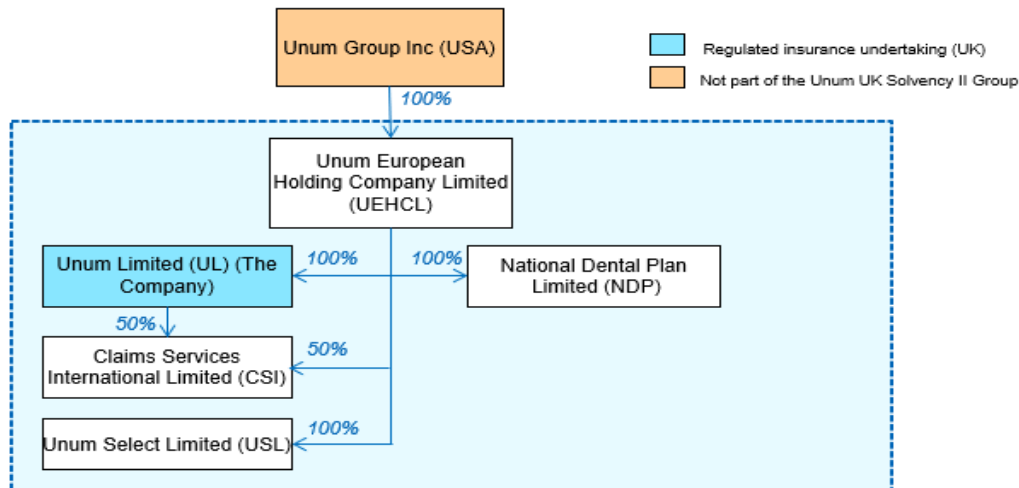
Row R0310: SCR

A Business and Performance

A.1 Business

A.1.1 Unum UK SII Group

The Unum UK SII Group structure is presented below:



Unum UK SII Group comprises the following entities as at 31 December 2024:

Name	Principal activity and material lines of business	Country of incorporation and material geographic area of operations	Class of shares held	% holdings	Parent Company	Classification for purposes of SII consolidation
UEHCL	Provision of management services to other Unum UK companies of which Unum Group is parent	England and Wales	Ordinary	100%	Unum Group Inc.	Full consolidation
UL	GIP, Group Life insurance, Group critical illness insurance, Dental insurance and optical cover	England and Wales	Ordinary	100%	UEHCL	Full consolidation/ Principal and only regulated insurance company within the Unum UK SII Group
CSI	Provision of claims management services	England and Wales	Ordinary	50%	UEHCL	Full consolidation
				50%	UL	
USL	Provision of education and enrolment services	England and Wales	Ordinary	100%	UEHCL	Full consolidation
NDP	Dormant	England and Wales	Ordinary	100%	UEHCL	Full consolidation

UEHCL and UL have no other related undertakings or significant branches outside of the Group structure described above. There are no qualifying holdings of over 10% in Unum Group Inc. which would require disclosure. Unum Group Inc and UEHCL are the sole holders of qualifying holdings.

UL is the only regulated insurance company within the Unum UK SII Group. As a result, the underwriting and investment performance data of UL and Unum UK SII Group are aligned and presented together in the tables in sections A2 and A3.

A.1.2 Regulation

UL and UEHCL are authorised by the PRA and regulated by the PRA and the Financial Conduct Authority (FCA). The addresses are:

Prudential Regulation Authority
Bank of England
Threadneedle Street
London
EC2R 8AH

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

The registered external auditor of the Unum UK SII Group at the date of this SFCR is:

Forvis Mazars LLP
30 Old Bailey
London
EC4M 7AU

A.1.3 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

(i) Dividends approved and paid in the year

For Unum Limited, an interim dividend of £35.0 million was approved by the Board and paid in May 2024. A further interim dividend of £35.0 million was approved by the Board and paid in November 2024. Both dividends were paid from Unum Limited to its immediate parent company, Unum European Holding Company Limited.

For Unum UK SII Group, an interim dividend of £35.0 million was approved by the Board and paid to Unum Group in May 2024. A further interim dividend of £25.0 million was approved by the Board and paid to Unum Group in November 2024.

A.1.4 Future outlook

The Directors consider that the business will continue in its present form to meet the growing need for financial protection, employee benefits and health and wellbeing services provided to employees via the workplace. We believe we are well positioned to continue to pursue future growth opportunities, as our protection products and services remain relevant and valuable to UK employers. We plan to continue to invest in our business to enhance our existing capabilities, but do not plan to make significant changes to our current strategy and business model.

Achieving growth remains a priority and we will continue to focus on delivering a best-in-class health and wellbeing service to improve retention of our key customers and drive growth across our product offerings. We will also accelerate premium growth by focusing on both broker experience and customer engagement, whilst maintaining our disciplined approach to pricing. We will also continue to invest in digital capabilities, technology, and product enhancements which we believe will drive sustainable growth over the long-term.

With regards to external factors:

- We continue to closely monitor and respond to the potential impacts to our claims experience from the ongoing disruption and delays to NHS services and treatment waiting times, which we expect will continue into 2025. We expect to be able to continue to manage any potential impacts through taking actions at renewal, where appropriate.
- We are also closely monitoring the geo-political environment including the ongoing conflicts in Ukraine and Gaza, including related sanctions arising, to assess the impact to our business. While the Unum UK businesses have no material exposure to these territories, wider economic impacts (for example from disruption to supplies or weaker confidence in financial markets) may continue to be a trigger for inflation and growth pressures.
- We recognise that our consumers are facing challenges from inflationary pressures, economic uncertainty, and ongoing public health concerns. Additionally, the labour market remains challenging with talent recruitment continuing to be an issue for many employers. Our own research confirms that employee benefits play a significant role in attracting and retaining talent in today's competitive job market. This reinforces the growing importance we see for employee benefits in the future.

Whilst we continue to monitor the impact to our business from these external factors, there have been no significant changes to Unum's risk profile or strategy and business model resulting from these factors.

We remain committed to being a responsible, innovative and impactful business, keeping the customer at the heart of everything we do. We will continue to provide employee benefits that are truly valued while actively seeking new ways to address the challenges our customers face, driven by our visionary mindset.

A.2 Underwriting performance: Unum Limited and Unum UK SII Group

As UL is the only regulated insurance company within the Unum UK SII Group, the underwriting performance data is aligned for both the Unum UK SII Group and Solo entity, and presented in the same tables below, with any differences noted. The data presented below is on a UK GAAP basis and includes the impact of market movements in the year on net claims incurred (which includes the change in provision for claims outstanding).

Year ended 31 December 2024	Life insurance and reinsurance		Non-life Insurance	Total £m
	Health Insurance and reinsurance £m	Other Life Insurance £m	Medical expense insurance £m	
Gross Written Premiums	394.9	243.9	67.8	706.6
Net Earned Premiums	394.9	173.9	63.8	632.6
Net Claims Incurred ¹	(238.2)	(137.2)	(46.7)	(422.1)
Expenses ²	(112.5)	(25.0)	(11.7)	(149.2)
Underwriting performance	44.2	11.7	5.4	61.3
Reconciliation to Unum Limited UK GAAP statutory accounts for year ended 31 December 2024				
Investment and other technical income				85.4
Market value (losses)/gains on investments				(7.6)
Other (expenses)/income				(0.1)
Profit before tax per Unum Limited UK GAAP statutory accounts				139.0
Tax charge on profit				(32.3)
Profit/(loss) after tax per Unum Limited UK GAAP statutory accounts				106.7
Other comprehensive income/(expense)				
Unrealised (losses)/gains on investments measured at fair value through OCI				(66.6)
Tax on fair value market movements				16.7
Revaluation of freehold land and buildings				(0.3)
Total comprehensive income for the year per Unum Limited UK GAAP statutory accounts				56.5

1. Net claims incurred comprise paid claims net of reinsurance and the change in provision for claims outstanding. This is consistent with the presentation within the Unum Limited UK GAAP Income Statement, except that claims management expenses are included in the calculation of net claims incurred under UK GAAP, whereas they are excluded from net claims incurred under SII and presented within net operating expenses.

2. Expenses includes a -£38.6m change in other technical provisions, net of reinsurance for our Life insurance and reinsurance product lines.

Year ended 31 December 2023 (restated)	Life insurance and reinsurance		Non-life Insurance	Total £m
	Health Insurance and reinsurance £m	Other Life Insurance (restated) ¹ £m	Medical expense insurance (restated) ² £m	
Gross Written Premiums	391.2	202.7	51.6	645.5
Net Earned Premiums	390.0	145.1	47.0	582.1
Net Claims Incurred ³	(282.4)	(113.0)	(39.4)	(434.8)
Expenses ⁴	(120.0)	(40.2)	(12.6)	(172.8)
Underwriting performance	(12.4)	(8.1)	(5.0)	(25.5)
Reconciliation to Unum Limited UK GAAP statutory accounts for year ended 31 December 2023				
Investment and other technical income				107.3
Market value (losses)/gains on investments				(25.9)
Other (expenses)/income				(0.5)
Profit before tax per Unum Limited UK GAAP statutory accounts				55.4
Tax charge on profit				(9.7)
Profit/(loss) after tax per Unum Limited UK GAAP statutory accounts				45.7
Other comprehensive income/(expense)				
Unrealised gains/(losses) on investments measured at fair value through OCI				43.4
Tax on fair value market movements				(11.0)
Revaluation of freehold land and buildings				(0.1)
Total comprehensive income for the year per Unum Limited UK GAAP statutory accounts				78.0

1. Following a review of the Company's presentation of amounts relating to a reinsurance treaty, the comparative net earned premiums amount has been restated from that previously reported. The restatement has had no impact on the profit for the period presented.
2. Following review, adjustments to previously reported dental premiums have been identified and comparative amounts have been restated. There has been no impact on profit for the period presented.
3. Net claims incurred comprise paid claims net of reinsurance and the change in provision for claims outstanding. This is consistent with the presentation within the Unum Limited UK GAAP Income Statement, except that claims management expenses are included in the calculation of net claims incurred under UK GAAP, whereas they are excluded from net claims incurred under SII and presented within net operating expenses.
4. Expenses includes a -£2.2m change in other technical provisions, net of reinsurance for our Life insurance and reinsurance product lines.

Underwriting performance presented in the tables above does not include investment and other technical income received of £85.4m (2023: £107.3m) or market value (losses)/ gains of £(7.6)m (2023: £(25.9)m). It also excludes other income and expenses of £(0.1)m (2023: £(0.5)m). Including these items, UL made a profit on ordinary activities before tax of £139.0m (2023: £55.4m).

UL currently carries out all of its business from offices situated within the United Kingdom. The impact of transactions with non-UK policyholders on gross written premiums, net assets and profit before taxation is not material. UL has no material exposure to insurance risks outside of the United Kingdom. No geographical analysis has therefore been produced.

Net earned premiums increased by 9% in 2024 to £632.6 million (2023 restated: £582.1 million) driven by strong overall persistency of 90.8% (2023: 89.4%), and higher sales of £118.1 million (2023: £110.8 million).

Net claims incurred decreased from £434.8 million (2023 restated amount) to £422.1 million, predominantly driven by the change in provision for claims outstanding, which was impacted by market movements in the year. With regard to claims experience, our GIP product performed well throughout 2024, underpinned by strong operational claims management. We also saw improvements in both our GCI and Dental claims experience, however our GL claims experience continued to be impacted by NHS delays in diagnosis and treatments.

2024 profit before tax of £139.0 million was higher than 2023 profit before tax of £55.4 million, mainly due to the impact of market movements on technical provisions. A significant rise in yields during the year more than offset the impact of a slight narrowing of credit spreads, decreasing the value of technical provisions, and therefore increasing profit before tax. The result has also led to a higher tax charge in 2024 of £32.3 million (2023: £9.7 million).

The effect of the market movements noted above led to unrealised losses on assets classified as fair value through other comprehensive income which has resulted in an overall reduction in total other comprehensive income for the year from £78.0 million to £56.5 million.

A.3 Investment performance: Unum Limited and Unum UK SII Group

As UL is the only regulated insurance company within the Unum UK SII Group, unless specified, the investment performance data is aligned for both the Unum UK SII Group and Solo entity, and presented in the same tables below.

UEHCL holds short term treasury bills with a duration of 12 months or less. It also holds investments in subsidiaries as detailed in the table in Section A.1.1. Apart from UL and UEHCL, none of the other Unum UK SII Group entities undertake investment activities and solely hold additional cash balances.

Total investments under management comprise fixed rate and index-linked securities which match liabilities and support our surplus, together with operational and investment cash balances. At 31 December 2024, investments under management were £2,239.4 million (2023: £ 2,316.0 million).

A.3.1 Income and expenses by asset class: Unum Limited and Unum UK SII Group

The interest and gains on assets are included below for each asset class included in the Solvency II balance sheet. There are no material expenses in relation to loans and receivables and cash and cash equivalents. The only fees incurred are on investments in financial assets at fair value through profit and loss. There are no gains or losses recognised directly in equity for Solvency II. There are no investments in securitisations.

Investment Income Year ended 31 December 2024 £m	Government bonds	Corporate bonds	Collective investment undertakings	Collateralised securities	Derivatives	Cash and other investments	Property	Total
Interest income from financial assets at fair value	15.5	73.7	(0.1)	0.2	(5.5)	1.9	-	85.7
Interest income from financial assets not at fair value	-	-	-	-	-	0.8	-	0.8
Interest income from financial assets not at fair value- UEHCL only ¹	-	-	-	-	-	0.4	-	0.4
Gains/(losses) on the realisation of investments	-	(6.4)	-	0.0	-	(0.0)	-	(6.4)
Gains/(losses) on the realisation of investments- UEHCL only ²	-	-	-	-	-	1.0	-	1.0
Movement in unrealised (losses)/ gains on investments	(34.6)	(45.6)	1.4	(0.1)	(4.0)	-	-	(82.9)
Rent-UL only ³	-	-	-	-	-	-	1.1	1.1

1. £0.4m of interest income in UEHCL is on treasury bills with a duration of 12 months or less.

2. £1.0m of investment income in UEHCL is from the maturity of short term investments.

3. Rent is intercompany and relates to UL only as it is eliminated on consolidation at Unum UK SII Group level.

Investment Income Year ended 31 December 2023 £m	Government bonds	Corporate bonds	Collective investment undertakings	Collateralised securities	Derivatives	Cash and other investments	Property	Total
Interest income from financial assets at fair value through profit or loss	4.9	67.6	(0.1)	0.2	(6.0)	-	-	66.6
Interest income from financial assets not at fair value through profit or loss	-	-	-	-	-	0.8	-	0.8
Interest income from financial assets not at fair value through profit or loss- UEHCL only ¹	-	-	-	-	-	0.4	-	0.4
Gains/(losses) on the realisation of investments	0.4	2.4	-	-	-	-	-	2.8
Gains/(losses) on the realisation of investments- UEHCL only ²	-	-	-	-	-	5.4	-	5.4
Movement in unrealised (losses)/ gains on investments	7.2	77.9	0.9	-	(7.8)	1.3	-	79.5
Rent-UL only ³	-	-	-	-	-	-	1.1	1.1

1. Interest income of £0.4m relates to UEHCL only and are on treasury bills with a duration of 12 months or less.
2. Cash and other investments includes a £4.6m gain on sale of an investment that UEHCL held in a company called Cushon Group Limited, and also includes £0.8m of investment income in UEHCL arising from the maturity of short term investments.
3. Rent is intercompany and relates to UL only as it is eliminated on consolidation at Unum UK SII Group level.

During 2024 £(82.9)m of unrealised losses on investments was reported compared to £79.5m of unrealised gains in 2023. The Company views these unrealised gains and losses on bond securities as timing differences which are largely expected to reverse as we generally hold investments to maturity. There was no impact of amortisation and impairment on investment performance.

The investment management charges highlighted in the table below are included in the expenses within the underwriting performance table in section A.2.

Investment Expenses	31 December 2024 £m	31 December 2023 £m
Investment management expenses	2.9	2.8

Prepared in accordance with UK GAAP

A.4 Performance of other activities: Unum Limited and Unum UK SII Group

There are no other material items of income or expenditure for UL or the Unum UK SII Group.

A.5 Any other information: Unum Limited and Unum UK SII Group

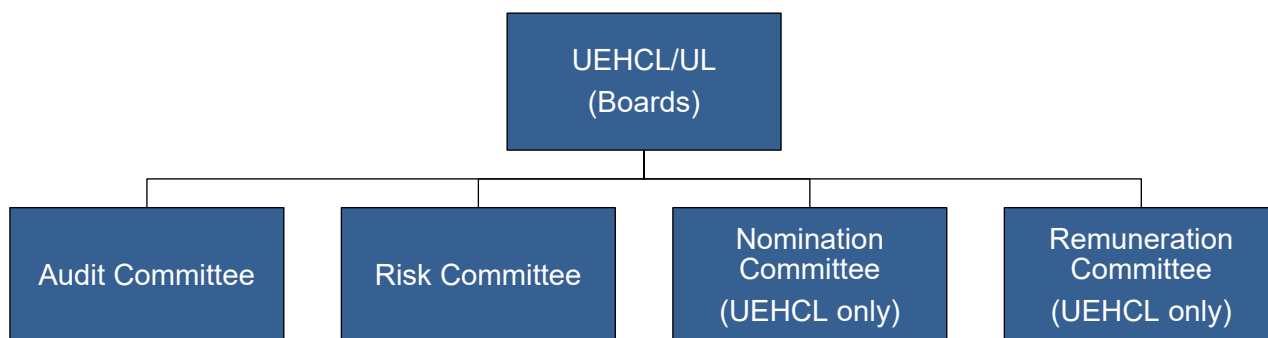
A.5.1 Subsequent events

There are no material subsequent events regarding the business of UL or the Unum UK SII Group and their performance to disclose.

B System of Governance

B.1 General information on the system of governance

Structure of the Administrative Management or Supervisory Board:



UEHCL and UL’s governance rests ultimately with the respective Boards who are supported by the Audit and Risk committees of both entities and by the Nomination and the Remuneration committees of UEHCL. The membership of the UEHCL and UL Boards and its Committees mirror each other.

The Boards are focused on strong corporate governance and the application of industry best practice where appropriate and suitable. For example, the Board Committees are all chaired by Independent Non-Executive Directors. The appropriateness of the governance structure and associated framework is reviewed regularly. The Company has a clear governance structure and defined roles and responsibilities at all levels, supported by the ExCo shown in B.1 and its sub-committees (which are described, where relevant, in later sections of this document).

Board of Directors

The role of the Boards

The Boards provide governance and oversight either directly or through the operation of its Board Committees. They bring independent judgement on all issues of strategy, performance, resources and standards of conduct. At Board meetings, the Board deals with matters specifically reserved for its consideration which are set out within its terms of reference. The Board meets at least four times a year as part of the quarterly cycle and an additional meeting is held to sign off the year-end reporting deliverables. Additional meetings are convened as required.

Responsibility for implementing strategy and managing day-to-day business operations is delegated to the Chief Executive Officer (“CEO”), who operates through the ExCo which meets weekly and is comprised of the two executive Board directors and other executive management.

The composition of the Boards

The Boards comprise (at the date of signing of this report) two executive directors, being the CEO and Chief Financial Officer (“CFO”), and four Independent Non-Executive Directors (including the Board Chair):

Executive Directors

Mark Till (CEO)
Jonathan Fletcher (CFO)

Non-Executive Directors

Nicholas Poyntz-Wright (Board Chair and Chair of the Nomination Committee)
Stuart Vann (Senior Independent Non-Executive Director and Chair of the Audit Committee)
Sarah Davies (Independent Non-Executive Director and Chair of the Risk Committee)
Jonathan Dye (Independent Non-Executive Director and Chair of the Remuneration Committee)

Audit Committee

The purpose of the Audit Committee is to provide assurance on the integrity of financial reporting, controls and plans. The Committee is responsible for monitoring the effectiveness of the internal audit function, external auditor's independence, the external audit process and the supply of non-audit services. It is also responsible for reviewing the Company's dividend recommendations to the Board.

The Audit Committee is chaired by an Independent Non-Executive Director. The Committee meets at least four times a year as part of the quarterly cycle and an additional meeting is held to sign off the year-end reporting deliverables. Additional meetings are convened as required.

The Head of Internal Audit and the external auditors have unrestricted access to the Chair of the Audit Committee and have private sessions with the Audit Committee members before each quarterly meeting.

The Committee will make recommendations to Unum Group, via the Company's Board, in relation to the appointment of the Company's external auditors. The Committee monitors and approves any non-audit services to be carried out for the Company by its external auditors to ensure that their independence and objectivity is safeguarded.

Risk Committee

The Risk Committee's ('RC') main objective is to provide oversight of the nature and extent of significant risk faced by the Company and Unum UK SII Group and their capital requirements. The Committee recommends the risk management strategy and appetite to the Boards and oversees appropriate risk frameworks, within which the Company's risk and capital management processes and annual risk plan can be tracked and monitored. It also provides oversight of the regulatory and legislative framework that the Company operates within by monitoring and reviewing compliance, legal and regulatory requirements including Consumer Duty, SMCR, financial crime, data protection, human resources, conduct risk, culture, requirements and health and safety.

The RC is chaired by an Independent Non-Executive Director with the Committee meeting at least four times a year, and additional meetings being convened as required. The Chief Risk Officer has unrestricted access to the Chair of the RC and has closed sessions with the RC members each quarter.

