

ISSUED 09 September 2026

PROVIDER SECTOR
LV=

FINANCIAL STRENGTH ASSESSMENT

Analysis by **AKG Financial Analytics Ltd**
Accessible • Comparative • Independent

AKG



ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

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

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

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



TABLE OF CONTENTS

Rating & Assessment Commentary.....	3
Ratings.....	3
Summary	3
Commentary.....	4
Company Analysis: Liverpool Victoria Financial Services Ltd	7
Basic Information.....	7
Business Structure & Operations.....	7
Strategy	8
Key Company Financial Data.....	9
Company Analysis: Liverpool Victoria Life Company Ltd.....	12
Basic Information.....	12
Business Structure & Operations.....	12
Strategy	12
Key Company Financial Data	13
Guide	16
Introduction	16
Rating Definitions.....	16



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Rating & Assessment Commentary



RATINGS

Overall Financial Strength



Supporting Ratings

	Service	Image & Strategy	Business Performance
Liverpool Victoria Financial Services Ltd	★★★★★	★★★★★	★★★★★
Liverpool Victoria Life Company Ltd	★★★★★	★★★★★	★★★★★



SUMMARY

- Established in 1843, LV= became the UK's largest Friendly Society before converting to a company limited by guarantee in 2020 as Liverpool Victoria Financial Services Ltd (LVFS)
- LV= now focuses on Protection, Savings & Retirement and Heritage business following the sale of its General Insurance business segment to Allianz. Included within the sale was an agreement for Allianz to license the use of the LV= brand
- As at 31 December 2025, LV= reported Eligible Own Funds (EOF) of £752m [2024: £885m] and SCR coverage ratio of 202% [2024: 192%] from a group investor view (excluding ring fenced funds). From a group regulatory view, the SCR coverage is 197% [2024: 187%]
- In 2026, LV= delivered a net reduction of £50m in Tier 2 capital and reduced the applicable interest cost which will benefit ongoing capital generation
- Fixed Term Annuity business is now written on a with-profits basis, further extending LV's with-profits proposition
- LV= Platform Services continues to provide adviser access to Smooth Managed Funds (SMF) funds through its partnership with Embark
- BlackRock remains LV's primary asset manager and continues to support the group's investment strategy
- As at 31 December 2025, LVFS reported total assets of £11.5bn, EOF of £755m [2024: £885m] and an SCR coverage ratio of 196% [2024: 185%] from a solo regulatory view
- LVFS reported a Loss before Tax of £37m for the year ending 2025 [2024: Profit before tax of £51m] primarily due to a £100m discretionary bonus shared with eligible members
- Liverpool Victoria Life Company Ltd (LVLC) remains a small closed-book insurer managing the run-off of Union Insurance Association (UIA) life insurance business and reported an SCR coverage ratio of 1,966%
- Both regulated entities continue to benefit from strong capital positions, robust governance frameworks and support from the wider mutual group
- In January 2026, LV= established new roles of Chief Transformation & Technology Officer (CTTO) and Chief Customer Officer (CCO) to replace the previous Chief Operating Officer (COO) role



COMMENTARY

Financial Strength Ratings

On a regulatory basis, the group reported EOF of £752m [2024: £885m] against an SCR of £382m [2024: £474m], resulting in an SCR coverage ratio of 197% [2024: 187%] as at 31 December 2025. The decrease in SCR over the period is primarily driven by the introduction of mass lapse insurance on material protection product lines which reduced life underwriting risk and health underwriting risk by £58m and £23m respectively. Market risk fell by £28m due to a reduction in equity risk capital driven by a one-off discretionary enhancement to asset shares on eligible with-profits business.

The Group and LVFS capital position was affected by the following:

- Operating capital generation (increase in surplus of £48m)
- Non-operational items (increase in surplus of £9m)
- With-profits surplus distribution (decrease in surplus of £92m)
- Capital tiering restriction (decrease in surplus of £21m for Group and £18m for LVFS)
- Economic impacts of 2025 (increase in surplus of £19m)
- Staff pension scheme (decrease in surplus of £4m)

In April 2026, LV= delivered a net reduction of £50m in Tier 2 capital and reduced applicable interest from 9.44% to 7.63%. The lower interest cost will benefit ongoing capital generation.

As a mutual organisation, access to external capital remains more constrained than for some proprietary peers. Nevertheless, LV= continues to benefit from substantial internal capital resources, diversified operations and retained subordinated debt capital. The continued development of the with-profits proposition, platform capability and wider retirement offering supports the group's strategic objectives, whilst strong solvency and liquidity positions provide resilience against adverse operating conditions.

