



Chairman's Review

Alan Cook Chairman

Against a backdrop of significant change, LV= has had a satisfactory financial year in 2019 but there remains much to do if we are to achieve our long-term goals. We are reporting a Solvency II capital surplus of £944m and a life trading profit of £43m. I'm pleased that we have been able to allocate a slightly increased mutual bonus of £27m enhancing relevant with-profits policies for our eligible members by up to 1%.

The UK political landscape in 2019 was dominated by the Brexit impasse and December's general election. While there is limited direct impact on LV= from Brexit, the associated increase in investor uncertainty does affect us. As our future relationship with the European Union becomes clearer, we would expect to see increased confidence in investment markets which we expect to result in increased sales. However, the emergence of Coronavirus represents a new uncertainty for 2020 (see page 30 for more information).

Regardless of political preferences, the fact that the general election produced a significant majority should see the Government able to turn its attention more to matters of domestic policy. Of particular interest to LV= is the progress of the Pensions Scheme Bill which will pave the way for the introduction of pension dashboards. We view these as a key component of the new pensions' landscape, and believe that they will be critical in helping people to better understand and engage with their pensions.

Last year I said that in order to have more flexibility and freedom to compete, we wanted to make some changes to LV='s structure and composition. Fundamental to these was our plan to convert to a company limited by guarantee. Our plans received overwhelming support from our members at a Special General Meeting held on 22 May 2019 and were subsequently approved by the Prudential Regulation Authority. As a result, with effect from 2 January 2020, our formal company name changed from Liverpool Victoria Friendly Society Limited to Liverpool Victoria Financial Services Limited. I would like to reassure you that conversion to a company limited by guarantee does not alter our mutual status.

Not only do we start 2020 as a company limited by guarantee, we also start it as a pure life, pensions and investments business having completed the sale of our remaining 51% stake in LV= General Insurance Group to Allianz Holdings plc on 31 December 2019. LV= is rightly proud of what it has achieved with the general insurance business and I have enjoyed

my time as its chairman as it transitioned towards Allianz ownership. We are pleased that we have found it such a good new home within the Allianz group of companies. Despite the sale, we will continue to work closely together into the future as we share the LV= brand.

We continue to reshape the board to reflect the future focus of the business. In January 2020 Seamus Creedon joined the board in anticipation of David Neave standing down at the AGM in June when he will have served his full term. Seamus brings extensive experience of the life insurance market and has spent over forty years in senior roles at companies such as Reliance Life, RGA Re, Baille Gifford Life and Abbey Life among others. In addition, Andy Parsons stood down in October 2019 and more recently, Tanya Lawler resigned from the board in January 2020. We are hoping to confirm the appointment of a new female non-executive director in the near future.

2019 also saw a change in senior leadership as Richard Rowney stood down as chief executive in December after twelve years with LV=. As managing director of life and pensions Richard turned LV= into a leading specialist retirement and protection provider. Most recently as chief executive he led the sale of LV='s general insurance business and the process to convert to a company limited by guarantee. Richard served LV='s members, customers and staff well over the last decade and we thank him for all he achieved.

I am pleased that we were able to act swiftly in appointing Mark Hartigan as our new chief executive officer, effective from 1 January 2020 (and subject to regulatory approval). Mark was part of the senior leadership team at Zurich Insurance Group between 2009 and 2019 and was most recently head of operations for Zurich EMEA. He has also been chair of a number of life company boards in the UK and overseas.

The board believes Mark is the ideal candidate to lead LV= as we move forward as a standalone life, pensions and investments business. He brings a wealth of knowledge of the life sector and has a strong track record of delivering financial success and business transformation in challenging and fast-changing market conditions.

We have achieved a lot over the last twelve months with the successful sale of the general insurance business and conversion to a company limited by guarantee. I look forward to supporting Mark and the executive team as they build on this platform to continue to serve our members, customers and partners.



£27m

Mutual bonus allocated to members' policies



Section 172 statement

The section 172 statement, explaining how the directors have carried out their duty to promote the success of the company for the benefit of members as a whole, can be found in the corporate governance statement on pages 54 to 57.