Nomination Committee

The main objective of the UEHCL Nomination Committee is to ensure that there is a robust process around appointments to the Boards (and Committees) and to ensure that succession planning for senior roles is appropriate.

The Nomination Committee is chaired by an Independent Non-Executive Director. The Committee meets at least two times a year. Additional meetings are convened as required.

New Non-Executive Directors are typically appointed for a period of up to nine years. In exceptional circumstances, Non-Executive Directors can be extended beyond nine years subject to Unum Group approval.

Remuneration Committee

The main objective of the UEHCL Remuneration Committee is to approve overall remuneration policy and principles. Senior executives' remuneration levels are set by the Remuneration Committee following the receipt of feedback from the Human Capital Committee of Unum Group in accordance with the approved remuneration framework and policy.

The Remuneration Committee is chaired by an Independent Non-Executive Director. The Committee meets at least four times a year. Additional meetings are convened as required.

B.1.1 Material changes

There have been no material changes in Unum UK SII Group's system of governance over the reporting period.

Michael (Mike) Simonds resigned as Unum Group COO on 9 February 2024 and subsequently resigned as a Non-Executive Director on the same date.

B.1.2 Remuneration policy and practices

UEHCL operates remuneration policy and practices that are in line with the Group's long-term interests and performance.

UEHCL's principal means of rewarding its staff is through basic salaries which are regularly reviewed to ensure market competitiveness using comprehensive Financial Services and other relevant survey data. Individuals are paid within salary ranges, with actual salary and salary increases related to individual performance measured against performance objectives.

UEHCL also operates company bonus schemes, which are designed to reward and encourage its staff by providing a link between business performance and their individual performance.

There are longer-term performance measures and incentives for our Executive Directors, including links to operation within risk appetite. Executive Directors have a long-term incentive (LTI) target which is based on market data for their job. They are eligible for LTI grants based on this target as well as their individual performance. Additionally, there is a deferral component to these awards since each is subject to a vesting period. Under the conditions of the award the Directors have to have been continuously employed with Unum Group and its subsidiaries from the award date to the date of the stock vesting to the Directors.

There is no supplementary pension or early retirement schemes available for members of the management body or key function holders.

B.1.3 Related Party Transactions

All intra-group transactions between companies in the Unum UK SII Group (see A.1.1) are eliminated in the preparation of the Unum UK SII Group Solvency Balance Sheet.

UL also has an established liquidity facility and a capital maintenance agreement with Unum Group. During 2023, the PRA granted approval for a new Tier 2 AOF arrangement between the Company and Unum Group, and also re-approved our existing Tier 3 AOF arrangement between the Company and Unum Group. Further details are set out in Section E.

UL holds a series of Total Return Swaps with Unum Group, to mitigate the credit risk on a portion of its portfolio of bonds. At 31 December 2024, these Total Return Swaps had a notional value of £383.8m (2023: notional value of £398m).

The only other significant transactions between Unum UK SII Group and the shareholder Unum Group is in relation to expense recharges, reinsurance arrangements, and dividends.

There are no material transactions during the reporting period between the Company and the Board members and members of the administrative, management or supervisory body.

B.2 Fit and proper requirements

Unum UK SII Group has policies and procedures to ensure that the persons effectively running the business or who have other key functions are fit and proper to do so. UL defines these persons as Senior Management Functions (SMFs) and Certification Functions.

B.2.1 Process for assessing fitness and propriety

UL ensures that the persons effectively running the business are fit and proper. This includes demonstrating on appointment and on an ongoing basis that the individual

- Has the personal characteristics (including being of good repute and integrity);
- Possesses the level of competence, knowledge and experience;
- Has the relevant qualifications or is progressing towards achieving qualifications; and
- Has undergone or is undergoing all training.

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

B.3.1 Risk management system

This section applies to both the Unum UK SII Group and UL as the same risk management system is applied consistently to all entities within the Unum UK SII Group.

The Unum UK SII Group Risk and Capital Operating Model (RCOM) sets out the risk management system and notably its governance structure, capital management framework and the policies, processes and tools used to manage it. At the heart of the RCOM are the Internal Model and Own Risk and Solvency Assessment (ORSA) which combine to provide the internal assessment process

and quantification of risk which feed into strategic decision making, the management of solvency, continued compliance with capital requirements and any action required due to a change in risk profile.

To support delivery of the RCOM and ORSA, the Risk function has the following objectives, as detailed in the Board-approved Risk Mandate:

1. Oversee that all risks are identified, assessed, managed, monitored and reported, with oversight and challenge from the Risk Function;
2. Oversee that risk exposure is managed in line with the Board approved risk appetite across sustainability, solvency and operational pillars;
3. Provide effective risk processes and tools to the business to enable consistent implementation of the Enterprise Risk Management Framework;
4. Promote the long-term sustainability of the business model through assessing its resilience to a range of events over the medium term and ensuring the strategy agreed by the Board takes into account the potential impact on the risk profile and the associated impact on capital;
5. Ensure risk-based decision making is embedded throughout the business;
6. Promote a strong risk culture, with all stakeholders playing an active role in relation to managing risk;
7. Oversee that the Internal Model is fit-for-purpose and utilised as a key tool in the Enterprise Risk Management Framework;
8. Provide the role of Chief Actuary to oversee the appropriateness of the methodologies and assumptions made in the calculation of technical provisions (and other aspects of the role in accordance with Chapter 6 of the Conditions Governing Business Part of the PRA Rulebook, which transposes Article 48 of the Solvency II Directive (2009/138/EC)).

Risk identification

Risk identification is an ongoing activity and Unum UK SII Group maintains a register of known risks, as well as capturing emerging risks, external and internal headwinds and tailwinds. These are reviewed regularly to ensure they reflect the current risk profile of the organisation, recognising that changes occur over time. This part of the RCOM is captured through the Risk Identification and Emerging Risk Process.

Risk measurement

Risk effectiveness is measured against Unum UK SII Group's Risk Appetite. This is summarised in the Company's Risk Appetite Statement which is reviewed and recommended to the Board for approval by the Risk Committee on an annual basis. The Risk Appetite Statement articulates the categories of risk and key tolerances that Unum UK SII Group has consciously decided to accept in its day to day activities in order to meet its overall business strategy.

Risk management

The treatment of Unum UK SII Group's risks includes risk acceptance, risk avoidance, risk transfer and application of internal controls. A governance framework is established within the RCOM to provide oversight and day-to-day management of risk, along with a suite of sub-risk policies which are designed to provide mandatory approaches to managing each of Unum's Risk Categories. The risk mitigation techniques implemented vary by risk and more detail can be found in section C.

Risk monitoring

Risk monitoring is a fundamental concept of effective risk management. Regular monitoring of risk across Unum UK SII Group is the responsibility of the Risk function. Unum UK SII Group's risk profile is monitored using Key Risk Indicators, the Risk and Control Assessment process, analysing Risk Events and via the Emerging Risk Process.

Risk reporting

Regular risk reporting to Risk, Capital and Solvency Committee (RCSC) and RC presents a summary of the monitoring activity described above. Where required, more detailed reporting is provided by the Risk function to meet specific ad-hoc requirements. The main risk reporting channels are through the annual Own Risk and Solvency Report and quarterly CRO report which are both presented to RCSC and RC. The CRO report includes reporting the current risk profile against agreed appetite and a forward looking view including emerging risks and headwinds.

B.3.2 Risk management system implementation and integration

This section applies to both the Unum UK SII Group and the Solo entity of UL as the same risk management system applies consistently to all entities within the Unum UK SII Group.

Roles, responsibilities & accountabilities for the Internal Model

In addition to the responsibilities outlined in Section B1, the following roles are assigned in relation to Unum UK SII Group's Internal Model.

The Board

Ultimate responsibility for the management of the Internal Model lies with the Board, which means:

- Ensuring that all risks are understood and managed effectively;
- Ensuring that the Risk Committee possesses sufficient professional qualifications, knowledge and experience in all the relevant areas of the business to give adequate assurance that they are collectively able to provide a sound and prudent management of the Internal Model; and
- Final approval of the Internal Model and recommendations for major change.

For day-to-day management purposes, the Board has delegated authority for risk management to key individuals, and to key Board and management committees.

Risk Committee

The Risk Committee (RC) is responsible for ensuring the ongoing appropriateness of the design and operations of the Internal Model, and that the Internal Model continues to appropriately reflect Unum UK SII Group's risk profile by ensuring that:

- Each of the functions involved in Internal Model governance possesses sufficient resources to develop, monitor and maintain the Internal Model; and
- There are adequate independent review procedures in place around the Internal Model design, operation and validation.

The RC is authorised to take independent advice where such advice is required in order to meet its responsibilities for the Internal Model.

Risk, Capital and Solvency Committee

The Risk, Capital and Solvency Committee (RCSC) is intended to provide governance of the Internal Model and will:

- satisfy itself that recommendations on model development and model changes are aligned to current and future business strategy; and
- provide preliminary approval on major model changes.

Both the RC and the RCSC may recommend changes to the strategic direction of the Internal Model.

Internal Model Governance Committee

The Internal Model Governance Committee (IMGC) is a subcommittee of the RCSC and is responsible for:

- Internal Model governance;
- embedding model use and ongoing development; and
- overseeing the Unum UK SII Group expert judgement process.

Role of the Risk function

The Risk function is responsible for:

- The Enterprise Risk Management (ERM) framework, risk taxonomy and provision of assurance to the Risk Committee;
- Design of RCOM and the Internal Model Scope, in consultation with the wider firm;
- Governance of policies relating to the Internal Model;
- Ensuring implementation of SII in accordance with the Solvency requirements;
- Independent validation of the Internal Model to ensure it remains fit for use;
- In conjunction with the Finance Function, ensuring the Board, executive and senior management have, and demonstrate, an appropriate understanding of SII and the role of the Internal Model; and
- Carrying out the regulatory responsibilities of the Actuarial Function with the UK Chief Actuary reporting to the UK Chief Risk Officer (See Section B.6).

On an ongoing basis, the Risk function:

- Reviews the Internal Model Governance Framework, at least once a year;
- Identifies and challenges the need for model change to reflect material changes in the corporate risk profile;
- Monitors operational risk and ensures the modelling of operational risk within the Internal Model reflects the Unum UK SII Group's operational risks;
- Carries out quarterly review of risks and controls within RCOM and the Internal Model;
- Reviews the policies owned by the UK Chief Risk Officer (CRO) at least once a year;
- Oversees divisional "deep dives" into the risk profile of each business area;
- Manages plans for future development of the Internal Model including tracking any remediation actions;
- Promotes a corporate culture that reflects Unum UK SII Group's risk and capital vision; and
- Monitors the financial risks from climate change.

The UK CRO has a matrix reporting line both to the Group CRO and the UK CEO as well as regular direct contact with the non-executive Risk Committee chair.

B.3.3 Process and integration

Unum UK SII Group's ORSA encompasses all the risk and capital management processes that allow the Company to identify the material risks to the business, to manage the risk profile within our risk appetite limits and to form an internal view of the capital required.

The UL Board is responsible for the ORSA on behalf of Unum UK SII Group and ensures it takes account of the information coming from the ORSA process in its key decisions. The ORSA brings together information across the enterprise, in particular Risk and Finance. Consequently, the ORSA framework is managed and coordinated by the CRO (on behalf of the Board).

ORSA process activities can be grouped into the following categories:

- Performing the underlying risk and capital management processes;
- Compiling the ORSA Annual Results Report;
- Using ORSA information in decision-making; and
- Performing the above activities in response to significant events.

B.3.4 Frequency of ORSA reviews and approval

Unum UK SII Group operates a quarterly ORSA process with outputs consolidated into an ORSA Annual Results Report containing the latest information from the underlying risk and capital management processes. The ORSA Annual Results Report is scrutinised by the RCSC and is approved by the Risk Committee on behalf of the Board.

Unum UK SII Group has received a waiver from the PRA to produce a single ORSA Report to cover the Unum UK SII Group and the firm-level ORSA for all the firms in the Unum UK SII Group. This is consistent with Unum UK SII Group's approach to use a single Internal Model for both the solo entity, UL and the Unum UK SII Group.

B.3.5 Determination of own solvency needs

Unum UK SII Group quantifies risks for a sufficiently wide range of outcomes, using appropriate techniques to provide an adequate basis for risk and capital management purposes.

The assessment of the overall solvency:

- Reflects the risks arising from all assets and liabilities, including intra-group and off-balance sheet arrangements;
- Reflects Unum UK SII Group's management practices, systems and controls;
- Assesses the quality of processes and inputs, in particular the adequacy of the system of governance, taking into consideration risks that may arise from inadequacies or deficiencies;
- Connects business planning to solvency needs;
- Includes explicit identification of possible future scenarios;
- Addresses potential external stress; and
- Uses a valuation basis that is consistent throughout the overall solvency needs assessment.

B.4 Internal control system

This section applies to both the Unum UK SII Group and the Solo entity of UL as the same internal control system is applied consistently to all entities within the Unum UK SII Group.

This consistency is achieved by UEHCL having the same Board (including independent directors) as that of UL using the same corporate governance framework, including shared corporate functions such as Risk Management, Finance, Compliance and Internal Audit.

Unum UK SII Group has a robust system of governance with a clear and well-defined organisational structure that has clear lines of responsibilities through the organisation which are documented. The System of Governance is designed to establish, implement and maintain effective cooperation, internal reporting and communication for information at all relevant levels as well as establishing decision making frameworks. Proper corporate governance is achieved by:

- Monitoring by the Board: the Board monitors the corporate governance continuously through its activities, ensuring there are clear lines of accountability for management. It will also monitor and input into the corporate strategy, key business decisions, the risk policies, and performance;
- Review of the effectiveness of internal controls by the Controlled Function Heads who regularly review the effectiveness of the internal controls through the first, second and third lines of defence;
- Internal audits, risk, compliance assurance and quality assurance: a programme of internal audits assess the standard of governance processes, operational activities and financial controls;
- Policies and procedures documenting the approach, risk appetite and controls;
- External independent Board effectiveness evaluations are undertaken periodically, with the last one taking place in Q4 2024.
- SOX Act controls: a subset of our control environment which has been mapped, where applicable, to UK risks;
- Performance based remuneration: the Board oversee the application of the compensation and succession planning of Executives; and
- Monitoring by the ultimate parent company, Unum Group Inc, and other stakeholders.

Rule 4.1 of the PRA Rulebook requires undertakings to have in place a Compliance Function as part of the internal control system. The role of this function is to identify, assess, monitor and report the compliance risk exposure of the undertaking.

In accordance with Rule 4.2 of the PRA Rulebook, the Compliance Function advises the administrative, management or supervisory body on compliance with the applicable laws and regulations. In order to assess the possible impact of significant changes in the legal and regulatory environment that the undertaking operates in, as well as identifying and assessing the compliance risk that could arise from such changes, the Compliance Function monitors relevant regulatory legislation, changes to regulation and assesses its potential impact on the undertaking.

B.5 Internal Audit Function

This section applies to both the Unum UK SII Group and the Solo entity (UL) as the same Internal Audit Function operates for all entities within the Unum UK SII Group.

Internal Audit is the 3rd line in the three lines of defence model operating within the Unum UK SII Group. It is responsible for providing the Audit Committee of the Board of Directors and management

with independent, objective controls assurance and advice designed to add value and improve the operations of the Unum UK SII Group. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to the evaluation of key controls, risk management procedures and governance processes. A primary objective is to protect the reputation and sustainability of the organisation.

The function operates in accordance with the Definition of Internal Auditing, Code of Ethics, the International Professional Practices Framework, and the UK Code for Internal Audit functions operating in the financial services industry, as published by the Chartered Institute of Internal Auditors.

The role of Internal Audit is to understand the key risks of the Unum UK SII Group and to examine and evaluate the design and effectiveness of the system of risk management and internal control managed by the Unum UK SII Group. Internal Audit provides recommendations, advice and guidance to help management discharge its operational and control responsibilities. Internal Audit also assesses the evidence supporting the cultural behaviours that underpin the 'We are Unum' and Code of Conduct principles.

The Head of Audit is responsible for developing an annual audit plan based on an understanding of the significant risks facing the Unum UK SII Group. The plan is approved by the Audit Committee and developed on a 6+6 month basis, wherein the H2 Audit Plan is an 'outlook' based on Internal Audit's current understanding of risks. The H2 plan is firmed up during H1, which allows flexibility to respond to any changes in the business or risks. The Head of Audit flexes the plan where required for unplanned events and emerging risks and provides the rationale for any changes to the plan to the Audit Committee for approval.

The independence of Internal Audit is embodied in the Internal Audit Charter, which is approved by the Audit Committee annually and reinforces the independence of the function. To reinforce the function's independence, the Head of Audit reports directly to the Chair of the Audit Committee and the Unum Group Chief Auditor.

Internal Audit has unrestricted access to all records, property and personnel (including contractors and others acting on behalf of the Unum UK SII Group). There is no impediment to Internal Audit's ability to challenge executive management and to report its concerns. All staff and management within the Unum UK SII Group are required to provide the necessary assistance to, and co-operate with, the staff of Internal Audit in the performance of their duties.

Internal Audit is unrestricted in setting its scope and independently assesses the key risks that face the Unum UK SII Group, including emerging and systemic risks, and how effectively these risks are being managed.

The Internal Audit function itself is independently assessed in terms of effectiveness and performance, in accordance with internal auditing standards, on a periodic basis (at least once every five years). The assessment includes an evaluation of the function's compliance with the agreed audit methodology and internal auditing standards, the efficiency and effectiveness of the function, stakeholder management processes, and opportunities for improvement. The last time this external review was completed was in August 2021 with the next one due in 2026.

B.6 Actuarial Function

This section only applies to UL as the rest of the Unum UK SII Group is not required to have an Actuarial Function.

The tasks that UL's Actuarial Function is required to perform, as per the SII regulations include:

- Ensuring appropriateness of the underlying methodologies, assumptions and data in the calculation of technical provisions;
- Assessing the sufficiency and quality of data used to determine the technical provisions and informing the Board of the reliability and adequacy of the calculation of technical provisions;
- Opining on overall underwriting policy and reinsurance adequacy; and
- Contributing to the effective implementation of the risk management system, particularly in the modelling of risks and capital requirements.

The tasks are performed at least annually. An Actuarial Function Report is produced annually by the UK Chief Actuary covering the technical provisions and opinions on underwriting and reinsurance arrangements and presented to the Audit Committee for approval.

The UK Chief Actuary performs other tasks outside those outlined in the SII regulations and within the second line Risk Function, the UK Chief Actuary contributed during the year to the effective implementation of the risk management system in relation to Internal Model Governance, Validation and supported the ORSA and risk management process by reviewing forward looking capital forecast and stress and scenario test results. The identification and management of any conflicts of interest between these tasks and the regulatory aspects of the Chief Actuary role are covered within a Risk Function Mandate document.

The tasks relating to the coordination and calculation of the technical provisions, the deriving of assumptions and ensuring the sufficiency and quality of data are performed internally within the first line Finance Function (as described further in Section D) with oversight from the UK Chief Actuary. Sensitivity analysis is also performed within the first line Finance Function to complement understanding of the materiality of the various assumptions and the uncertainty they present (as described in Section C).

The first line Finance team sets pricing bases and implements reinsurance arrangements. They provide recommendations on the appropriate strategy to ensure consistency of underwriting practices with product pricing, the potential impact on future profitability to key risk factors and potential changes in terms and conditions. They also recommend reinsurance arrangements to meet risk appetite objectives including mitigating balance sheet volatility whilst ensuring commercial terms remain competitive. These recommendations are reviewed by the UK Chief Actuary and there is regular interaction between the Finance team and the Actuarial Function, and framework and metrics have been developed for establishing underwriting and reinsurance opinions.

B.7 Outsourcing

This section applies to both the Unum UK SII Group and UL as the same Material Outsourcing Policy and Third Party Risk Framework operates for all entities within the Unum UK SII Group.

The Material Outsourcing Policy and Third Party Risk Framework for the whole of the Unum UK SII Group sets out the approaches to managing the operational risk of the delegation or transfer of a materially important activity defined as "a material or critical function or activity on the basis of whether it is essential to the operation of the undertaking as it would be unable to deliver its services to policyholders without the function of activity".

This includes:

- All arrangements whereby a critical operational service or function is performed by a third party on behalf of Unum UK SII Group; and
- All intra-Group arrangements whereby one Group company performs an important operational service or function for another Group company.

When Unum UK SII Group is considering whether a particular function or activity is to be outsourced, the Policy and framework provides that an assessment should be undertaken as to whether the function or activity would be appropriate for outsourcing. The decision to outsource comprises an assessment of the potential benefits against any possible increased risks and includes consideration of the impact of outsourcing on the business. Benefits may include greater expertise, speed to market, technological benefits and cost efficiencies. The risks may include those associated with loss of control, decrease in operational expertise and the cost of management oversight.

The Chief Risk Officer is responsible on behalf of the ExCo for reporting material outsourcing and critical supplier arrangements to the Board. Reporting will include any significant exceptions of a material outsourcing or critical supplier service in complying with Unum UK SII Group's Material Outsourcing Policy and Procedures or Critical Supplier framework. Any material issues, defined in terms of the inherent impact that data has on identifying and managing Unum UK SII Group's Risk and Capital profile, must be notified to the RCSC which also receives a quarterly report of the delivery of services. The Chief Risk Officer is responsible for ensuring that the Material Outsourcing Policy and Critical Supplier framework complies with SII, the PRA and FCA and other relevant regulatory and legal requirements. The Chief Risk Officer is responsible for notifying the PRA and the FCA of all material outsourcing contracts.

The material outsourcing arrangements and their jurisdictions are summarised in the table below:

Intragroup Outsourcing	Jurisdiction of outsourced activity
Investment Management	US
Enterprise wide services	US
Outsourced Service	
Claims payments for specified customer segments	UK
System based administration platform for specified products	UK

The intra-group arrangements in the table relate to the wider Unum Group in the US. The intra-group arrangements between entities in the Unum UK SII Group are detailed in Section B.1.3 on related party transactions.

B.8 Any other information

B.8.1 Assessment of adequacy of the system of governance

The Chief Risk Officer reviews the systems of governance for Unum UK SII Group and UL annually and has confirmed the adequacy of the systems of governance given the nature, scale and complexity of risks inherent in the business and its compliance with Solvency II guidelines to the Board members.

B.8.2 Climate change

The Board has ultimate responsibility and oversight over the assessment and management of the Company's climate-related risks and opportunities.

Under the requirements of SS 3/19, the Company has allocated Senior Management Function (SMF) responsibility for climate-related risks and opportunities to the Chief Risk Officer (CRO), and the Chair has taken on Director responsibility for the same in a Board capacity.

In order to continue to oversee the management of climate-related financial risks in the context of Unum UK SII Group's overall business strategy and risk appetite, the Board Risk Committee receives quarterly CRO reports that cover adherence to risk appetite. In addition, Unum UK SII Group's annual Own Risk and Solvency Assessment (ORSA) includes ongoing review and assessment of climate change risk.

The Board receives bi-annual updates on progress against our Responsible Business Strategy. The day-to-day delivery of climate-related activity to achieve our Responsible Business strategy is led by our Responsible Business team, who report directly to the Chief Executive Officer.

The Board approves the Investment Strategy and the Board Risk Committee receives quarterly reports on the monitoring, assessment and management of ESG factors/ risks relating to our investment portfolio. The Company's Investment Management Committee has responsibility for ongoing management of exposure to risks and opportunities due to climate change on our investment portfolio.

The Audit Committee oversees and reviews the Company's climate-related financial disclosures in the annual report and our other regulatory reporting.

Further details on climate change risk are noted in Section C.6.2.

B.8.3 Any other material information

There is no other information regarding the system of governance of Unum UK SII Group that is considered material to this SFCR.

C. Risk profile

This section applies to both Unum UK SII Group and UL as the same Risk categorisation exists for all entities within the Unum UK SII Group. All the material risks reside within UL as explained in Section C1.

Materiality of risks

UL and Unum UK SII Group have ranked all of their risks covered by the Internal Model into three categories (High, Medium, Low), according to their materiality. This is primarily based on the size of the exposure as indicated by the SCR. However, the following considerations are also taken into account:

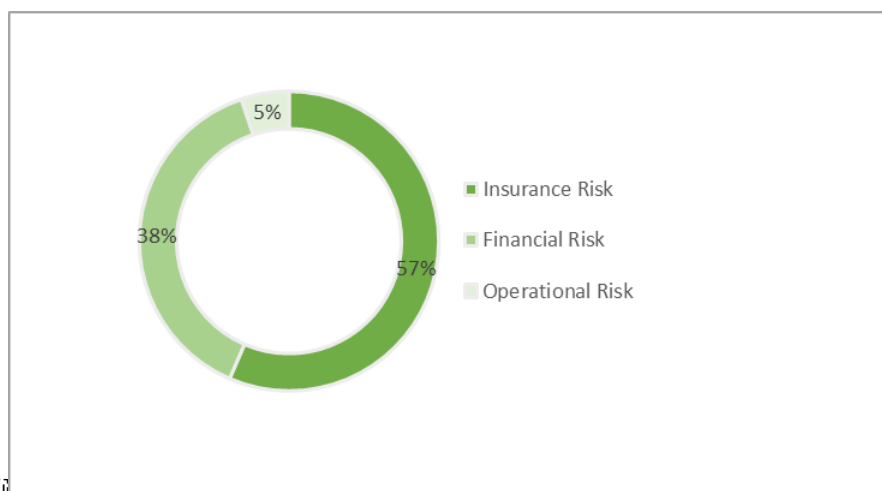
- Unum UK SII Group's risk appetite, competitive advantage and control over each risk (reflecting the risk-reward dynamic and the internal expertise relating to each risk);
- Reliance on risk mitigation techniques (e.g.reinsurance and derivatives) to reduce the exposure; and
- The level of complexity of underlying factors affecting the risk, and the level of sophistication required to support asset-liability modelling, risk management and business decisions.

The overall classification for each risk category, which is unchanged over the reporting period, is as follows:

- Underwriting/ Insurance Risk: High materiality (C.1)
- Market Risk: High materiality (C.2)
- Credit Risk: High materiality (C.3)
- Liquidity Risk: Low materiality (C.4)
- Operational Risk/ Conduct Risk: High materiality (C.5)
- Other risks- Group Risk and Strategy Risk: Low materiality (C.6)

The split of pre-diversified SCR by high-level risk type for UL and Unum UK SII Group as at 31 December 2024 is shown below (with Market Risk and Credit Risk being classified as 'Financial Risk'):

Capital Requirements by Risk



C.1 Underwriting Risk

This is the risk that actual claims and expenses experience varies from that assumed in product pricing including mispricing and reserving assumptions.

C.1.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures, concentration and mitigation for the most significant risks within the Insurance Risk category, which all reside within UL. There have been no material changes in these assessment measures or in the concentrations over the reporting period. There has been a material change in the mitigation for pandemic risk via the implementation of a new reinsurance treaty during the reporting period.

The Insurance Risk category also includes other risks which are less material than those discussed below, including the risk of higher than expected claims on the dental business, persistency risk, expense risk and mortality risk.

Termination and Inception Risks

Unum UK SII Group specialises in employer paid 'Group Risk' products. This results in the termination and inception risks within UL being relatively significant within the Underwriting risk category.

Termination risk refers to the risk of incapacity claims lasting longer than expected. This is UL's biggest insurance risk, due to the significant size of the claims in payment portfolio in UL as well as the active policies. Inception risk is the risk of higher than expected incapacity/morbidity claims.

Both these risks are assessed using a consistent method. Specifically, it is recognised that the potential risk is captured by either:

- Random fluctuation: the risk of having a "bad year" despite the best estimate assumption being correct; and
- Permanent step-change: the risk of a long term, systematic shift in the underlying experience due to changes in the level and trend risk drivers.

UL has high volumes of internal experience data with the required level of granularity giving it a large degree of flexibility in the analysis. The assessment of random fluctuation risk is therefore based on internal data as it ensures higher relevance to existing risk exposure relative to using external data (which is not available with sufficient granularity).

In the absence of relevant internal past experience for calibrating step change risks, judgement is formed based on scenario analysis and a number of factors such as relevant external research, historical data and medical opinion.

Pandemic Risk

Pandemic Risk is the risk that a potential pandemic results in mortality being higher than expected for UL's Group Life and Group Dependants products, morbidity inceptions being higher than expected on the Income Protection and Critical Illness products and/or terminations being lower than expected on the Income Protection products. This is classified as a high materiality risk for Unum within the Underwriting/Insurance risk category.

The assessment of this risk is focused on the type of infection or disease which could potentially lead to a pandemic outbreak.

As limited internal data exists to model pandemic risk at a 1-in-200 year level, calibration is based on an assessment of three separate key factors which are determined based on past pandemics (including Covid-19) and publications giving consideration to medical advancements. The factors relate to the proportion of the general population that becomes infected during a pandemic, the mortality and morbidity rates among those infected and the incidence in the insured workforce. Each of the factors is set based on judgements given past external pandemic experience.

Catastrophe Concentration

Catastrophe Concentration Risk is the risk of a one-off catastrophe occurring in a geographical area where Unum UK SII Group has significant insured exposure, leading to a large accumulation of claims.

The main sources of catastrophe concentration risk are the active Group Risk products in UL where the exposures are concentrated in specific locations.

External data is used to assess this risk, since no internal data is available. Analysis of historical events has been conducted, namely terrorist attacks, industrial catastrophes and natural disasters. From this, it is concluded that a terrorist attack delivered in densely populated city centres at large buildings, could potentially lead to the greatest casualties. The likely mortality and injury rates are then assessed for this scenario based on where the employers for our largest schemes are located with a judgement regarding the likely occupancy rate of those buildings.

Longevity Risk

Longevity risk is the risk of fewer than expected deaths among the Group Dependents claimants or Pension Fund members, leading to higher reserves for these claims.

In the absence of sufficient internal past experience for calibrating the longevity risk stress, judgement is formed based on scenario analysis and a number of factors such as relevant external research, industry benchmarking and medical opinion.

C.1.2 Risk mitigation

In view of the materiality of the above risks, Unum UK SII Group makes extensive use of risk mitigation techniques. Reinsurance is the primary risk mitigating technique and includes a variety of treaties from quota share to surplus to catastrophe and stop loss providing different levels of risk mitigation across the risks.

These treaties are monitored on a regular basis against the agreed reinsurance criteria such as reducing volatility, gaining reinsurance expertise, reducing exposure to concentration risks, improving solvency capital and profits, as well as the reinsurer selection criteria such as credit rating, experience and expertise as set out in the relevant policy document.

Other risk mitigation techniques include:

- review of premium rates if the experience has been poor;
- control over the type and mix of business; and
- application of underwriting and claims approval process.

C.2 Market Risk

Market risk is the risk of loss, or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.

C.2.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures for the most significant risks within the Market Risk category, which all reside within UL. There have been no material changes in these assessment measures or in the concentrations and mitigations over the reporting period.

External data is used in the assessment of these risks. This is felt to be reasonable because:

- It is the standard practice across the industry for market risk calibration; and
- Higher volumes of data are available relative to many non-market risks leading to better credibility of the stress.

Unum UK SII Group has limited exposure to equity, property and currency risks. The risks are assessed by analysing historical annual movements in relevant indices in addition to industry benchmarking.

Interest rate risk

Interest rate risk is the risk of adverse interest rate movements, such that the value of Unum UK SII Group's assets reduces/increases by more/less than the value of Unum UK SII Group's liabilities.

This risk currently applies to UL, whose assets are primarily invested in bonds, and to the defined benefit pension scheme for UL employees (the Pension Fund) where the risk resides within UEHCL.

The risk is assessed by analysing the variation in the absolute movement in the Bank of England (BoE) interest rate term structure data.

Principal Component Analysis (PCA), an industry standard proven statistical technique, is used to determine the various independent patterns implied by the underlying data set. This approach allows modelling of changes in the shape of the yield curve (i.e. shift, tilt and bend in the term structure of interest rates). The absolute stresses allow for the possibility of negative interest rates.

Inflation rate risk

Inflation risk is the risk of adverse movements in inflation, such that the value of Unum UK SII Group's inflation-linked assets reduces/increases by more/less than the value of UL's inflation-linked liabilities. In addition, the Pension Fund's Assets and Liabilities are also exposed to inflation risk.

This risk is assessed by analysing the variation in historic spot rates for implied inflation by analysing the difference between the nominal forward rates and real forward rates.

Gilt/ swap spread risk

The gilt swap spread risk is the basis risk that arises for UL when UK government bonds and other sovereign bonds are used to back insurance liabilities that are discounted using rates based on swaps.

The risk is assessed by analysing the variation in the relative movement in the UK government bonds and external swap data.

Market concentration risk

This is the risk of being over-exposed to individual investment counterparties and consequently to the specific risks of the failure of those counterparties (on top of the systematic risk relating to the overall market). This risk is assessed based on concentration thresholds.

C.2.2 Risk Mitigation

The main risk mitigation technique used for market risk is to manage and limit the exposure by matching the duration of assets and liabilities, separately for fixed and index linked portfolios. There are limits on the acceptable level of mismatches and these are monitored regularly for continued appropriateness. Furthermore, there are limits on the amount of investments by individual counterparties, class of asset and issuer as set out in UL's Investment Limits and Restrictions document.

C.3 Credit Risk

Credit risk is the risk from another party failing to perform its debt or reinsurance obligations, or failing to perform them in a timely fashion, including the risk of reductions in the market value of corporate bonds due to:

- Failure to meet principal or interest payments in full and on time (Default Risk);
- Reduction in the credit rating of a counterparty e.g. bond issuer (Transition Risk); and/or
- Widening of spread over a comparable risk free rate due to changes in the expectation of default, liquidity or other causes (Credit Spread Risk).

C.3.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures for the most significant risk within the Credit Risk category. Other counterparty risk is less material for the Unum UK SII Group. There have been no material changes in these assessment measures or in the concentrations and mitigations over the reporting period.

Corporate bond credit risk

UL mainly invests in corporate bonds and gilts to back its liabilities. The assessment of credit risk for corporate bonds uses external UK data that allows for default, transition and spread risk. The credit risks for financial and non-financial bonds are assessed separately.

The data contains bond information by bond duration and credit rating. Within each duration / rating bucket a distribution is fitted to the data. The best fitting distribution and parameters are chosen. The process is repeated for each duration / rating bucket to derive the 'raw' 1-in-200 stresses. The process is carried out separately for financial and non-financial bonds.

Once the 'raw' stresses are derived, an expert judgement overlay is applied to ensure the final stresses are appropriate in light of the historical spread movements, and in line with industry benchmarking. This sometimes results in different stresses being recommended other than the 'raw' stresses that fall out of the distribution fitting process.

Other counterparty credit risk

The credit risk arising from other counterparties including in relation to:

- premium debtors;
- UL's reinsurance cover, which is purchased to limit the loss from insured events and to minimise the net exposure to catastrophe and pandemic events; and
- the Total Return Swap arrangement with two US entities which are part of Unum Group in the US.

C.3.2 Risk mitigation

The main risk mitigation technique used to manage corporate bond credit risk to ensure that no material risk concentrations arise, is to impose limits on the amount of investments by asset classes, investment grade bonds, individual counterparties and sectors as set out in UL's Investment Limits and Restrictions document. The performance of the bond portfolio is actively monitored and managed by the monthly Investment Management Committee meeting.

In addition, reinsurance and credit derivatives (Total Return Swaps) are used to manage exposures to credit risks (and are themselves assessed for counterparty risk).

C.3.3 Prudent Person Principle

All of Unum UK SII Group's assets are invested in accordance with the Investment Risk Management Policy, which requires that the Prudent Person Principle is met as set out in Chapters 2 to 5 of the Investments Part of the PRA Rulebook . Consideration is also given to the requirements of the PRA Supervisory Statement (SS) 1/20, which sets out further details around PRA expectations in relation to the Prudent Person Principle.

In addition, the Investment Limits and Restrictions document for UL specifies requirements for the investment of assets covering technical provisions and capital requirements. There are limits for investing in certain types of assets with restrictions on the currency, credit rating, duration and amounts of assets with single issuers. The document also defines the assessment of non-routine investment activities, managing any potential conflict of interests, treatment of assets not admitted for trading on a regulated financial market and derivatives. These are reviewed at least annually and approved by the Board Risk Committee.

C.4 Liquidity Risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

Liquidity risk is not considered to be a material issue for Unum UK SII Group as the policyholder liabilities of UL are very illiquid with no surrender options. There have been no material changes in the concentrations and mitigations over the reporting period.

The Liquidity Risk Framework defines tolerances with respect to a set of liquidity risk metrics. A minimum cash buffer is in place, as well as two stressed buffers that consider 1-in-200 year stress events over the short and medium term. The most recent analysis demonstrated that UL is comfortably within all these tolerances, and this is monitored and reported to the Investment Management Committee on a quarterly basis. Forecasted cash positions and early warning indicators are also discussed.

Further mitigations include the intercompany agreement with Unum Group to provide additional credit to UL if there are any exceptional short-term liquidity needs, however the Directors consider the likelihood of the facility being called upon as remote. See section E for further details. In addition, one of UL's key investment objectives is to match the asset cash flows with the cash flows expected to arise from policyholder obligations by nature, term and currency. This ensures that no material concentration of risk occurs in respect of liquidity.

C.5 Operational Risk and Conduct Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, such as a cyber-attack.

Conduct risk is the risk of failing to provide good outcomes for customers, and/or that the conduct of staff and third parties is inappropriate.

In March 2021, the FCA and PRA published Regulatory Change Notice 98 on Operational Resilience. In 2024 the Board agreed an Impact Tolerance relating to UL's safety and soundness in the event of a prolonged resilience event. In 2024, work continued on evaluating and reviewing Impact Tolerances and strengthening resiliency in a number of areas in line with the regulatory guidelines. This was led by the first line business owners under the COO with oversight from the Risk Function.

In July 2022, the FCA issued PS22/9 - A New Consumer Duty. The Consumer Duty regulations are focused on ensuring companies deliver good outcomes for customers through offering products and services that meet their needs and are offered at fair value, and ensuring consumers receive the communications and support that they need. These outcomes are underpinned by an overarching Consumer principle supported by three crosscutting rules: (i) acting in good faith towards customers; (ii) avoiding foreseeable harm to customers; and (iii) enabling and supporting customers to meet their financial objectives.

The Consumer Duty regulations were successfully implemented and complied with by the 31 July 2023 deadline and Customer outcomes remain a focus across all areas of the business. The Customer and Product Committee monitors against the 4 regulatory outcomes. Performance against the regulations is reported annually to the Board through our Consumer Duty Report to ensure delivery of good outcomes for our customers.

C.5.1 Assessment measures, concentration and mitigation

The assessment of operational risk and conduct risk relies on the input from the internal risk assessment process including historic loss data where relevant for validation purposes. This is a well-established process across the Unum UK SII Group whereby risk owners and subject matter experts estimate the likelihood and the potential financial impact of each risk, taking into consideration historic experience, internal and industry knowledge, legal/regulatory environments, as well as the current business model, processes and controls. In forming these views, internal and external data are also considered (e.g. past precedents of regulatory fines are considered in formulating the loss distribution of relevant regulatory risks). Assessments also consider the occurrence of external events, such as a cyber-attack, which may compromise data and systems, disrupt the performance of key business processes and our ability to serve our customers, and damage our reputation.

The operational risks that Unum UK SII Group is exposed to are all captured by the following Operational Risk Consortium (ORIC) standard definitions, with the largest exposure in the “Execution, delivery and process management” category.

Operational Risk Category	Definition
Internal fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.
External fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.
Employment practices and workspace safety	Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims or from diversity/discrimination events.
Damage to physical assets	Losses arising from loss or damage to physical assets from natural disaster or other events.
Business disruption and system failures	Losses arising from disruption of business or system failures, or a cyber-attack .
Clients, products and business practices	Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.
Execution, delivery and process management	Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

A variety of measures are used to mitigate the risks including active monitoring of control performance, analysis of risk events for lessons learnt and improving control design, and considering operational risk mitigation arrangements such as buildings insurance to limit exposure.

Internal and external scenarios (e.g. loss of site or failure of a material outsourcer or third party) are also considered, to evaluate resilience and identify appropriate monitoring and actions.

In addition, the material operational and conduct risk events are regularly monitored. The mitigation of excessive operational risk is also an inherent consideration throughout Unum UK SII Group’s decision making, this applies across a wide range of areas including, for example decisions relating to remuneration policy and IT systems. This ensures that no material concentration of risk occurs in respect of operational or conduct issues. It is accepted that some operational risk will be experienced as part of doing business and, where appropriate, the cost of control is balanced against decisions on the desired level of mitigation.

There have been no material changes in the assessment measures or in risk concentrations and mitigations over the reporting period.

C.6 Other material risks

C.6.1 Other material risks

Unum UK SII Group has identified Group and Strategy risks in addition to the risk areas stipulated by SII requirements (rule 3.1(c) of PRA rulebook).

Group risk is defined as the risk associated with being part of a group of companies. Unum UK SII Group has assessed the risks it faces as a result of being part of the Unum Group, and concluded that there is no need to hold additional capital against this risk, on top of any relevant allowance in the operational risk and counterparty risk modules.

The current credit standing, reputation and financial position of Unum Group are seen as a potential benefit, which is expected to remain the case even under stress scenarios. No value has been allowed for this in the SII balance sheet. Hence the risk of potential reduction in the value of this asset should not contribute to capital requirements.

Strategy risk is the risk of exposure to loss resulting from a defective or inappropriate strategy. Strategic opportunity risk does not impact the financial security of current policyholders or expected new business written within the next year, and therefore does not have a capital requirement.

There have been no material changes in the assessment measures or in the concentrations and mitigations for these risks over the reporting period.

C.6.2 External factors

In 2024, GL claims notifications were impacted by NHS delays in diagnosis and treatments. Geopolitical tensions also remained high with the ongoing conflicts in Ukraine and Gaza.

Despite these external factors, there have been no significant changes to Unum's risk profile and no significant updates required to our risk management framework or systems of governance.

Climate change risk

The core requirement of SS 3/19 is to assess Unum Limited's exposure to the financial risks of climate change and take proportionate actions in response to that assessment.

Risk identification

Whilst Unum Limited's products and operating activities result in it having a lower direct risk exposure to climate change than companies in some other sectors, we consider that financial risks from climate change could primarily impact Unum UK through the following:

- Physical risks arising from weather events and shifts in climate including deterioration in public health (impacting morbidity and mortality) and impairment of asset values particularly on our investment portfolio; and
- Transition risks arising from the process of adjustment to a low carbon economy.

We have evaluated the impact of these potential risks using scenario analysis conducted on the Company's investment portfolio and underwriting practices as described below.

Risk assessment, evaluation of potential impact including scenario analysis, and risk management

(i) Unum Group scenario analysis

During H2 2024, the Company's ultimate parent, Unum Group, performed a groupwide assessment of climate-related financial risks which included an assessment of the potential impact of various climate related scenarios on Unum Limited's investment portfolio and underwriting practices in > 2 degree C and <2 degree C scenarios across 10, 20-30 and 30 year time horizons.

The assessment demonstrates that Unum Limited's investment portfolios are well balanced in various climate scenarios. In addition:

- In line with the Prudent Person Principle, the Company has a well-diversified investment portfolio, with the majority of assets being cash, government bonds and investment grade corporate bonds.
- The Company's assets are invested in accordance with the requirements of the Company's Investment Limits and Restrictions policy (the Policy).
- Our investment portfolio is well balanced across industries and geographies, and we actively monitor exposures, as well as investment quality.
- We consider all relevant ESG factors, including risks due to climate change, when making investment decisions. Our analysis uses a variety of data and information to determine material ESG factors and assign internal ESG risk ratings to the securities that we invest in. The Investment Manager monitors and assesses every security in the portfolio at least twice a year, including ESG risks, and on an ad hoc basis as events materialise.

Given the nature and duration of the assets we hold, we expect to revisit the scenario analysis on our investment portfolio every two to three years, rather than every year.

The scenario analysis conducted on our underwriting practices found that climate-related public health scenarios are not a significant risk to our business or strategy and supports our belief that we can effectively manage the impacts of climate risks as they materialise over time:

- At the core of our climate risk management strategy is our prudent underwriting with effective risk selection, pricing discipline, sound reserving practices and high-quality claims management.
- Climate-related risks within Unum Limited's underwriting portfolio are significantly mitigated by our ability to reprice group contracts.

Overall, the assessment confirms our determinations that financial risks related to climate change are not material to Unum Limited, as we believe that we can effectively manage the impacts of these risks as they materialise over time. If necessary, we would utilise the existing risk mitigation techniques that are part of our overall risk management framework described in Sections C1-C4 above (e.g. use of reinsurance, pricing, risk selection and claims management for managing underwriting risk).

(ii) UK Climate Biennial Exploratory Scenario (CBES) stress testing

In 2023, a climate-related financial risk stress test was conducted taking into account the PRA's CBES exercise as calibrated by the Bank of England.

The chosen scenario was a "disorderly transition (late action)" scenario which aims to model the macro-economic effects of a disorderly transition on Unum's current business model as at year 2050.

The stress test includes a 260 bps increase in the level of interest rates, a 200 bps increase in the level of inflation rates and a 100 bps increase in credit spreads.

The results of the stress test indicate a fall in the value of Unum UK's invested assets by year 2050 that is within the range of the 10% to 16% reduction in invested asset values for the other life insurers participating in CBES. The results also do not indicate any immediate threat to Unum UK's solvency according to our current Capital Management Framework.

For 2024, this testing has not been repeated as the conclusions would be similar given there had been no material change in the Company's potential exposure to climate-related financial risks.

Metrics and targets

We are working, with support from external companies, to consider suitable long-term actions, targets and KPIs for the Company to reduce its greenhouse gas (GHG) emissions, including consideration of the steps we would need to take should we be required to publish any long-term climate transition plans in accordance with the guidance outlined for UK financial institutions and listed companies by the UK Government.

Our primary focus for climate-related targets is reducing our carbon footprint. This is an area that we are currently monitoring and will continue to explore. Unum UK contributes to Unum Group's 3% year on year carbon equivalent emissions reduction target for scope 1 and 2 emissions.

With regard to our investment portfolio, our investments include renewable energy and green bonds and we actively monitor climate change factors so that our disclosures are consistent with industry standards. Analysing the impact of climate change to our investment portfolio is embedded into our investment research process and included in our ESG factors. In addition, during 2023, the Company's Risk, Capital & Solvency Committee (RCSC) approved new quantitative Risk Appetite Measures recommended by the Investment Management Committee which they continued to monitor and manage for assets with an Internal ESG Risk Rating of 'High' and 'Medium.'

Climate-risk disclosures

Unum Limited continues to comply with all regulations and disclosure requirements in respect of climate-related risk and other ESG topics.

For the UL and UEHCL UK GAAP reports and accounts, TCFD-aligned climate-related financial disclosure reporting, in line with mandatory Companies Act requirements, has been included for the 2024 year end. Additionally, Unum Limited is included in Unum Group's TCFD report.

C.6.3 Stress testing and sensitivity analysis

C.6.3.a Overview of stress and scenario analysis

Stress and scenario analysis is conducted at least annually to assess UL's ability to meet capital and liquidity requirements in stressed conditions, and is used as a key component of effective risk management. The stress and scenario analysis focuses on the key risks within UL and helps the business to develop appropriate risk mitigation actions and continuously monitor and manage these risks.

Stress and scenario analysis includes sensitivity analysis, stress testing, scenario analysis and reverse stress tests. Stress testing and sensitivity analysis both illustrate the balance sheet impact of stressing individual assumptions for UL. They are used to assess the materiality of key assumptions as well as to annually validate understanding of UL's risk profile. Stress testing looks at a 1-in-20-year (95th percentile) stress level as it is considered to be consistent with an 'extreme but plausible' event. Sensitivity analysis is conducted assuming a range of sensitivities e.g.+10% change in assumption.

Scenario testing illustrates the impact of real-world scenarios that may affect multiple assumptions simultaneously. It is used to assess the inter-dependence of risks within the Internal Model and the impact of scenarios beyond the normal business plan assumptions. Scenario testing also includes reverse stress testing of UL's business model. Reverse stress tests are defined as stress tests that would render UL's business model unviable, thereby identifying potential business vulnerabilities.

C.6.3.b The assumptions underlying the analysis

The results of the tests show the movement in own funds and solvency ratio for each material risk and each scenario. The tests are performed at various points in the year based on the latest SII balance sheet. For stress testing, sensitivity analysis and reverse stress tests, the stresses/sensitivities have been assumed to apply immediately and permanently at the balance sheet date. For scenario testing, the impacts are based on a combination of an immediate impact on the balance sheet and our future expectation following the stress.

As appropriate for each stress or scenario, allowance is made for the impact of the stress or scenario on best estimate liabilities, risk margin, own funds, and the SCR. It is assumed that the 1-in-200-year SCR calibrations remain unchanged as a result of the stress or scenario. The impact on eligible AOF has been allowed for. No other management actions are assumed in applying the stresses and scenarios.

C.6.3.c The impact of sensitivities performed as part of stress and scenario analysis

The table below illustrates the sensitivities to a range of risks performed on UL's balance sheet as at 31 December 2024. The results are shown net of tax:

Risk	Impact on Own Funds £m	Impact on SCR £m	Impact % change in SCR coverage ratio
Interest rate decreasing by 50bps	20	13	-2%
Credit spread widening by 50bps	(33)	(5)	-6%
Equity market values fall by 10%	(4)	(0)	-1%
Property market values fall by 10%	(1)	(0)	0%
Morbidity termination rates fall by 5%	(28)	0	-8%
Morbidity inception rates rise by 10%	(15)	0	-4%
Mortality rates rise by 10%	(11)	0	-3%

C.6.3.d Interpretation of the results

The results of the most recent stress and scenario analysis confirmed that the underwriting risks previously considered the most material continue to produce the largest expected losses. As shown in the sensitivities above, the most material risks are morbidity termination, credit spread risks and morbidity inception.

Unum's solvency position does not have a material exposure to increases in inflation as a significant majority of Unum's linked liabilities are capped at or below 5% inflation per annum and these are matched with a minimum of 85% linked assets which are not capped.

The Company has also conducted 1-in-20-year level stress tests which show that it is expected to withstand a shock at a 1-in-20-year level, as a solvency ratio of well over 100% is maintained in all stresses.

One of the key outcomes is the impact on the Capital Management and Reinsurance Strategy. The analysis is a key input in the ongoing refinement of monitoring and prevention actions that would be taken by management as well as potential actions to apply post-stress. These actions are split into different levels depending on their potential impact, timing and ease of execution.

The outcome of the reverse stress testing demonstrates that the likelihood of the scenarios occurring and causing business model failure is remote. The test results show adverse performance in areas routinely monitored by management, so it is expected that early warning signs would trigger management response to mitigate the impacts and ultimately the risk of business failure from such an extreme scenario.

C.7 Any other information

There is no other material information regarding the risk profile of Unum Limited or Unum UK SII Group.

D. Valuation for Solvency Purposes: Unum Limited

The UL (Solo) SII Balance Sheet as at 31 December 2024 is presented below and compared against the UK GAAP Balance Sheet. Assets and liabilities are valued in the Solvency II balance sheet in accordance with the requirements set out in the Valuation Part of the PRA Rulebook and related guidance.

As at 31 December 2024	SII Solo Balance Sheet £m	Unum Limited UK GAAP Financial Statements £m	Variance £m
ASSETS			
Intangible assets	-	36.6	(36.6)
Property, plant & equipment held for own use	14.2	11.3	2.9
Investments	2,143.5	2,155.4	(11.9)
Reinsurance assets	241.7	273.9	(32.2)
Deferred tax asset	43.1	78.9	(35.8)
Other Assets	164.6	249.9	(85.3)
Total Assets	2,607.1	2,806.0	(198.9)
LIABILITIES			
Technical provisions	(1,643.9)	(1,951.9)	308.0
Insurance & intermediaries payables	(22.1)	(22.1)	-
Reinsurance payables	(17.1)	(17.1)	-
Deposits received from reinsurers	(193.5)	(193.5)	-
Other liabilities	(67.7)	(68.9)	1.2
Total Liabilities	(1,944.3)	(2,253.5)	309.2
Excess of assets over liabilities	662.8	552.5	110.3

D.1 Assets: Unum Limited

D.1.1 Intangible assets

Intangible assets in the financial statements mainly comprise computer software, and are stated at cost less accumulated amortisation and accumulated impairment losses.

The intangible assets have been valued at £nil for the purposes of the SII Balance sheet as there is assumed to be no market for these assets. As the value is £nil estimations and judgements are not relevant.

D.1.2 Valuation of property, plant and equipment

Property

UL does not hold any investment properties. It has one owner occupied property serving as the Company Head Office.

Property is required to be measured at fair value under SII rules. For this purpose the revaluation model used in the Unum Limited UK GAAP Report & Accounts is accepted as a reasonable approximation of fair value for SII reporting. Freehold property is valued by an independent chartered surveyor at regular intervals (usually every two-three years).

Plant and equipment

Plant and equipment is required to be valued at fair value under SII rules. Plant and equipment consists of computer hardware and fixtures, fittings and equipment, and the net book value is £1.3m at 31 December 2024. The Company considers fair value to be not materially different from the valuation in the UK GAAP accounts at cost less depreciation; a significant proportion of these assets have been acquired in the past few years thereby reducing the likelihood that fair value would be materially different from depreciated cost. There are no material estimations or judgements made due to the nature of the assets.

IFRS 16: Leases

For Solvency II reporting, UL applies IFRS 16: Leases to its leased assets, resulting in a right of use asset of £2.9m and a lease liability of £(3.3)m (See Section D.3.3) being recognised on the SII Balance Sheet. The right of use asset (presented within property, plant and equipment within the SII Balance Sheet) is calculated as the present value of future lease payments, less cumulative depreciation for the year. The valuation is not considered to be materially different to the market consistent valuation basis.

Within the UL financial statements for the year ended 31 December 2024, the leases continue to be prepared on a UK GAAP basis, with the operating lease rental for the year expensed to the Income Statement, and no Balance Sheet impact.

D.1.3 Valuation of investments

Investments As at 31 December 2024	SII Solo Balance Sheet £m	Unum Limited UK GAAP Financial Statements £m	Variance £m
Holdings in related undertakings	0.2	-	0.2
Bonds	2,129.6	2,141.5	(11.9)
Derivatives	0.5	0.7	(0.2)
Alternative Investments	13.2	13.2	-
Total	2,143.5	2,155.4	(11.9)

Holdings in related undertakings

UL does not participate in joint ventures or associates. The only type of participation that needs to be valued is that of investments in unlisted subsidiaries. UL holds a single £1 share in Claims Services International Limited (CSI), which amounts to a 50% holding in that company. In UL, this is treated as a participation in net assets at 50%, and is fully consolidated for the purposes of the Unum UK SII Group. CSI has been valued at the SII values of its underlying assets and liabilities.

Investments in bonds

From 2021 year-end onwards, for UK GAAP reporting Unum Limited has adopted IFRS 9: Financial Instruments where financial instruments are classified as either fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) or at amortised cost.

For Solvency II reporting, financial instruments continue to be valued at market consistent value, leading to a difference of £11.9m between the bond valuation on assets classified at amortised cost on UK GAAP basis compared to market value on a Solvency II basis.

Unum's bond holdings consist substantially of corporate bonds and government bonds.

The bond portfolio is valued consistently with Rule 2.1(1) of the Valuation Part of the PRA Rulebook and the valuation hierarchy in Rule 6 of the Valuation Part of the PRA Rulebook.

We classify financial instruments in accordance with a fair value hierarchy consisting of three levels based on the observability of valuation inputs.

At 31 December 2024, 0.3% (2023: 0.6%) of our fixed maturity securities measured at market value were valued using active trades from TRACE pricing or market maker prices for which there was current market activity in that specific security (comparable to receiving one binding quote). The prices obtained were not adjusted, and the assets were classified as Level 1. This is the highest category of the fair value hierarchy classification wherein inputs are unadjusted and represent quoted prices in active markets for identical assets or liabilities at the measurement date.

The remaining 99.7% (2023: 99.4%) of our fixed maturity securities measured at market value were valued based on non-binding quotes or other observable and unobservable inputs, as discussed below:

- In line with Rule 6.2 and 6.3 of the Valuation part of the PRA Rulebook, 85.2% (2023: 88.0%) of our securities were valued based on prices from pricing services that generally use observable inputs such as prices for securities or comparable securities in active markets in their valuation techniques. These assets were classified as Level 2. Level 2 assets or liabilities are those valued using inputs (other than prices included in Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- In line with Rule 6.6 and Rule 6.7 of the Valuation part of the PRA Rulebook, 14.5% (2023: 11.4%) of our securities were valued based on prices of comparable securities, matrix pricing, internal models, or were valued based on non-binding quotes with no other observable market data. These assets were classified as either Level 2 or Level 3, with the categorisation dependent on whether there was other observable market data. Level 3 is the lowest category of the fair value hierarchy and reflects the judgement of management regarding what market participants would use in pricing assets or liabilities at the measurement date. Financial assets and liabilities categorised as Level 3 are generally those that are valued using unobservable inputs to extrapolate an estimated fair value.

We consider transactions in inactive or disorderly markets to be less representative of fair value. We use all available observable inputs when measuring fair value, but when significant other unobservable inputs and adjustments are necessary, we classify these assets or liabilities as Level 3.

Bonds valued using alternative valuation methods

Within the investment portfolio UL holds private placement securities. A private placement security is a corporate or asset-backed bond that is sold directly to a single or small group of qualified institutional investors, generally insurance companies. They share many characteristics with both public bonds and bank debt, and in many ways they are a hybrid of the two. Private placement securities tend to be less liquid than public bonds and may not have quoted prices. These assets are valued using alternative valuation methods as described in section D.4.

The private placement securities are estimated to have a market value of £303.1m as at 31st December 2024 (2023: £256.2m). Exposure to private placement securities is 14.1% (2023: 11.5%) of the overall asset portfolio.

Valuation of derivatives

Unum has some foreign currency bond holdings. They constitute less than 3% of the overall bond portfolio with the exchange rate risk mitigated by holding cross currency swaps.

Cross currency swaps are initially recognised at fair value on the date on which a derivative contract is entered into, which usually represents their cost, and are subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

The Company has also entered into a series of Total Return Swaps with its ultimate parent company, Unum Group in the US, to mitigate the credit risk on a portion of its portfolio of bonds.

The Total Return Swaps are valued based on inputs observed in the market using a bespoke valuation model. Daily collateral posting is required based on the movement in the value of the Total Return Swap to minimise the counterparty risk.

Alternative Assets

The Company's investment in Private Equity Partnerships represents 0.6% (2023: 0.6%) of the Company's total investments. The market value of these alternative assets is provided quarterly by external fund managers.

D.1.4 Valuation of reinsurance assets

Unum's primary risk mitigation tool is reinsurance. The valuation methodologies and assumptions for valuing the reinsurance assets are described in section D.2.8.

D.1.5 Deferred tax asset

Deferred tax balances arise due to differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses/credits.

Where the calculation of deferred tax in respect of unused tax losses and unused tax credits carried forward results in a deferred tax asset, as is the case at 31 December 2024, it is only recognised on the SII balance sheet to the extent that the Unum UK SII Group considers that sufficient evidence exists such that it can demonstrate that the future profits required to realise the deferred tax asset are probable. Deferred tax balances are not discounted.

Current tax and deferred tax has been provided for in the SFCR at a rate of 25%.

The difference of £35.8m between the deferred tax asset calculated under UK GAAP of £78.9m and the deferred tax asset under SII of £43.1m is attributable to the following adjustments:

- Intangible assets and deferred acquisition costs are excluded under SII, resulting in an increase in the deferred tax asset of £26.4m;
- Valuation of reinsurance assets are calculated in accordance with SII guidelines resulting in an increase in the deferred tax asset of £8.1m;
- Technical provisions, including reserves for claims and unearned premiums, are adjusted in accordance with the SII guidelines, and result in a reduction in the deferred tax asset under SII of £(77.0)m; and
- Investments are valued as FVTPL under SII, whereas some investments are valued at FVOCI and amortised cost for UK GAAP following the adoption of IFRS 9. The effect is to increase the deferred tax asset by £3.0m; and
- Leased assets recognised on the SII Balance Sheet resulting in an increase to the deferred tax asset of £0.1m.
- £3.6m of other adjustments recognised under UK GAAP and not SII.

The amount of unused tax losses is £nil (2023: £nil).

D.1.6 Valuation of other assets

Other Assets As at 31 December 2024	SII Solo Balance Sheet £m	Unum Limited UK GAAP Financial Statements £m	Variance £m
Insurance and intermediaries receivables	75.7	91.9	(16.2)
Reinsurance receivables	4.4	4.4	-
Receivables (trade, not insurance)	0.5	0.5	-
Cash and cash equivalents	84.0	84.0	-
Deferred acquisition costs	-	69.1	(69.1)
Total	164.6	249.9	(85.3)

The other material assets considered within the SII balance sheet are as follows:

Receivables

This includes policyholder, reinsurance receivables, intermediary receivables and other receivables. These are valued at cost on initial recognition with each receivable subject to impairment review.

Within insurance and intermediary receivables, there are £16.2m of receivables recognised under UK GAAP relating to Dental premiums where the annual policies have incepted at the reporting date with premiums paid in monthly instalments. Under Solvency II, this receivable is removed (along with the corresponding unearned premium reserve ('UPR')) as the future cashflows would be allowed for in the calculation of the best estimated liability ('BEL').

Other than the dental premiums item noted above, there are no other differences between the financial statement and the SII balance sheet valuations for the remaining receivables balances. There is no adjustment required for amounts not past due, as these remaining receivables are only recognised when due. There are no significant assumptions or judgements made about the future as all of these remaining receivables are short term receivables and therefore no material assumptions have been made for future events.

Cash and cash equivalents

This is the amount of cash and cash equivalents valued as the amount receivable on demand.

There are no significant assumptions or judgements used in valuing the cash and cash equivalents.

Deferred acquisition costs

In accordance with UK GAAP the costs of acquiring new business which are incurred during a financial year but expected to be recoverable out of future revenue margins, are deferred. Such costs are disclosed, as an asset, gross of tax, in the balance sheet and are determined explicitly. The asset is amortised over the period during which costs are expected to be recoverable out of revenue margins from the related policies. The rate of amortisation is consistent with the pattern of emergence of such margins.

This asset is valued at £nil for the purposes of the SII balance sheet due to the different basis of recognition of expenses under SII.

D.2 Technical provisions: Unum Limited

D.2.1 Technical provisions

Technical provisions are valued in accordance with the relevant SII regulations as the sum of the best estimate liability ("BEL") and the risk margin, less TMTP (if applicable). Technical provisions are gross of reinsurance recoverables as, under SII regulations, these are treated as a reinsurance asset rather than a deduction to technical provisions. The BEL represents the amount of funds set aside to meet the expected future pay-outs for insurance obligations taking into account any cash inflows such as premiums. The risk margin reflects the cost of capital required by a third party to support taking over UL's business in addition to the best estimate liabilities.

The table below presents the amount of the BEL, the risk margin and the value of technical provisions at the valuation date by material lines of business. The figures include VA (see section D.2.5) and TMTP (see section D.2.7). After the recalculation as at 31 December 2024, the TMTP is £26.8m.

Line of Business Year ended 31 December 2024 (£m)	Best Estimate Liability (A)	Risk Margin (B)	Technical Provisions (A+B)	TMTP (C)	Technical Provisions after TMTP (A+B+C)
Life Insurance Obligations					
Other Life Insurance	364.3	10.9	375.3	(21.8)	353.5
Health SLT Obligations					
Health Insurance SLT	1,231.5	21.5	1,253.0	(4.9)	1,248.1
Health Reinsurance	32.7	0.6	33.2	(0.1)	33.1
Non-life Insurance Obligations					
Medical Expense Insurance	9.0	0.2	9.2	0.0	9.2
	1,637.5	33.2	1,670.7	(26.8)	1,643.9

Best Estimate Liability (“BEL”)

Lines of business

To accurately calculate the technical provisions, the insurance obligations have been segmented into the following SII lines of business. No unbundling of obligations has been required.

SII Line of Business	Products
Health Insurance Similar to Life (“SLT”)	Obligations from group and individual income protection and critical illness contracts
Health Reinsurance	Obligations from reinsurance accepted from group and individual income protection and critical illness contracts
Other Life Insurance	Obligations from group life and dependants contracts
Medical Expense Insurance	Obligations from dental insurance business

Contract boundary

In accordance with the SII regulations, only those cash flows that are within the contract boundary have been included in the BEL calculation. UL has reviewed the terms and conditions for each contract to establish its boundary. The contract boundary is either the next premium review date or the next premium payment date depending on the nature of the contract.

Valuation methodology

For all business except dental insurance, the BEL is determined using a gross premium valuation method, as the present value of the best estimate future net cash flows, using the adjusted risk-free discount curve, as set out in D.2.3 below.

The calculations are performed at the policy / claim level and there is no grouping of schemes / policies / claims. The methodology involves determining a fixed set of assumptions which are used to project all contractual cash flows.

The calculation includes all contractual cash flows within the contract boundary arising from the insurance obligations, including premiums received, claims paid and expenses incurred. The cash flows are calculated gross of reinsurance recoveries expected from the reinsurance arrangements.

Negative reserves have been allowed where the discounted value of future expected premiums exceeds that of the benefit and expenses. No future management actions are assumed in the calculation of technical provisions because they are immaterial.

The following approach has been used for all lines of business (except for dental business):

- For in-force policies, BEL is calculated by projecting cash flows from the valuation date up to the contract boundary (with expected claims and expenses projected for the full best estimate claim duration) and discounted back.
- An allowance for claims that were incurred but not reported at the valuation date has been made using tables of the probability of delay in events being reported and recorded relative to the valuation date.
- For claims in payment, BEL is calculated by summing the projection of all expected claim payment and expense cash flows discounted back to the valuation date.
- An allowance for claims that were terminated but not reported at the valuation has also been made.

A simplified approach is taken for calculating the technical provisions for dental insurance business, reflecting that this business represents less than 1% of total technical provisions at 31 December 2024.

Valuation assumptions

The assumptions underlying the BEL calculation are best estimate without any margin for prudence and include the economic and non-economic assumptions.

Economic assumptions

The economic assumptions are market based and set with reference to available market information at the valuation date. The main economic assumptions are:

- Risk free interest rate term structure: The discount curves used to value future cash flows are published by the Prudential Regulation Authority (“PRA”), part of the UK system of financial supervision. Separate discount rates are used depending on the currency of obligations. The discount rates are the same for all products within that currency.
- Volatility Adjustment (VA): The VA is an adjustment to the risk-free interest rate curve used to discount future cash flows and is determined and published by the PRA for selected global currencies, which cover those relevant to UL.
- Benefit indexation: Where claims are linked to external indices such as Retail Price Index (RPI) or Limited Price Index (LPI), an appropriate inflation curve (based on RPI expectation) published by the Bank of England is used. Where LPI inflation is capped at 2.5% per annum the benefit is assumed to escalate at a fixed 2.5% per annum.

Non-Economic assumptions

The non-economic assumptions have been set with reference to UL's recent experience and available industry data, along with expert judgement on how the future might be different than the past.

The main non-economic assumptions are:

- Mortality / Longevity assumption: a proportion of S4DFA / S4DMA and AF80 / AM80 Ultimate tables that varies by age and gender. Further allowance is made for future improvement in the annuitants' mortality using the industry standard CMI_2023 model;
- Morbidity inception assumption: a proportion of CMIR7 industry table that varies by type of contract, deferred period, gender, smoker status and occupational class;
- Morbidity termination (recovery, death and settlement decrement) assumptions: rates based on historic data that vary by a number of factors depending on the underlying decrement, including age, duration of disability, incapacity group, gender, benefit period and current benefit band;
- Expense assumption: the level of expenses included in the valuation is based on the study of the most recent expenses by the type of expense (acquisition, administration, claims, etc.) along with expectations of future cost inflation;
- Lapse assumption: The assumption of whether the policyholder continues coverage and paying premiums is based on recent experience and future expectations; and
- Incurred But Not Reported ("IBNR") Delay tables: The assumption about reporting delays for new claims, reopening of declined claims, reinstatement of recovered claims and termination of claims in payment are based on recent experience and future expectations.

Risk margin

The calculation for the risk margin is performed net of reinsurance using the approach outlined in the SII rules. This requires estimating the eligible own funds the third party would need to raise to support the taken over business and would be equal to the Solvency Capital Requirement ("SCR") applicable to the third party which is different than UL's SCR.

The third party's SCR is then projected for each future time period until the existing insurance business runs-off. In accordance with PRA expectations as set out in Supervisory Statement 8/24, a simplified method is used to project the third party's SCR. Under this method, each individual risk capital for non-hedgeable risks is projected in line with a suitable risk driver such as value of benefits, sum assured, premiums, BEL, etc. The individual risk capitals are then aggregated after allowing for diversification of risks to give the third party's SCR at each future time period.

No allowance has been assumed for the loss-absorbing capacity of deferred taxes.

The expected cost of capital is then calculated for each future time period based on a cost of capital rate prescribed in regulation 7B(b) of the Insurance and Reinsurance Undertakings (Prudential Requirements) Regulations 2023. The present value of these expected costs, discounted by applying the relevant risk-free interest rate term structure without any allowance for the SII VA, represents the risk margin.

D.2.2 Level of uncertainty associated with the value of technical provisions

There is a level of uncertainty in the value of technical provisions associated with the uncertainty in the policyholder data, methodology (including the approach to modelling future management actions and future policyholder behaviour) and the assumptions (including assumptions relating to future premiums) used in the valuation of best estimate liabilities and risk margin. The sensitivity of the own funds and SCR coverage ratio to changes in assumptions is illustrated in section C.6.3. Appropriate controls and governance are in place to minimise any possible uncertainty.

The data used in the calculation is monitored quarterly for quality against the requirements of being complete, appropriate and accurate.

The methodologies are well established and proportional to the nature, scale and complexity of the risks inherent in the business. There are no complicated policyholder behaviours or management actions to model, and therefore any variation between reality and the modelling for policyholder behaviours or management actions is not a material source of uncertainty in the technical provisions.

The valuation of technical provisions is based on certain economic (e.g. discount rates) and non-economic (e.g. termination rates) assumptions. The methodology makes allowance for future premiums within the contract boundary, and the assumptions (both economic and non-economic) determine the level of expected profits in future premiums which are allowed for in the valuation of the technical provisions. The economic assumptions are largely prescribed by the regulator. The non-economic assumptions are set annually based on the experience investigation exercise. In setting these assumptions, we take into account Unum's past experience and the forward-looking view to reflect the long-term nature of the technical provisions. Sensitivity analysis is carried out to identify the financial impact of alternative assumptions.

D.2.3 Main difference between bases for solvency and financial statement valuation

The main differences between the valuation of technical provisions for solvency and financial statement purposes arise from the differences in the methodologies and the assumptions used in the calculations. There is no material difference in the underlying policyholder data and the system used in the calculations.

The following table summarises the Company's gross technical provisions split by SII line of business and the differences to UK GAAP technical provisions. The technical provisions are shown gross of reinsurance and the SII figures include the impact of any transitional measures.

Line of Business 2024	Best Estimate Liability (A)	Risk Margi n (B)	TMTP (C)	Technical Provisions after TMTP (A+B+C)	UK GAAP Technical Provisions (D)	Difference (A+B+C- D)
Figures in £m						
Life Insurance Obligations						
Other Life Insurance	364.3	10.9	(21.8)	353.5	448.5	(95.0)
Health SLT Obligations						
Health Insurance & Reinsurance	1,264.2	22.1	(5.0)	1,281.2	1,477.6	(196.4)
Non-life Insurance Obligations						
Medical Expense Insurance	9.0	0.2	0	9.2	25.8	(16.6)
Total	1,637.5	33.2	(26.8)	1,643.9	1,951.9	(308.0)

Valuation methodology

There are a number of differences between the valuation methodologies for solvency and financial statements. These are set out in the table below, and reflect that UL uses the Solvency I Pillar 1 rules for valuing its technical provisions for financial statements as allowed under FRS 103.

Line of Business	Valuation for Solvency	Valuation for Financial Statements
All	<p>Risk Margin ("RM") is calculated and included in the technical provisions.</p> <p>The reinsurance recoverable is adjusted to take account of expected losses due to default of the counterparty, to determine the reinsurance asset held on the SII balance sheet.</p>	<p>RM is not included but other margins are included within UK GAAP to cover uncertainty.</p> <p>There is no explicit adjustment for the default of reinsurance counterparty.</p>
Other Life Insurance / Health SLT	TMTP is part of the technical provisions.	TMTP is not included.
Other Life Insurance / Health SLT	For in-force policies, the valuation is performed using a gross premium cash flow method. The cash flows are projected from the valuation date up to the contract boundary (with expected claims and expenses projected for the full best estimate claim duration). As policies are expected to be profitable the present value of future premiums is expected to exceed the present value of future benefits and expenses giving negative	<p>For group business in-force policies, the valuation includes unearned premium reserve, IBNR reserve and an expense reserve. Policy reserves will be positive.</p> <p>For individual business in-force policies, the valuation is performed using a gross premium cash flow method. All expected future premiums, claim payments and expenses from the valuation date up to the end of the term of the contract are</p>

Line of Business	Valuation for Solvency	Valuation for Financial Statements
	<p>policy BEL. Allowance is made for IBNR claims.</p> <p>For claims in payment, the BEL is calculated by summing the projection of all expected claim payment and expense cash flows discounted back to the valuation date.</p>	<p>taken into account allowing for an appropriate lapse assumption. Policy reserves may be negative.</p> <p>For claims in payment, the reserves are calculated using broadly the same methodology as in SII.</p>
Medical Expense Insurance	<p>For in-force policies the BEL is the unexpired risk reserve. The unexpired risk reserve covers the claims and expenses, whether in respect of settling claims or the normal business activity, arising in future.</p> <p>An explicit allowance for claims that were incurred but not reported (IBNR) at the valuation date has been made using historic patterns of reporting delays.</p>	<p>For in-force policies, the valuation includes unearned premium reserve and an IBNR reserve.</p>

Valuation assumptions

The material differences between the assumptions used relate to discount rates, termination rates, loss ratios, inception rates, mortality rates and expense assumptions. These differences are outlined in this section.

Key areas of difference between the methods used to calculate SII technical provisions and the methods used to calculate UK GAAP technical provisions are noted below.

UK GAAP margins

Under UK GAAP, explicit margins for uncertainty are added to various best estimate assumptions including discount rates, termination rates, loss ratios, inception rates, mortality rates, lapse rates, expense assumptions and reinsurance counterparty default rates. Margins for uncertainty are not included in the Solvency II BEL. This results, all other things being equal, in a lower SII BEL relative to UK GAAP technical provisions.

Discount Rates

The SII BEL is valued using a risk-free rate curve with an allowance for investment expenses and VA, where applicable.

UK GAAP technical provisions are valued using a valuation interest rate which reflects the yields available on the underlying assets, with an allowance for credit risk based on internal analysis and a margin for adverse deviation.

D.2.4 Matching adjustment

The matching adjustment (as referred to in the Matching Adjustment Part of the PRA Rulebook for Solvency II firms) has not been applied by UL to calculate its SII technical provisions.

D.2.5 Volatility adjustment

UL has approval from the PRA to utilise the VA. The VA is an adjustment to the risk-free interest rate curve used to discount future cash flows and is determined and published by the PRA for selected global currencies, which cover those relevant to UL.

The VA is designed to protect insurers with long-term liabilities from the impact of volatility on the insurers' solvency position.

The VA is applied to all life insurance obligations using the relevant currency specific curves to calculate the BEL and SCR. The VA has not been used in the calculation of the risk margin.

The table below shows the impact of a change to zero of the VA on UL's financial position at the valuation date. The own funds presented in the table below exclude the TMTP (which is £26.8m, at 31 December 2024).

Financial Position Indicators (£m)	Solvency Position with VA and without TMTP (A)	Without TMTP and without VA (B)	Impact of VA (A-B)
Technical Provisions	1,670.7	1,700.1	(29.4)
Basic Own Funds	642.7	623.2	19.5
Eligible Own Funds to meet SCR	723.6	698.8	24.8
Solvency Capital Requirement (SCR)	371.8	379.3	(7.5)
SCR coverage ratio	195%	184%	10%
Eligible Own Funds to meet MCR	592.8	566.9	25.9
Minimum Capital Requirement (MCR)	167.3	170.7	(3.4)
MCR coverage ratio	354%	332%	22%

The impact of the VA is lower on Basic Own Funds than on technical provisions due to a £3.4m reduction in the reinsurance asset and a £6.5m decrease in deferred tax asset. Eligible Own Funds increase by more than Basic Own Funds when the VA is included because the Tier 3 Ancillary Own Funds increases to offset the reduction in the deferred tax asset. In addition, the SCR is reduced by the inclusion of the VA impacting the maximum amount of Tier 3 Eligible Own Funds.

D.2.6 Transitional: Interest rate

The transitional risk-free interest rate term structure has not been applied by UL to calculate its financial position.

D.2.7 Transitional: Technical provisions

Like many of Unum's peers, the TMTP has been applied by UL to its SII Balance Sheet (when applicable). The purpose of the TMTP is to allow UL to make a gradual and smooth transition into the Solvency II regime over a period of 16 years from 2016 (i.e. by the start of 2032).

The TMTP is applied to total technical provisions arising from all of UL's insurance business written before 1/1/2016. As at 31 December 2024 the TMTP has been calculated in accordance with the updated requirements set out in the Transitional Measure on Technical Provisions Part of the PRA Rulebook, in particular using the "TMTP Method" as defined within those requirements.

The table below quantifies the impact of not applying the TMTP on UL's financial position at the valuation date.

Financial Position Indicators (£m)	Solvency Position with TMTP (A)	Without TMTP (B)	Impact of TMTP (A-B)
Technical Provisions	1,643.9	1,670.7	(26.8)
Basic Own Funds	662.8	642.7	20.1
Eligible Own Funds to meet SCR	749.8	723.6	26.2
Solvency Capital Requirement (SCR)	367.5	371.8	(4.3)
SCR coverage ratio	204%	195%	9%
Eligible Own Funds to meet MCR	619.6	592.8	26.8
Minimum Capital Requirement (MCR)	165.4	167.3	(1.9)
MCR coverage ratio	375%	354%	20%

D.2.8 Description of recoverable from reinsurance

UL makes use of reinsurance as a risk mitigation tool, which recovers part of UL's incurred claims, and has a number of reinsurance treaties in place that limit the exposure to insurance loss. There is no insurance special purpose vehicle.

The amount recoverable from reinsurance arrangements is calculated separately and reported as reinsurance asset. The technical provisions are calculated on a gross basis without deduction of the amount recoverable from reinsurance arrangements.

Reinsurance recoverable

The Solvency II rules require that reinsurance contracts should be valued in a consistent way to insurance obligations. The amount recoverable from reinsurance arrangements is therefore calculated using similar methodology and assumptions as those used for the calculation of BEL described in the technical provisions section.

The methodology follows the gross premium valuation method. This method projects all contractual reinsurance claim and premium cash flows arising from each reinsurance treaty, and discounts the net projected payments or receivables at the adjusted SII risk free curve used for discounting cash flows to give the reinsurance recoverable.

Default adjustment

The reinsurance recoverable is then adjusted to take account of expected losses due to default of the counterparty, in line with SII rules, to determine the reinsurance asset held on the SII balance sheet.

D.2.9 Material changes in assumptions

The key non-economic assumptions underlying technical provisions have been reviewed and updated, where appropriate, with reference to UL's recent experience and available industry data. Some changes in experience observed during the Covid-19 pandemic are not expected to be representative of longer-term experience and where this is the case this period of experience has been excluded or otherwise adjusted when setting long term assumptions. Termination rate assumptions for GIP business have been updated to reflect our best view of future experience. Loss ratio assumptions for all Group policies have been updated to reflect our best view of the claim inception rates and for GIP policies in particular, the severity and duration of the claims. Longevity assumptions have been updated to reflect the latest available experience, as well as reflecting the latest available industry base mortality and mortality improvement tables. Assumptions for IBNR for all Group policies and Individual Income Protection and the proportion of pending claims which subsequently come into payment rates have been updated to reflect our best view of future experience. Assumptions for inception rates have been updated to reflect our best view of future experience. Lapse rates were updated to reflect our realistic expectations of experience up to the contract boundaries. Expense assumptions were updated to reflect our best view of future experience. For all assumptions, where it was felt appropriate, there was an expert judgement overlay to allow for expected short-term impacts.

D.3 Other liabilities: Unum Limited

D.3.1 Deferred tax liabilities

Deferred tax assets and liabilities are considered together in section D.1.5.

D.3.2 Insurance and Reinsurance payables

Deposits from reinsurers are amounts received from the reinsurer or deducted by the reinsured according to the reinsurance contract, and are valued at the amount expected to be paid.

Insurance and intermediaries payable, and reinsurance payables are amounts due to policy claimants and reinsurers respectively and are generally valued as the amount expected to be paid.

There are no differences on any of the other transactions included in this balance between the valuation under SII and UK GAAP. There is no adjustment required for amounts not past due, as payables are only recognised when due.

D.3.3 Valuation of Other Liabilities

Other Liabilities As at 31 December 2024	SII Solo Balance Sheet £m	Unum Limited UK GAAP Financial Statements £m	Variance £m
Derivatives	14.5	14.7	(0.2)
Payables and other liabilities	53.2	54.2	(1.0)
Total	67.7	68.9	(1.2)

Payables and other liabilities

Payables comprise: £19.3m of balances owed to other group companies in respect of salaries and other services recharged to the Company; £7.2m relating to other taxes and social security, £14.6m relating to other creditors, £18.8m relating to advance deposit premiums and £4.5m relating to other accruals and deferred income.

The remaining £3.3m relates to the lease liability recognised on the SII Balance Sheet under IFRS 16: Leases as noted in the next section.

The difference in the lower payables balance by £1m in the SII Balance Sheet compared to the UK GAAP is for the following reasons:

- Accruals and deferred income: Under UK GAAP, certain gains are deferred and recognised as a liability. Under Solvency II, all cash flows within the contract boundary are recognised in the balance sheet and therefore no gains are deferred. Consequently there are £2.6m of additional liabilities recognised for these deferred gains under UK GAAP compared to Solvency II.
- Other taxes and social security: There is £1.7m of insurance premium tax recognised under UK GAAP but not SII in respect of Dental premiums that have incepted but are not due for payment at the Balance Sheet date (see Section D.1.6 for further details).
- The two differences above are offset by £3.3m of lease liabilities recognised on the SII Balance Sheet under IFRS 16: Leases as noted below.

No estimation methods, adjustments for future value or valuation judgements are required for these balances.

Leases

For Solvency II reporting, UL applies IFRS 16: Leases for its leased assets, resulting in a right of use asset of £2.9m and a lease liability of £(3.3)m being recognised on the SII Solo Balance Sheet.

The lease liability at 31 December 2024 (presented within other liabilities in the SII Balance Sheet) is calculated by: (a) increasing the carrying amount at 1 January 2024 to reflect interest on the lease liability during the year; (b) reducing the carrying amount at 1 January 2024 to reflect the lease payments made during the year; and (c) remeasuring the carrying amount at 1 January 2024 to reflect any reassessment or lease modifications during the year if applicable. The valuation methodology is not considered to be materially different from the market consistent valuation basis.

The operating leases in the UL financial statements for the year ended 31 December 2024 continue to be reported on a UK GAAP basis, with the operating lease rental for the year expensed to the Income Statement, and no Balance Sheet impact.

D.3.4. Other Commitments

UL provides a professional indemnity insurance guarantee to its fellow subsidiaries, USL and NDP, in respect of their Insurance Mediation activity (past activity in the case of NDP), as required by the Insurance Distribution Directive. The aggregate annual amount covered under the guarantee for all claims is a maximum of €3.3m, with the likelihood of a claim being remote.

UL provides a guarantee to UEHCL with regard to that company's current and future liabilities and obligations to the Unum Pension Scheme. This is a final salary plan providing defined benefits to certain current and former employees of UEHCL. At 31 December 2024, the plan was in a deficit on both an accounting basis and a funding basis.

The Directors consider the likelihood of either the guarantee for claims being called upon or the guarantee for the pension scheme being called upon as remote. These guarantees are not recognised as liabilities in the Balance Sheet, however we do hold capital as part of UL's SCR for the potential costs.

From 1 January 2023 to 30 June 2026, an Escrow agreement has been put in place between UEHCL, UL and the Unum defined benefit pension scheme (the Scheme). Under this arrangement, £1.24 million per annum is payable by UEHCL into an escrow account. The balance in the escrow account at 30 June 2026 will either be paid into the scheme or returned to the Company based on the funding position of the plan at that date. UL is the guarantor of these payments.

None of the items noted above constitute a material contingent liability to be recognised in the Solvency II Balance Sheet as liabilities.

D.4 Alternative valuation methods

D.4.1 Property

As described in D.1.2, property is valued using the revaluation model in UK GAAP as this is a reasonable approximation of fair value.

D.4.2 Derivatives

The alternative valuation methods for derivatives are described in D.1.3.

Cross currency swaps are initially recognised at fair value on the date on which a derivative contract is entered into, which usually represents their cost, and are subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

Total Return Swaps are valued based on inputs observed in the market using a bespoke valuation model.

D.4.3 Private Placement Securities

As described in D.1.3, market valuations for private placement securities are not readily available. Our primary means of valuation is to obtain prices from independent third-party brokers who specialise in pricing and brokering trades in private placement securities. An alternative is to assign internal prices using comparable publicly traded securities as the basis, with adjustments being made for tenor, credit quality, liquidity, and similar attributes. Once a comparable price has been identified for a security, the Company will maintain that relationship unless conditions change the nature of the relationship.

Unum considers that our asset class limits provide sufficient protection in limiting valuation uncertainty risk.

D.4.4 Alternative Assets

As described in D.1.3, the market values of alternative assets are provided quarterly in arrears by external fund managers.

D.5 Valuation for Solvency Purposes: Unum UK SII Group

There are no differences between the valuation bases methods and assumptions applied at a Unum UK SII Group level and those applied at a Solo level for assets, technical provisions and liabilities except as disclosed below.

UEHCL operates a defined benefit pension scheme, the Unum Pension Scheme, which is closed to new members. At 31 December 2024, the scheme was in a deficit position of £21.4m on an accounting basis. There are no differences between the assumptions used for the valuation of the Unum Pension Scheme for Solvency purposes and those used in the Financial Statements of UEHCL for the year ended 31 December 2024.

There are no additional categories of assets or liabilities held by Unum UK SII Group whose valuation bases, methods and assumptions are not covered by the disclosures in the previous section. There have been no changes made to the recognition and valuation bases used or to estimations during the reporting period for the Unum UK SII Group. UL's investments in subsidiaries are held at cost in accordance with UK GAAP. For Unum UK SII Group's SII consolidated balance sheet, all non-insurance subsidiaries come under the definition of ancillary services undertakings (except for NDP Limited which is classed as other) and they are all consolidated into the Unum UK SII Group Balance Sheet.

As noted previously UEHCL does not prepare consolidated financial statements as it has taken advantage of the exemption under section 401A of the Companies Act 2006. The Balance Sheet below has been prepared on a consolidated basis as if a consolidated set of financial statements were being prepared, using accounting policies that are consistent with UL.

As at 31 December 2024	Unum UK SII Group Balance Sheet £m	Unum UK Group UK GAAP Balance Sheet £m	Variance
ASSETS			
Intangible assets	-	36.8	(36.8)
Property, plant & equipment held for own use	17.3	14.3	3.0
Investments	2,143.3	2,155.4	(12.1)
Reinsurance assets	241.7	273.9	(32.2)
Deferred tax asset	44.2	80.0	(35.8)
Other Assets	211.4	296.7	(85.3)
Total Assets	2,657.9	2,857.1	(199.2)
LIABILITIES			
Technical provisions	(1,643.9)	(1,951.9)	308.0
Other provisions- Defined Benefit Pension Scheme deficit	(21.4)	(21.4)	-
Insurance & intermediaries payables	(22.1)	(22.1)	-
Reinsurance payables	(17.1)	(17.1)	-
Deposits received from reinsurers	(193.5)	(193.5)	-
Other liabilities	(68.3)	(69.4)	1.1
Total Liabilities	(1,966.3)	(2,275.4)	309.1
Excess of assets over liabilities	691.6	581.7	109.9

D.5.1 Technical provisions: Unum UK SII Group

As described earlier, UL is the only regulated insurance company within the Unum UK SII Group. As at 31 December 2024, there is no additional insurance business written in Unum UK SII Group. The Solvency II technical provisions for Unum UK SII Group are the same as for UL.

D.5.2 Volatility adjustment: Unum UK SII Group

As for UL, the VA is used by Unum UK SII Group.

The table on the following page shows the impact of a change to zero of the VA on Unum UK SII Group's financial position at the valuation date. The own funds presented in the table excludes the TMTP.

Financial Position Indicators (£m)	Solvency Position Without TMTP (A)	Without TMTP and without VA (B)	Impact of VA (A-B)
Technical Provisions	1,670.7	1,700.1	(29.4)
Basic Own Funds	671.5	652.0	19.5
Eligible Own Funds to meet SCR	751.3	726.5	24.8
Solvency Capital Requirement (SCR)	372.1	379.6	(7.5)
SCR coverage ratio	202%	191%	11%
Eligible Own Funds to meet MCR	620.5	594.6	25.9
Minimum Capital Requirement (MCR)	167.3	170.7	(3.4)
MCR coverage ratio	371%	348%	23%

D.5.3 Transitional technical provisions: Unum UK SII Group

As for UL, the TMTP is used by Unum UK SII Group.

The table below quantifies the impact of not applying the TMTP on Unum UK SII Group's financial position at the valuation date. The own funds (both with and without TMTP) include the impact of the VA.

Financial Position Indicators (£m)	Solvency Position with TMTP (A)	Without TMTP (B)	Impact of TMTP (A-B)
Technical Provisions	1,643.9	1,670.7	(26.8)
Basic Own Funds	691.6	671.5	20.1
Eligible Own Funds to meet SCR	777.4	751.3	26.2
Solvency Capital Requirement (SCR)	367.8	372.1	(4.3)
SCR coverage ratio	211%	202%	9%
Eligible Own Funds to meet MCR	647.3	620.5	26.8
Minimum Capital Requirement (MCR)	165.4	167.3	(1.9)
MCR coverage ratio	391%	371%	21%

D.6 Any other information

Other than the assumption changes in the measurement of technical provisions as detailed in Section D.2.9. there have been no other material changes made to the recognition and valuation bases used or to estimations during the reporting period.

E. Capital Management

E.1 Own funds

E.1.1 Capital policy: Unum UK SII Group and Unum Limited

Unum UK SII Group and UL's capital strategy is to maintain an appropriate quantity and quality of capital consistent with its overall business strategy and prevailing regulatory requirements to protect policyholders and provide the shareholder with an appropriate return for the level of risk taken. UL maintains a Capital Management Framework, which is used to ensure that the Company retains sufficient capital to meet obligations as they fall due. The Framework sets the principles, standards and policies to execute the capital management strategy. It also sets out the capital contingency plan in the event that capital risk appetite and limits are breached.

UL monitors its performance against a three year capital forecast.

UL's capital management framework is reviewed regularly; there have been no material changes over the reporting period.

Capital Management Framework

- Unum UK SII Group takes a proactive approach to managing its risk profile and corresponding capital impacts. As part of the Capital Management Framework UL has a capital contingency plan. This sets out management actions dependent on the solvency ratio.
- Unum UK SII Group's Capital Management Framework is anchored on meeting a risk appetite defined in terms of solvency ratios. UL has defined trigger points for management actions at different solvency ratios.
- Unum UK SII Group targets an appropriate dividend amount after ensuring that its current and projected solvency targets are met (in line with the Capital Management Framework and dividend policy).
- If the capital ratio falls below the Capital Management Framework targets then the Company will consider a range of management actions, such as reducing dividend payments, increasing the use of reinsurance, increasing the use of total return swaps or other changes in investment strategy, or raising capital. The exact management actions to be deployed depend on the solvency ratio at the time and the general market conditions.
- The Board will consider the SII balance sheet and projected balance sheet, as well as the result of stress and scenario testing, and in light of this will consider the appropriateness of any proposed dividend in conjunction with the Capital Management Framework.

UL operates a liquidity facility in the form of an intercompany agreement with its ultimate parent company, Unum Group. The agreement is in place to provide additional credit to UL if there are any exceptional short-term liquidity needs. UL also has a Capital Maintenance Agreement with Unum Group. The agreement provides Solvency II Tier 2 capital in the form of subordinated loan notes in the event contractual solvency ratio triggers arise.

UL has a Tier 3 Ancillary Own Funds arrangement with Unum Group, which allows UL to call, at its discretion, up to £75m of Tier 2 capital in the form of subordinated loan notes. The facility is backed by letters of credit with two well capitalised banks, providing further security to UL in the unlikely

event that Unum Group was unable to meet its commitments. Prior to being called, and subject to overall Tier 3 limits, the arrangement is reported as Tier 3 Ancillary Own Funds (AOF). PRA approval for this arrangement has been granted until July 2026.

Unum Limited also has a Tier 2 Ancillary Own Funds arrangement with Unum Group. This agreement, which is also guaranteed by a letter of credit from a major bank, provides the Company with an unconditional commitment from Unum Group to subscribe, on demand, for fixed rate reset perpetual restricted tier 1 securities, in the form of contingent convertible loan notes, up to a principal amount of £75 million. Whilst undrawn, the AOF is recognised as Tier 2 capital under the Solvency II regulations. PRA approval for this arrangement has been granted until July 2026.

None of the above facilities have been drawn down on as of the Balance Sheet date or date of the signing of the SFCR.

E.1.2 Own funds: Unum Limited

Structure and quality of own funds

Own funds are split into Tiers in line with the regulations. There are three 'Tiers' based on both 'permanence' and 'loss absorbency' (Tier 1 being the highest quality). Tier 1 is further divided into 'unrestricted' and 'restricted' Tier 1.

The regulations impose limits on the amount of each Tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that may arise. Own Funds items need to be sufficient in amount, quality and liquidity to be available when the liabilities they are to cover arise. Items with a fixed duration or a right to redeem early may not be available when needed. Similarly, obligations to pay distributions or interest will reduce the amount available. The rules on 'tiering' are designed to reflect the existence of such features.

Own funds which are classified as 'unrestricted' Tier 1 include share capital, the share premium account and the reconciliation reserve.

Own funds which are classified as Tier 2 include certain AOF arrangements, and Tier 3 includes deferred tax assets and certain AOF arrangements.

Under the regulations a maximum of £183.7m (being 50% of the SCR) is available as Tier 2 and 3 eligible own funds at 31 December 2024 to cover the solvency capital requirement. In addition, Tier 3 eligible own funds cannot exceed £55.1m, being 15% of the SCR.

This means the full £75m of Tier 2 AOF and the full £43.1m of Tier 3 deferred tax asset is recognised. However, the amount of Tier 3 AOF that can be recognised is restricted to £12.0m.

Deferred tax asset

At 31 December 2024, a deferred tax balance of £43.1m (2023: £39.9m) is recognised within UL own funds and classified as Tier 3. The full £43.1m can be recognised within eligible own funds as it is less than 15% of the SCR. The DTA recognised on a SII basis represents the DTA balance on a UK GAAP reporting basis adjusted by the tax effect recognised on Solvency II balance sheet valuation adjustments.

UL recognised a DTA of £78.9m (2023: £74.6m) in its UK GAAP financial statements. This balance mainly arises from a transitional adjustment on adoption of IFRS9: Financial Instruments that is

unwinding over a 10-year period commencing 1 January 2021, and also from unrealised losses on assets designated as fair value through other comprehensive income under IFRS 9.

The valuation adjustments between the UL UK GAAP Balance Sheet and the UL Solvency II Balance Sheet are presented in Section D.1.5, with the largest difference being the valuation of technical provisions calculated under SII compared to UK GAAP. All adjustments between the UL UK GAAP Balance Sheet and Solvency II Balance Sheet have been adjusted for deferred tax at a rate of 25%.

The measurement of deferred tax assets reflects management's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled, and are therefore expected to be available as basic own-fund items. The full amount of the Solvency II deferred tax balance of £43.1m has been recognised on the SII Balance Sheet as management considers that it is probable that this can be recovered in full against future taxable profits.

Unum Limited Own Funds (£m)	Total 2024	Tier 1 unrestricted 2024	Tier 2 2024	Tier 3 2024	Total 2023	Tier 1 unrestricted 2023	Tier 2 2023	Tier 3 2023
Ordinary share capital	12.0	12.0	-	-	12.0	12.0	-	-
Share premium account	10.0	10.0	-	-	10.0	10.0	-	-
Reconciliation reserve	597.7	597.7	-	-	613.5	613.5	-	-
Net deferred tax assets (DTA)	43.1	-	-	43.1	39.9	-	-	39.9
Total Basic own funds after deductions	662.8	619.7	-	43.1	675.4	635.5	-	39.9
Ancillary own funds (AOF)	150.0	-	75.0	75.0	150.0	-	75.0	75.0
Total available own funds	812.8	619.7	75.0	118.1	825.4	635.5	75.0	114.9
DTA eligibility restriction	-	-	-	-	-	-	-	-
AOF eligibility restriction	(63.0)	-	-	(63.0)	(58.3)	-	-	(58.3)
Total eligible UL Solvency II own funds to meet the SCR	749.8	619.7	75.0	55.1	767.1	635.5	75.0	56.6

UL's ordinary share capital, share premium and reconciliation reserve are all available as Tier 1 unrestricted own funds. The ordinary share capital has full voting, dividend and capital distribution (on winding up) rights; it does not confer any rights of redemption, is not subordinated and has no restricted duration. The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, and foreseeable dividends as at the reporting date. There are no own shares held, and UL currently has no Tier 1 restricted own funds. UL's ordinary share capital, share premium and reconciliation reserve are all available as Tier 1.

UL's Tier 2 own funds are the Tier 2 ancillary own funds arrangement, and its Tier 3 own funds are the deferred tax assets and Tier 3 ancillary own funds, which are discussed above.

The change in Own Funds over the year is analysed through analyses of change. From 31 December 2023 to 31 December 2024, UL's Basic Own Funds decreased from £675.4m to £662.8m. The key factors contributing to the decrease in Basic Own Funds, are adverse movements due to changes in interest rates and dividends that have been paid out over the year. These adverse movements have been partly offset by profits on new business and renewals of business and investment returns (including on surplus assets and returns in excess of risk free on assets backing Technical Provisions).

The significant differences between UL's equity as shown on its audited financial statements and the excess of assets over liabilities as calculated for solvency purposes are as follows:

- Deferred acquisition costs are not recognised under SII;
- Intangibles are disallowed unless they can be readily sold;
- Certain financial instruments are classified as fair value through OCI or amortised cost under UK GAAP reporting under IFRS 9 Financial instruments. For Solvency II reporting, financial instruments continue to be valued at FVTPL;
- Technical provisions are calculated in accordance with the SII requirements (see section D.2.1);
- Amounts recoverable from reinsurers are recalculated (see section D.2.8);
- A deferred tax adjustment in relation to the above.

These are quantified in the table below:

Unum Limited: Equity per UK GAAP Financial Statements to Solvency II reconciliation	31 December 2024 £m	31 December 2023 £m
Ordinary share capital	12.0	12.0
Share premium	10.0	10.0
Capital contribution	30.0	30.0
Revaluation reserve	(182.2)	(131.9)
Retained earnings	682.7	645.9
Total Equity	552.5	566.0
Adjustments for Solvency II		
Intangible assets	(36.6)	(32.4)
IFRS 16 lease adjustment	(0.4)	(0.4)
SII adjustment for reinsurance assets	(32.2)	(33.9)
Deferred acquisition costs	(69.1)	(68.0)
Deferred tax liabilities as a result of SII adjustments	(35.8)	(34.7)
SII adjustment for technical provisions	308.0	271.6
CSI participation	0.2	0.2
Financial instruments measured differently under IFRS 9	(11.9)	1.8
Other	(11.9)	5.2
Unum Limited: Solvency II excess of assets over liabilities	662.8	675.4

Assets representing own funds are invested in gilts, corporate bonds, alternative investments, property and cash or cash equivalents with the remainder being working capital held in debtor and creditor balances. None of UL's own funds are subject to transitional arrangements.

No deductions are applied to own funds. While UL has a ring-fenced fund, the amount of the restriction is not significant enough for a deduction to apply.

UL's Tier 1 unrestricted own funds are available to cover the SCR and the MCR. UL's Tier 2 and Tier 3 own funds are available to cover the SCR.

Unum Limited's reconciliation reserve is presented below:

Unum Limited: Reconciliation reserve (£m)	31 December 2024	31 December 2023
Excess of assets over liabilities	662.8	675.4
Foreseeable dividends, distributions and charges	-	-
Other basic own fund items	(65.1)	(61.9)
Reconciliation reserve	597.7	613.5

The key determinants of the reconciliation reserve are the investments and the SII technical provisions; see section D for a description of the values of these investments and technical provisions in the SII balance sheet.

The level of the Reconciliation Reserve can change depending on a number of factors including market movements (for example in credit spreads), and the underwriting experience of the business. The sensitivity of the balance sheet (and solvency coverage ratio) and the mitigation actions are discussed in Section C. The risk mitigation actions mainly include reinsurance, asset and liability matching and adhering to strict investment limits and restrictions.

Unum Limited's SCR and MCR are presented below:

Unum Limited: Eligible Own Funds (£m)	31 December 2024	31 December 2023
SCR	367.5	377.7
MCR	165.4	170.0
Ratio of Eligible Own Funds to SCR	204%	203%
Ratio of Eligible Own Funds to MCR	375%	374%

At 31 December 2024, the Company's solvency ratio was 204% (2023: 203%). The solvency ratio remains in line with our Capital Management Framework and our risk appetite.

E.1.3 Own funds: Unum UK SII Group

Unum UK SII Group Own Funds £m	Total	Tier 1 unrestricted	Tier 2	Tier 3	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	2024	2024	2024	2024	2023	2023	2023	2023	2023
Ordinary share capital (gross of own shares)	24.9	24.9	-	-	24.9	24.9	-	-	-
Share premium account	17.8	17.8	-	-	17.8	17.8	-	-	-
Preference shares	-	-	-	-	14.0	-	14.0		
Reconciliation reserve	604.7	604.7	-	-	605.9	605.9	-	-	-
Net deferred tax assets	44.2	-	-	44.2	41.1	-	-	-	41.1
Net deferred tax assets not available at the group level	-	-	-	-	-	-	-	-	-
Total Unum UK SII basic own funds (after deductions)	691.6	647.4	-	44.2	703.7	648.6	14.0	-	41.1
Ancillary Own Funds	87.0	-	75.0	12.0	91.7	-	-	75.0	16.7
Further Tier 3 restriction at group level	(1.1)	-	-	(1.1)	(1.2)	-	-	-	(1.2)
Total eligible Unum UK SII Group own funds to meet the SCR	777.5	647.4	75.0	55.1	794.2	648.6	14.0	75.0	56.6

Unum UK SII Group's ordinary share capital, share premium and reconciliation reserve are all available as Tier 1 unrestricted own funds as per Rule 3.1 of the Own Funds Part of the PRA Rulebook. The ordinary share capital has full voting, dividend and capital distribution (on winding up) rights; it does not confer any rights of redemption, is not subordinated and has no restricted duration. The reconciliation reserve equals the excess of assets over liabilities less other basic own funds items, and foreseeable dividends as at the reporting date. There are no own shares held.

During 2024, UEHCL redeemed the entire £14m of preference share capital it had in issue to Unum Group at their nominal value.

Unum UK SII Group has Tier 2 own funds in the form of ancillary own funds, and Tier 3 own funds in the form of deferred tax assets and Tier 3 ancillary own funds, as discussed at the start of section E.1.2. AOF can only be recognised as available in group to the extent that they are available at solo

level and to the extent of UL's contribution to the Unum UK SII Group SCR. The Unum UK SII Group solvency position has been calculated using the accounting consolidation based method (Method 1) per Rule 11 of the Group Supervision Part of the PRA Rulebook for Solvency II Firms. All intra group transactions are eliminated on consolidation.

The movement in the year of Basic Own Funds for Unum UK SII Group from £703.7m to £691.6m is driven by the same factors that drove the movements in UL Own Funds, as described in section E1.2 above.

The significant differences between Unum UK SII Group's equity as shown on its consolidated balance sheet and the excess of assets over liabilities as calculated for solvency purpose are as follows:

- Deferred acquisition costs are not recognised under SII,
- Intangibles are disallowed unless they can be readily sold;
- Certain financial instruments are classified as FVTOCI or amortised cost under UK GAAP reporting under IFRS 9 Financial instruments. For Solvency II reporting, financial instruments continue to be valued at FVTPL;
- Technical provisions are calculated in accordance with the SII requirements (see section D.2.1);
- Amounts recoverable from reinsurers are recalculated (see section D.2.8);
- A deferred tax adjustment in relation to the above.

It should be noted that UEHCL does not publish consolidated financial statements and the equity noted below is based on a consolidated UK GAAP balance sheet that has been prepared solely for the purposes of Solvency II reporting.

Unum UK SII Group: Equity per UK GAAP Financial Statements to Solvency II reconciliation	31 December 2024 £m	31 December 2023 £m
Ordinary share capital	24.9	24.9
Preference shares	-	14.0
Share premium	17.8	17.8
Retained earnings	721.2	669.7
Revaluation reserve	(182.2)	(131.9)
Total Equity	581.7	594.5
Adjustments for Solvency II		
Intangible assets	(36.8)	(32.4)
IFRS 16 lease adjustment	(0.4)	(0.4)
SII adjustment for reinsurance assets	(35.8)	(33.9)
Deferred acquisition costs	(69.1)	(68.0)
Financial instruments measured differently under IFRS 9	(11.9)	1.9
SII adjustment for technical provisions	308.0	271.6
Deferred tax liabilities as a result of SII adjustments	(35.8)	(34.7)
Other assets	(8.3)	5.1
Solvency II basic own funds (pre deductions)	691.6	703.7

The Unum UK SII Group reconciliation reserve is presented below:

Unum UK SII Group reconciliation reserve (£m)	31 December 2024	31 December 2023
Basic own funds (pre deductions)	691.6	703.7
Other basic own fund items	(86.9)	(97.8)
Reconciliation reserve	604.7	605.9

The key determinants of the Reconciliation Reserve are the investments and the SII technical provisions; see section D for a description of the values of these investments and technical provisions in the SII balance sheet. The level of the Reconciliation Reserve can change depending on a number of factors including market movements (for example in credit spreads), and the underwriting experience of the business. The sensitivity of the balance sheet (and solvency coverage ratio) and the mitigation actions are discussed in Section C. The risk mitigation actions mainly include reinsurance, asset liability matching and adhering to strict investment limits and restrictions.

Unum UK SII Group's SCR and MCR are presented below:

Unum UK SII Group: Eligible Own Funds (£m)	31 December 2024	31 December 2023
SCR	367.8	377.7
Minimum consolidated SCR	165.4	170.0
Ratio of Eligible Own Funds to SCR	211%	210%
Ratio of Eligible Own Funds to minimum consolidated SCR	391%	390%

Unum UK SII Group's Tier 1 own funds are available to cover the SCR and the Minimum Consolidated Group Solvency Capital Requirement (MGSCR). Unum UK SII Group's Tier 2 and Tier 3 own funds are available to cover the SCR. While UL has a ring-fenced fund, the amount of the restriction is not significant enough for a deduction to apply.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement: Unum Limited

The table below presents the amount of UL's SCR and MCR by risk categories as per the Internal Model at the valuation date and previous valuation date.

Internal Model Risk Categories £m	Current Period (A)	Previous Period (B)	Difference (A-B)	% Difference [(A-B)/B]
Insurance Risk	642.2	629.9	12.3	2%
Market Risk	207.5	179.5	28.0	16%
Credit Risk	228.3	230.5	(2.2)	-1%
Operational Risk	58.6	55.9	2.7	5%
Total Pre-diversified Capital	1,136.7	1,095.8	40.9	4%
Risk Diversification	(657.5)	(610.2)	(47.3)	8%
Other Adjustments	(111.8)	(107.9)	(3.9)	4%
Solvency Capital Requirement (SCR)	367.5	377.7	(10.2)	-3%
Minimum Capital Requirement	165.4	170.0	(4.6)	-3%

Note:

- The insurance risk category includes capital requirements arising from both life and health risks;
- The credit risk category includes capital requirements from bond spread risk and counterparty default risk;
- The pre-diversified capital figures do not allow for any diversification between different risks within each risk category;
- Unum aggregates its capital requirements via the correlation matrix approach using multi-tiered correlation matrices, which is a common approach adopted in the insurance industry. The correlation matrix is developed using historical data analyses and considerable emphasis is placed on overlaying expert judgement;
- The final SCR as at 31 December 2024 is still subject to supervisory assessment; and
- 'Other Adjustments' include allowance for non-linearity and the loss-absorbing capacity of deferred tax ("LACDT").

UL's SCR has been reduced by £111.8m (2023: £107.9m) to account for the LACDT. After a 1-in-200-year adverse event, we have judged that UL would continue to be a going concern and LACDT reflects the reduced tax UL would be required to pay in the future as a result of incurring a loss equal to its SCR. The following sources are relied upon to demonstrate the materialisation of the LACDT:

1. Carry-back of the loss to offset against profits from the previous year;
2. Reduction in any deferred tax liability on the base balance sheet;
3. Future profits from business operations, which includes:
 - a. Profit from future new business sales over a period of 5 years assumed to be at premium levels and profit margins in line with the business plan, adjusted for the impact of the 1-in-200 year adverse event; and
 - b. Risk-free profits from invested surplus assets.

The MCR reflects the minimum level of security below which the amount of financial resources should not fall. The formulae to calculate MCR are specified in the SII rules. The MCR is calculated using a linear formula that applies prescribed factors to the technical provisions and capital at risk. The MCR for UL is calculated as the sum of 2.1% of life technical provisions, 0.07% of the life capital at risk and 4.7% of the non-life technical provisions and net of reinsurance written premiums. The MCR is then restricted to a minimum of 25% and a maximum of 45% of the SCR. Moreover, an absolute floor is applied as per Rule 3.2 of the PRA Rulebook equal to £5.9m as UL writes both life and non-life business (£2.4m minimum is applied to non-life activities and £3.5m minimum to life activities and the floor of £2.4m bites).

The technical provisions used in the MCR calculation are calculated as the BEL calculated after applying the VA; less reinsurance recoverables; less the amount of the TMTP in excess of the risk margin. The technical provisions are calculated on bases specified in the valuation section. The capital at risk is the sum of the value of benefits, net of reinsurance recoverables, that UL would pay in case of insured event, death or disability, under each contract at the valuation date less the best estimate liability net of reinsurance. For products with annuity benefits, such as Income Protection and Group Dependant contracts, the value of benefit is calculated using the best estimate duration over which the payment is likely to be made. The calculated value of MCR at the valuation date is £165.4m (2023: £170.0m). At 31 December 2024 the restriction of the MCR being a maximum of 45% of the SCR applied.

E.2.2 Material changes in SCR & MCR: Unum Limited

Details of the material changes to components of the SCR over the reporting period are given below by Internal Model risk categories:

- Insurance risk – overall, an increase in insurance risk capital due to business growth over the year partially offset by the impact of higher yields and changes to reinsurance arrangements
- Market risk – overall there has been an increase in market risk due to an increase in the interest rate stress capital as a result of other balance sheet movements; and
- Risk Diversification – an increase in the benefit from risk diversification, which is driven by changes in the undiversified risk capital giving an overall decrease in the SCR.

Over the reporting period, there was a decrease in the MCR which is in line with the decrease in the SCR because of the restriction applied to the MCR.

E.2.3 Solvency Capital Requirement and Minimum Capital Requirement:

Unum UK SII Group

The table below presents the amount of Solvency Capital Requirement and Minimum Capital Requirement by risk categories as per the Unum UK SII Group's Internal Model at the valuation date and previous valuation date:

Internal Model Risk Categories £m	Current Period (A)	Previous Period (B)	Difference (A-B)	% Difference [(A-B)/B]
Insurance Risk	642.2	629.9	12.3	2%
Market Risk	207.5	179.5	28.0	16%
Credit Risk	228.9	230.7	(1.8)	-1%
Operational Risk	58.6	55.9	2.7	5%
Total Pre-diversified Capital	1,137.3	1,096.0	41.3	4%
Risk Diversification	(657.7)	(610.3)	(47.4)	8%
Other Adjustments	(111.8)	(107.9)	(3.9)	4%
Solvency Capital Requirement (SCR)	367.8	377.8	(10.0)	-3%
Minimum Capital Requirement	165.4	170.0	(4.6)	-3%

UL's SCR includes all the material risks that are within the Unum UK SII Group.

The Unum UK SII Group SCR includes additional capital as a result of additional counterparty default risk capital which arises from holding more assets giving exposure to additional counterparties.

This additional capital is aggregated with the capital held by UL to determine the final Unum UK SII Group SCR. The Unum UK SII Group diversification benefit realised is not material.

Other Adjustments includes an allowance for non-linearity and LACDT, consistent with UL.

UL uses a full Internal Model to calculate the Solvency Capital Requirement. Therefore, simplifications to the Standard Formula and undertaking-specific parameters are not relevant to UL and have not been applied in calculating the SCR. UL and Unum UK SII Group have not applied any capital add-on to the SCR.

The minimum consolidated group solvency capital requirement (MGSCR) is the MCR for UL because UL is the only insurer in the Unum UK SII Group.

E.2.4 Material changes in SCR & MCR: Unum UK SII Group

As a result of the group structure, the comments on movements in individual components of the UL SCR and MCR also apply to Unum UK SII Group's SCR and MGSCR.

E.3 Differences between the Standard Formula and any Internal Model used

E.3.1 Uses of the Internal Model

The Internal Model is being used widely in key decision making across the Company. The key business processes that use output from the Internal Model are shown below:

Business Process

- risk strategy setting & management
- risk assessment & mitigation
- risk appetite setting & management
- regulatory reporting
- solvency management
- dividend policy and setting
- efficient management of capital
- reinsurance strategy
- product development and pricing
- business planning
- mergers and acquisitions, and special projects
- asset liability matching (ALM) and investment management
- performance management
- senior management & responsible-individual understanding
- cultural awareness and embedding

E.3.2 Scope of Internal Model in terms of business units/risk categories

The Internal Model covers the Unum UK SII Group comprising (i) the Unum UK SII Group entity UEHCL and (ii) the Solo entity of UL. The same single Internal Model is used to calculate the Solvency Capital Requirements (SCR) for both Solo and Unum UK SII Group positions.

All lines of business planned to be written in the forthcoming year, or with non-zero claims reserves held as at the date of running the model are considered within scope. The Internal Model covers all identifiable quantifiable risks for these lines of business according to the risk categories described in Section C. For Group Risk, Liquidity Risk and Strategic Opportunity Risk, we have judged that no capital needs to be held for these risks. However, they are all monitored and managed carefully, in line with the Unum UK SII Group risk policies and frameworks.

E.3.3 Technique which has been used to integrate any partial internal model into the standard formula

This is not applicable.

E.3.4 Probability distribution forecast and Solvency Capital Requirement

In principle, the calculation of a probability distribution forecast can be decomposed into a number of steps such as initial valuation, a projection step and a re-valuation step depending on the risk types and the design of the Internal Model. For UL, these steps are implicitly performed in the

underlying theoretical framework of the Internal Model. The implicit allowance is made by applying all risk stress tests instantaneously and in full at the valuation date, rather than progressively over the following year, where the:

- Risk stresses are developed for each individual risk using various statistical analysis (time series, distribution fitting, principal component analysis, etc. on internal and/or external data) to derive the risk distributions and the required stresses; and
- Profits or losses are calculated as differences in the SII balance sheet from the best estimate assumption and relate to changes in basic own funds.

The approach means that the assets and liabilities used in the initial valuation are used directly as an input for the Internal Model and are completely consistent, as no transition and proxy modelling are used for projecting assets and liabilities values, with re-valuation of the change in basic own funds. The approach assumes that the risk profile of UL will not change significantly over the next year.

The individual capital requirements are aggregated using correlation matrices, reflecting dependencies among risks under stressed conditions to determine the Solvency Capital Requirement.

E.3.5 Main difference between the standard formula and UL's model

Model structure & general methodology

The overall structure of the Internal Model is similar to Standard Formula in that the risks within the scope are grouped under a few risk categories. The individual capital requirements are aggregated using a tiered approach using linear correlation metrics, reflecting the expected dependencies under extreme conditions, based on data where relevant and expert judgement, to generate the Solvency Capital Requirement.

The general approach to determining the individual capital requirement for each risk is to calculate the difference between the own funds in the stressed and the base positions, using the same actuarial models and processes, and fully allowing for the impact on the employees' pension scheme. Non-linearity among risks is assessed and is applied as a capital adjustment if necessary.

Risk calibration

In general, the risks under the Internal Model have been calibrated based on internal experience and data, where available and supplemented by external / industry data with adjustments to reflect the characteristics of risks relevant to UL, with expert judgement applied in a prudent manner to ensure that the risk calibration is proportionate and appropriate. For material insurance risks, UL's approach separately considers a short-term random fluctuation as well as a long-term systematic change in experience to capture the potential risk appropriately. The main differences in the methodology and assumptions are given below, for each relevant Standard Formula risk module.

<i>Risk Module</i>	<i>UL's Internal Model</i>	<i>Standard Formula</i>
Life underwriting risk		
Catastrophe risk	Dynamic and granular modelling by separately considering geographic concentration and pandemic risks	Fixed additional mortality stress
Longevity risk	Bespoke mortality reduction stress	Fixed mortality stress
Other risks (Lapse & Expenses)	Own calibration	Standard calibration
Health underwriting risk		
Disability: Morbidity risk	More granular analysis and modelling using high volumes of internal data, by separately considering the risk of new claims and the risk of claims being paid longer	Fixed stress to morbidity and recovery rates
Market risk		
Credit risk	Modelled by analysing data relevant to own portfolio, allowing for default, transition and spread risks and considering term to maturity, credit rating, sectors	Stress based on credit rating / duration / types of instruments
Interest rate risk	Captures material changes in the shape of yield curve (shift, tilt and bend) by performing Principal Component Analysis of relevant historical data	Permanent increase or decrease
Inflation rate risk	Captures material changes in the shape of inflation curve (shift, tilt and bend) by performing Principal Component Analysis of relevant historical data	Not Covered
Gilt-Swap spread risk	Captures basis risk when sovereign debt is used to back liabilities by performing analysis on relevant historical data	Not Covered
Counterparty default risk	Combination of historical analysis of corporate bond spread/default for reinsurance counterparties and standard formula approach for other counterparties	Stress by type of counterparty / loss given default approach
Operational risk	Deterministic approach based on input from internal risk assessment and considering the likelihood and severity across a large number of underlying risks	Formula based on stress on technical provisions / capital at risk

E.3.6 Main difference between the Standard Formula and Unum UK SII Group's model

There are no material additional differences between the Standard Formula and Unum UK SII Group's Internal Model other than those mentioned in the UL section.

E.3.7 Risk measure and time period

UL's Internal Model is calibrated using the same risk measure, time period, and confidence level as prescribed in the SII rules and covers all relevant quantifiable risks that impact UL's SII balance sheet. The Solvency Capital Requirement takes an approach, which corresponds to a value at risk of the basic own funds, subject to a confidence level of a 1-in-200-year event over a one-year period and assumes the business remains a going concern.

E.3.8 Internal Model Data

Nature of data

The Internal Model data has been categorised into broad data sets. The data is held in a consistent manner, covering both current and historical information, and holds the key risk factors at claim/policy record level – as such the data can be split into homogeneous groups and closely reflects the underlying risks.

The capital specific data set includes a number of different data items that are used in the calculation of the SCR and covers areas such as financial data (yields and credit spreads), operational risk, pension risk and catastrophe risk. Data for all insurance risks and operational risk is primarily internal, while data for market and concentration risks tends to be external.

UL has had a large market share for many years in its core market and therefore has a significant amount of data which relates directly to the insurance risks and can be used to analyse extreme past events. Data in respect of market risk comes from UL's asset managers and other well recognised industry sources such as Bloomberg credit indices and the Bank of England.

Appropriateness of data

As required under the SII regulations, UL maintains a directory of data. All material data used in the Internal Model has been analysed for accuracy and documentation is included in the Directory of Data.

The data sets have controls and processes in place to ensure that the data is accurate, appropriate and complete. Additionally, the Data Quality Governance framework provides a mechanism to monitor data quality coming into the Internal Model and ensure that data quality is maintained. It uses a combination of approaches including systematic checks and validation of the data being used by each data owner within the business. The governance structure provides the overall assessment that there are no material limitations in the data and that the data is appropriate for use in the Internal Model.

E.4 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

UL and Unum UK SII Group have continuously complied with both the MCR and SCR throughout the reporting period.

E.5 Any other information

There is no other information regarding the capital management of Unum UK SII Group that is considered material to this SFCR.

F. Appendices: Glossary and Public QRTs

F.1.1 Glossary

A

ALM Asset Liability Matching

B

BEL Best Estimate Liability

BoE Bank of England

C

CEO Chief Executive Officer

CFO Chief Financial Officer

CMIR Continuous Mortality Investigation Report

CRO Chief Risk Officer

CSI Claims Services International Limited

E

ERM Enterprise Risk Management

ExCo Executive Committee

F

FCA Financial Conduct Authority

FRS Financial Reporting Standard

G

GAAP Generally Accepted Accounting Principles

GIP Group Income Protection

I

IBNR Incurred but not reported

IFRS International Financial Reporting Standards

IMGC Internal Model Governance Committee

L

LPI Limited Price Index

M

MCR Minimum Capital Requirement

MGSCR Minimum consolidated Group SCR

N

NDP National Dental Plan

O

ORIC Operational Risk Consortium

ORSA Own Risk Solvency Assessment

P	
PCA	Principal Component Analysis
PRA	Prudential Regulation Authority
Q	
QRT	Quantitative Reporting Template
R	
RC	Risk Committee
RCOM	Risk and Capital Operating Model
RPI	Retail Price Index
S	
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II
SLT	Similar to Life Techniques
SOX	Sarbanes-Oxley Act
SS	Supervisory Statement
T	
TMTP	Transitional Measure on Technical Provisions
U	
UEHCL	Unum European Holding Company Limited
UK	United Kingdom
UL	Unum Limited
US	United States
USL	Unum Select Limited
V	
VA	Volatility Adjustment

Unum European Holding Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Unum European Holding Company Limited
Entity identification code and type of code	LEI/213800XTPRRAIOHWFL32
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Full internal model
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	Use of transitional measure on technical provisions

List of reported templates

-

IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

IR.05.02.01 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations

IR.05.03.02 - Life income and expenditure

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.22.01.22 - Impact of long term guarantees measures and transitionals

IR.23.01.04 - Own Funds

IR.25.04.22 - Solvency Capital Requirement

IR.32.01.22 - Undertakings in the scope of the group

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	44,235
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	17,270
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,143,298
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	2,129,638
R0140	<i>Government Bonds</i>	382,072
R0150	<i>Corporate Bonds</i>	1,745,430
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	2,136
R0180	<i>Collective Investments Undertakings</i>	13,153
R0190	<i>Derivatives</i>	508
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	241,708
R0280	<i>Non-life and health similar to non-life</i>	0
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	241,708
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	75,725
R0370	Reinsurance receivables	4,427
R0380	Receivables (trade, not insurance)	4,722
R0390	Own shares (held directly)	
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	126,533
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	2,657,920

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	1,643,913
R0510	<i>Technical provisions - non-life</i>	9,184
R0515	<i>Technical provisions - life</i>	1,634,729
R0542	Best estimate - total	1,637,519
R0544	<i>Best estimate - non-life</i>	9,023
R0546	<i>Best estimate - life</i>	1,628,495
R0552	Risk margin - total	33,197
R0554	<i>Risk margin - non-life</i>	160
R0556	<i>Risk margin - life</i>	33,037
R0565	Transitional (TMTP) - life	26,803
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	21,441
R0770	Deposits from reinsurers	193,480
R0780	Deferred tax liabilities	
R0790	Derivatives	14,482
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	22,123
R0830	Reinsurance payables	17,148
R0840	Payables (trade, not insurance)	34,925
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	18,837
R0900	Total liabilities	1,966,348
R1000	Excess of assets over liabilities	691,572

IR.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
R0010	Home Country						
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110	Gross - Direct Business	63,724					63,724
R0120	Gross - Proportional reinsurance accepted	4,088					4,088
R0130	Gross - Non-proportional reinsurance accepted						0
R0140	Reinsurers' share						0
R0200	Net	67,813					67,813
Premiums earned							
R0210	Gross - Direct Business	58,595					58,595
R0220	Gross - Proportional reinsurance accepted	5,177					5,177
R0230	Gross - Non-proportional reinsurance accepted						0
R0240	Reinsurers' share						0
R0300	Net	63,772					63,772
Claims incurred							
R0310	Gross - Direct Business	38,214					38,214
R0320	Gross - Proportional reinsurance accepted	8,479					8,479
R0330	Gross - Non-proportional reinsurance accepted						0
R0340	Reinsurers' share						0
R0400	Net	46,693					46,693
R0550	Net expenses incurred	11,677					11,677

IR.05.02.01

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
			C0220	C0230	C0240	C0250	C0260	
R1400	Premiums written							
R1410	Gross	638,865						638,865
R1420	Reinsurers' share	57,402						57,402
R1500	Net	581,463						581,463
	Premiums earned							
R1510	Gross	626,101						626,101
R1520	Reinsurers' share	57,279						57,279
R1600	Net	568,822						568,822
	Claims incurred							
R1610	Gross	428,490						428,490
R1620	Reinsurers' share	53,065						53,065
R1700	Net	375,424						375,424
R1900	Net expenses incurred	137,518						137,518

IR.05.03.02

Life income and expenditure

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written							
R0010	Gross direct business				243,957	394,908	638,865
R0020	Gross reinsurance accepted						0
R0030	Gross	0	0	0	243,957	394,908	638,865
R0040	Reinsurers' share				56,945	457	57,402
R0050	Net	0	0	0	187,013	394,450	581,463
Claims incurred							
R0110	Gross direct business				184,944	243,545	428,490
R0120	Gross reinsurance accepted						0
R0130	Gross	0	0	0	184,944	243,545	428,490
R0140	Reinsurers' share				47,755	5,310	53,065
R0150	Net	0	0	0	137,189	238,235	375,424
Expenses incurred							
R0160	Gross direct business				20,146	111,781	131,927
R0170	Gross reinsurance accepted						0
R0180	Gross	0	0	0	20,146	111,781	131,927
R0190	Reinsurers' share				-4,905	-686	-5,591
R0200	Net	0	0	0	25,051	112,467	137,518
R0300	Other expenses						
Transfers and dividends							
R0440	Dividends paid						60,000

R.05.04.02

Non-life income and expenditure : reporting period

Non-life insurance and accepted proportional reinsurance obligations												Accepted non-proportional reinsurance	
General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property	Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
Employers Liability	Public & products Liability	Professional Indemnity	Other general liability										
C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0310	C0320	C0330	C0340	C0525	C0545
Income													
Premiums written													
R0110	Gross written premiums												
R0111	Gross written premiums - insurance (direct)												
R0113	Gross written premiums - accepted reinsurance												
R0160	Net written premiums												
Premiums earned and provision for unearned													
R0210	Gross earned premiums												
R0220	Net earned premiums												
Expenditure													
Claims incurred													
R0610	Gross (undiscounted) claims incurred												
R0611	Gross (undiscounted) direct business												
R0612	Gross (undiscounted) reinsurance accepted												
R0690	Net (undiscounted) claims incurred												
R0730	Net (discounted) claims incurred												
Analysis of expenses incurred													
R0910	Technical expenses incurred net of reinsurance ceded												
R0985	Acquisition costs, commissions, claims management costs												
Other expenditure													
R1140	Other expenses												
R1310	Total expenditure												

IR.22.01.22

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	1,643,913	26,803	0	29,360	0
R0020 Basic own funds	691,572	-20,102	0	-19,459	0
R0050 Eligible own funds to meet Solvency Capital Requirement	777,438	-26,155	0	-24,821	0
R0090 Solvency Capital Requirement	367,778	4,316	0	7,486	0

R0690 Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

211.39%

Reconciliation reserve

R0700 Excess of assets over liabilities
R0710 Own shares (held directly and indirectly)
R0720 Forseeable dividends, distributions and charges
R0725 Deductions for participations in financial and credit institutions
R0730 Other basic own fund items
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0750 Other non available own funds
R0760 **Reconciliation reserve**

C0060
691,572
86,950
0
604,622

IR.25.04.22

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	120,890
R0080 Equity risk	26,956
R0090 Property risk	3,226
R0100 Spread risk	209,068
R0110 Concentration risk	4,441
R0120 Currency risk	17,011
R0125 Other market risk	35,000
R0130 Diversification within market risk	-180,132
R0140 Total Market risk	236,460
Counterparty default risk	
R0150 Type 1 exposures	19,858
R0160 Type 2 exposures	0
R0165 Other counterparty risk	0
R0170 Diversification within counterparty default risk	0
R0180 Total Counterparty default risk	19,858
Life underwriting risk	
R0190 Mortality risk	25,390
R0200 Longevity risk	40,473
R0210 Disability-Morbidity risk	0
R0220 Life-expense risk	8,595
R0230 Revision risk	0
R0240 Lapse risk	5,894
R0250 Life catastrophe risk	122,281
R0255 Other life underwriting risk	0
R0260 Diversification within life underwriting risk	-30,224
R0270 Total Life underwriting risk	172,409
Health underwriting risk	
R0280 Health SLT risk	273,932
R0290 Health non SLT risk	3,555
R0300 Health catastrophe risk	67,690
R0305 Other health underwriting risk	0
R0310 Diversification within health underwriting risk	-110,463
R0320 Total Health underwriting risk	234,714
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	0
R0340 Non-life catastrophe risk	0
R0350 Lapse risk	0
R0355 Other non-life underwriting risk	0
R0360 Diversification within non-life underwriting risk	0
R0370 Total Non-life underwriting risk	0
R0400 Intangible asset risk	0
Operational and other risks	
R0422 Operational risk	58,643
R0424 Other risks	0
R0430 Total Operational and other risks	58,643
R0432 Total before all diversification	1,042,903
R0434 Total before diversification between risk modules	722,084
R0436 Diversification between risk modules	-242,485
R0438 Total after diversification	479,599
R0440 Loss absorbing capacity of technical provisions	0
R0450 Loss absorbing capacity of deferred tax	-111,820
R0455 Other adjustments	0
R0460 Solvency capital requirement including undisclosed capital add-on	367,778
R0472 Disclosed capital add-on - excluding residual model limitation	0
R0474 Disclosed capital add-on - residual model limitation	0
R0480 Solvency capital requirement including capital add-on	367,778
R0490 Biting interest rate scenario	increase
R0495 Biting life lapse scenario	increase
Information on other entities	
R0500 Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510 <i>Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies</i>	0
R0520 <i>Institutions for occupational retirement provisions</i>	0
R0530 <i>Capital requirement for non-regulated entities carrying out financial activities</i>	0
R0540 Capital requirement for non-controlled participation requirements	0
R0550 Capital requirement for residual undertakings	0
Overall SCR	
R0555 Solvency capital requirement (consolidation method)	367,778
R0560 SCR for undertakings included via D and A	0
R0565 SCR for sub-groups included via D and A	0
R0570 Solvency capital requirement	367,778

IR.32.01.22

Undertakings in the scope of the group

	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0040	C0050	C0060	C0070	C0080
1	GB	LEI/213800XTPRRAIOHWFL32	Unum European Holding Company Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	
2	GB	LEI/5493004P4HMCZZOY093	Unum Limited	Composite undertaking	Company limited by shares	Non-mutual	Prudential Regulation Authority
3	GB	LEI/213800SAD5ORMGAMBW91	Claims Services International Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	
4	GB	LEI/213800IFXMGHG9MINM90	Unum Select Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	Financial Conduct Authority
5	GB	SC/309173	National Dental Plan Limited	Other	Company limited by shares	Non-mutual	

IR.32.01.22

Undertakings in the scope of the group

Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Criteria of influence						
				% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	
Row	C0010	C0020	C0040	C0050	C0180	C0190	C0200	C0210	C0220	C0230
1	GB	LEI/213800XTPRRAIOHWFL32	Unum European Holding Company Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook						
2	GB	LEI/5493004P4HMCZZOY093	Unum Limited	Composite undertaking	100.00%	100.00%	100.00%		Dominant	100.00%
3	GB	LEI/213800SAD5ORMGAMBW91	Claims Services International Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	100.00%	100.00%	100.00%		Dominant	100.00%
4	GB	LEI/213800IFXMGHG9MINM90	Unum Select Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	100.00%	100.00%	100.00%		Dominant	100.00%
5	GB	SC/309173	National Dental Plan Limited	Other	100.00%	100.00%	100.00%		Dominant	100.00%

IR.32.01.22

Undertakings in the scope of the group

Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Inclusion in the scope of Group supervision		Group solvency calculation	
				YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0040	C0050	C0240	C0250	C0260
1	GB	LEI/213800XTPRRAIOHWFL32	Unum European Holding Company Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Included in the scope		Method 1: Full consolidation
2	GB	LEI/5493004P4HMCZZOY093	Unum Limited	Composite undertaking	Included in the scope		Method 1: Full consolidation
3	GB	LEI/213800SAD5ORMGAMBW91	Claims Services International Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Included in the scope		Method 1: Full consolidation
4	GB	LEI/213800IFXMGHG9MINM90	Unum Select Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Included in the scope		Method 1: Full consolidation
5	GB	SC/309173	National Dental Plan Limited	Other	Included in the scope		Method 1: Full consolidation

Unum Limited

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Unum Limited
Entity identification code and type of code	LEI/5493004P4HMCGZ2OY093
Type of undertaking	non-life insurance activity (paragraph 2.3 of Supervisory Statement (SS) 8/15 - Solvency II: the treatment of pension scheme risk)
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Full internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	Use of transitional measure on technical provisions

List of reported templates

-
- IR.02.01.02 - Balance sheet
- IR.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- IR.05.02.01 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations
- IR.05.03.02 - Life income and expenditure
- IR.05.04.02 - Non-life income and expenditure : reporting period
- IR.12.01.02 - Life technical provisions
- IR.17.01.02 - Non-Life Technical Provisions
- IR.19.01.21 - Non-Life insurance claims
- IR.22.01.21 - Impact of long term guarantees measures and transitionals
- IR.23.01.01 - Own Funds
- IR.25.04.21 - Solvency Capital Requirement
- IR.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	43,108
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	14,174
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,143,473
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	174
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	2,129,638
R0140	<i>Government Bonds</i>	382,072
R0150	<i>Corporate Bonds</i>	1,745,430
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	2,136
R0180	<i>Collective Investments Undertakings</i>	13,153
R0190	<i>Derivatives</i>	508
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	241,708
R0280	<i>Non-life and health similar to non-life</i>	0
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	241,708
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	75,725
R0370	Reinsurance receivables	4,427
R0380	Receivables (trade, not insurance)	464
R0390	Own shares (held directly)	
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	84,024
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	2,607,103

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	1,643,913
R0510	<i>Technical provisions - non-life</i>	9,184
R0515	<i>Technical provisions - life</i>	1,634,729
R0542	Best estimate - total	1,637,519
R0544	<i>Best estimate - non-life</i>	9,023
R0546	<i>Best estimate - life</i>	1,628,495
R0552	Risk margin - total	33,197
R0554	<i>Risk margin - non-life</i>	160
R0556	<i>Risk margin - life</i>	33,037
R0565	Transitional (TMTP) - life	26,803
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	193,480
R0780	Deferred tax liabilities	0
R0790	Derivatives	14,482
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	22,123
R0830	Reinsurance payables	17,148
R0840	Payables (trade, not insurance)	34,364
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	18,837
R0900	Total liabilities	1,944,346
R1000	Excess of assets over liabilities	662,757

IR.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
R0010	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110	Gross - Direct Business	63,724					63,724
R0120	Gross - Proportional reinsurance accepted	4,088					4,088
R0130	Gross - Non-proportional reinsurance accepted						0
R0140	Reinsurers' share						0
R0200	Net	67,813					67,813
Premiums earned							
R0210	Gross - Direct Business	58,595					58,595
R0220	Gross - Proportional reinsurance accepted	5,177					5,177
R0230	Gross - Non-proportional reinsurance accepted						0
R0240	Reinsurers' share						0
R0300	Net	63,772					63,772
Claims incurred							
R0310	Gross - Direct Business	38,214					38,214
R0320	Gross - Proportional reinsurance accepted	8,479					8,479
R0330	Gross - Non-proportional reinsurance accepted						0
R0340	Reinsurers' share						0
R0400	Net	46,693					46,693
R0550	Net expenses incurred	11,677					11,677

IR.05.02.01

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
			C0220	C0230	C0240	C0250	C0260	
Premiums written								
R1410	Gross	638,865						638,865
R1420	Reinsurers' share	57,402						57,402
R1500	Net	581,463						581,463
Premiums earned								
R1510	Gross	626,101						626,101
R1520	Reinsurers' share	57,279						57,279
R1600	Net	568,822						568,822
Claims incurred								
R1610	Gross	428,490						428,490
R1620	Reinsurers' share	53,065						53,065
R1700	Net	375,424						375,424
R1900	Net expenses incurred	137,518						137,518

IR.05.03.02

Life income and expenditure

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written							
R0010	Gross direct business				243,957	394,908	638,865
R0020	Gross reinsurance accepted						0
R0030	Gross	0	0	0	243,957	394,908	638,865
R0040	Reinsurers' share				56,945	457	57,402
R0050	Net	0	0	0	187,013	394,450	581,463
Claims incurred							
R0110	Gross direct business				184,944	243,545	428,490
R0120	Gross reinsurance accepted						0
R0130	Gross	0	0	0	184,944	243,545	428,490
R0140	Reinsurers' share				47,755	5,310	53,065
R0150	Net	0	0	0	137,189	238,235	375,424
Expenses incurred							
R0160	Gross direct business				20,146	111,781	131,927
R0170	Gross reinsurance accepted						0
R0180	Gross	0	0	0	20,146	111,781	131,927
R0190	Reinsurers' share				-4,905	-686	-5,591
R0200	Net	0	0	0	25,051	112,467	137,518
R0300	Other expenses						
Transfers and dividends							
R0440	Dividends paid						70,000

IR.12.01.02

Life technical provisions

Best estimate

R0025 Gross Best Estimate (direct business)

R0026 Gross Best Estimate (reinsurance accepted)

R0030 Gross Best Estimate

R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re

R0100 Risk margin

Amount of the transitional on Technical Provisions

R0140 TMTP - risk margin

R0150 TMTP - best estimate dynamic component

R0160 TMTP - best estimate static component

R0170 TMTP - amortisation adjustment

R0180 Transitional Measure on Technical Provisions

R0200 Technical provisions - total

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
					364,331	1,231,508	1,595,839
					0	32,656	32,656
	0	0	0	0	364,331	1,264,164	1,628,495
					42,548	199,160	241,708
	0	0	0	0	321,783	1,065,004	1,386,787
					10,936	22,101	33,037
					6,930	3,613	10,543
							0
					14,824	1,436	16,260
							0
	0	0	0	0	21,755	5,049	26,803
	0	0	0	0	353,512	1,281,217	1,634,729

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	0
R0160	-9	0	0	35	1	0	0	0	0	0	0	0	36
R0170	-8	0	4,072	29	0	0	0	0	0	0	0	0	4,101
R0180	-7	9,327	4,937	52	0	0	0	0	0	0	0	0	14,316
R0190	-6	11,263	5,242	78	0	0	0	0	0	0	0	0	16,584
R0200	-5	12,331	4,829	60	0	0	0	0	0	0	0	0	17,219
R0210	-4	8,529	5,537	141	0	0	0	0	0	0	0	0	14,208
R0220	-3	13,363	7,843	235	0	0	0	0	0	0	0	0	21,440
R0230	-2	16,176	8,650	125	0	0	0	0	0	0	0	125	24,951
R0240	-1	22,380	11,872	0	0	0	0	0	0	0	0	11,872	34,252
R0250	0	39,268	0	0	0	0	0	0	0	0	0	39,268	39,268
R0260	Total											51,266	186,375

Gross Undiscounted Best Estimate Claims Provisions												
(absolute amount)												
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Development year											Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior										0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	357	0	0	0	0	0	0	0	0	0	0
R0190	-6	648	0	0	0	0	0	0	0	0	0	0
R0200	-5	1,480	0	0	0	0	0	0	0	0	0	0
R0210	-4	2,800	0	0	0	0	0	0	0	0	0	0
R0220	-3	3,980	0	0	0	0	0	0	0	0	0	0
R0230	-2	2,674	0	0	0	0	0	0	0	0	0	0
R0240	-1	9,550	0	0	0	0	0	0	0	0	0	0
R0250	0	5,424	0	0	0	0	0	0	0	0	0	5,424
R0260	Total											5,424

IR.19.01.21.22			
Gross premium			
	C0570	C0580	
	Gross earned premium at reporting reference date	Estimate of future gross earned premium	
R0160	N-9	0	
R0170	N-8	18,321	664
R0180	N-7	19,290	1,427
R0190	N-6	22,544	2,042
R0200	N-5	25,255	1,525
R0210	N-4	26,564	1,558
R0220	N-3	29,016	2,088
R0230	N-2	33,690	2,106
R0240	N-1	47,032	3,385
R0250	N	63,772	3,656

IR.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero	
	C0010	C0030	C0050	C0070	C0090	
R0010	Technical provisions	1,643,913	26,803	0	29,360	0
R0020	Basic own funds	662,757	-20,102	0	-19,459	0
R0050	Eligible own funds to meet Solvency Capital Requirement	749,768	-26,156	0	-24,822	0
R0090	Solvency Capital Requirement	367,459	4,316	0	7,486	0
R0100	Eligible own funds to meet Minimum Capital Requirement	619,649	-26,803	0	-25,945	0
R0110	Minimum Capital Requirement	165,357	1,942	0	3,369	0

IR.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

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

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
12,000	12,000		0	
10,000	10,000		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
597,649	597,649			
0		0	0	0
43,108				43,108
0	0	0	0	0
0				
662,757	619,649	0	0	43,108

0				
0				
0				
75,000				75,000
0				
0				
0				
0				
75,000			75,000	
150,000			75,000	75,000

812,757	619,649	0	75,000	118,108
619,649	619,649	0	0	
749,768	619,649	0	75,000	55,119
619,649	619,649	0	0	

367,459
165,357
204.04%
374.73%

C0060
662,757
0
65,108
0
597,649

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	120,890
R0080 Equity risk	26,956
R0090 Property risk	3,226
R0100 Spread risk	209,068
R0110 Concentration risk	4,441
R0120 Currency risk	17,011
R0125 Other market risk	35,000
R0130 Diversification within market risk	-180,132
R0140 Total Market risk	236,460
Counterparty default risk	
R0150 Type 1 exposures	19,256
R0160 Type 2 exposures	0
R0165 Other counterparty risk	0
R0170 Diversification within counterparty default risk	0
R0180 Total Counterparty default risk	19,256
Life underwriting risk	
R0190 Mortality risk	25,390
R0200 Longevity risk	40,473
R0210 Disability-Morbidity risk	0
R0220 Life-expense risk	8,595
R0230 Revision risk	0
R0240 Lapse risk	5,894
R0250 Life catastrophe risk	122,281
R0255 Other life underwriting risk	0
R0260 Diversification within life underwriting risk	-30,224
R0270 Total Life underwriting risk	172,409
Health underwriting risk	
R0280 Health SLT risk	273,932
R0290 Health non SLT risk	3,555
R0300 Health catastrophe risk	67,690
R0305 Other health underwriting risk	0
R0310 Diversification within health underwriting risk	-110,463
R0320 Total Health underwriting risk	234,714
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	0
R0340 Non-life catastrophe risk	0
R0350 Lapse risk	0
R0355 Other non-life underwriting risk	0
R0360 Diversification within non-life underwriting risk	0
R0370 Non-life underwriting risk	0
R0400 Intangible asset risk	0
Operational and other risks	
R0422 Operational risk	58,643
R0424 Other risks	0
R0430 Total Operational and other risks	58,643
R0432 Total before all diversification	1,042,301
R0434 Total before diversification between risk modules	721,482
R0436 Diversification between risk modules	-242,202
R0438 Total after diversification	479,280
R0440 Loss absorbing capacity of technical provisions	0
R0450 Loss absorbing capacity of deferred tax	-111,820
R0455 Other adjustments	0
R0460 Solvency capital requirement including undisclosed capital add-on	367,459
R0472 Disclosed capital add-on - excluding residual model limitation	
R0474 Disclosed capital add-on - residual model limitation	
R0480 Solvency capital requirement including capital add-on	367,459
R0490 Biting interest rate scenario	increase
R0495 Biting life lapse scenario	increase

Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities	Non-life activities	Life activities
		MCR _(NL,NL) Result	MCR _(NL,L) Result		
		C0010	C0020		
R0010	Linear formula component for non-life insurance and reinsurance obligations	3,611	0		
		Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
R0020	Medical expense insurance and proportional reinsurance	9,023	67,813		
R0030	Income protection insurance and proportional reinsurance				
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance				
R0060	Other motor insurance and proportional reinsurance				
R0070	Marine, aviation and transport insurance and proportional reinsurance				
R0080	Fire and other damage to property insurance and proportional reinsurance				
R0090	General liability insurance and proportional reinsurance				
R0100	Credit and suretyship insurance and proportional reinsurance				
R0110	Legal expenses insurance and proportional reinsurance				
R0120	Assistance and proportional reinsurance				
R0130	Miscellaneous financial loss insurance and proportional reinsurance				
R0140	Non-proportional health reinsurance				
R0150	Non-proportional casualty reinsurance				
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance				
		MCR _(L,NL) Result	MCR _(L,L) Result		
		C0070	C0080		
R0200	Linear formula component for life insurance and reinsurance obligations	0	306,333		
		Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance/S PV) total capital at risk	Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance/S PV) total capital at risk
		C0090	C0100	C0110	C0120
R0210	Obligations with profit participation - guaranteed benefits				
R0220	Obligations with profit participation - future discretionary benefits				
R0230	Index-linked and unit-linked insurance obligations				
R0240	Other life (re)insurance and health (re)insurance obligations			1,386,787	
R0250	Total capital at risk for all life (re)insurance obligations				396,014,416
Overall MCR calculation		C0130			
R0300	Linear MCR	309,944			
R0310	SCR	367,459			
R0320	MCR cap	165,357			
R0330	MCR floor	91,865			
R0340	Combined MCR	165,357			
R0350	Absolute floor of the MCR	5,900			
R0400	Minimum Capital Requirement	165,357			
Notional non-life and life MCR calculation		C0140	C0150		
R0500	Notional linear MCR	3,611	306,333		
R0510	Notional SCR excluding add-on (annual or latest calculation)	4,281	363,178		
R0520	Notional MCR cap	1,927	163,430		
R0530	Notional MCR floor	1,070	90,794		
R0540	Notional combined MCR	1,927	163,430		
R0550	Absolute floor of the notional MCR	2,400	3,500		
R0560	Notional MCR	2,400	163,430		