Liverpool Victoria Financial Services Ltd

LVFS reported EOF of £755m at 31 December 2025 [2024: £885m] against an SCR of £386m [2024: £479m], resulting in an SCR coverage ratio of 196% [2024: 185%]. The reduction in the SCR was largely driven by the introduction of mass lapse reinsurance (decreasing life underwriting risk and health underwriting risk by £58m and £23m respectively), a more favourable smoothing position on certain with-profits product lines and the one-off discretionary enhancement to asset shares on eligible with-profits business (reducing market risk by £30m).

The closed ring-fenced funds have not required capital support in recent periods with solvency and liquidity remained comfortably above board risk appetite.

LVFS continues to benefit from diversification across protection, retirement, investment and heritage operations, supported by significant with-profits assets and robust capital resources.

Liverpool Victoria Life Company Ltd

LVLC remains a small run-off insurer managing the remaining UIA portfolio and a limited protection reinsurance book.

EOF increased to £5.7m at 31 December 2025 [2024: £5.2m] whilst the SCR reduced to £289k [2024: £332k], increasing SCR coverage to 1,966% [2024: 1,565%]. Cash at bank at year end was £1.2m [2024: £0.3m].

Whilst the company's capital requirements continue to be driven by the Absolute Minimum Capital Requirement, regulatory capital coverage remains strong. The company continues to benefit from the support of the wider LV= group and maintains a strong financial position relative to its size and risk profile.

Service Rating

LV= continues to prioritise delivering a strong and reliable service proposition to both clients and advisers, and is widely recognised by intermediaries and consumers alike. Receiving industry recognition for service quality, particularly within protection and retirement markets in 2025, LV= was awarded Best Income Protection Provider at the Moneyfacts Awards for the 16th consecutive year and also commended for Best Critical Illness Provider and Best Protection Service. In 2025 and 2026, LV= was awarded Best Income Protection

Provider by LifeSearch Awards. The business also retained four-star ratings in the Financial Adviser Service Awards for its performance in the Pensions & Protection categories.

Customer NPS increased to +58 in 2025 [2024: +51], reflecting continued investment in customer support capabilities and service delivery. Adviser NPS increased modestly to +33 [2024: +31], although the score remains positive and management continues to focus on adviser feedback and service enhancement initiatives.

Continued investment in digital capabilities, adviser support teams and service infrastructure supports the overall service proposition.

Image & Strategy Rating

LV= continues to position itself as a purpose-led mutual focused on helping people live financially confident lives. During 2025, LV= introduced its new five-year “This is Us” plan, built around the themes of Financial Strength, Market Leaders, Service Excellence, Colleagues Thrive and Members Rewarded.

The LV= brand remains one of the best-known names in the UK protection, retirement and investment markets. During 2025, the business received a number of external recognitions, including The Telegraph's Top Pension Providers 2025. LV= also highlights recognition as one of the Financial Times' UK Best Employers. In April 2026, a new brand partnership agreement with Allianz was announced to continue selling home, motor and pet insurance under the LV= brand.

The strategic direction remains focused on Protection, Savings & Retirement and Heritage business lines while leveraging mutual status as a key differentiator. In 2025, LV= announced member distributions totalling £100m, comprising a £20m mutual bonus and an £80m one-off bonus linked to the 2019 sale of the General Insurance business. This brought total member distributions since 2011 to £513m. The business also continues to promote member engagement through its Member Community, which management describes as an important source of member feedback and insight.

During 2025, the business launched what it describes as the UK's first with-profits fixed-term annuity, celebrated 20 years of its SMF proposition and continued to develop distribution through LV= Platform Services. The group also reported growth in protection and equity release sales.

LV= also continues to embed sustainability within its broader business strategy. During 2025 it launched LV= Together, bringing together its community, charity, fundraising and volunteering activities under a single social impact framework. The business continues to pursue its net-zero ambitions and responsible investment objectives, supported by BlackRock as its primary asset manager.

The relationship with BlackRock provides enhanced investment management capability and supports the long-term development of customer outcomes and proposition delivery. LV= continues to invest in sustainability, customer engagement, adviser relationships and digital capability in support of its long-term objectives.

Business Performance Rating

2025 marked a year of resilient performance for LV=, although trading profitability came under pressure from increased competition in several core markets.

Operating capital generation (on a Solvency II basis) reduced to £48m [2024: £55m]. Within this:

- Trading businesses added £13m [2024: £35m], reflecting increased competition in both the protection and annuity markets, with lower annuity sales volumes and reduced protection margins affecting new business profitability
- Estate investment income added a further £15m [2024: £20m]
- Positive experience variances, model and basis changes and capital initiatives amounted to £38m [2024: £25m], including benefits arising from capital management actions undertaken during the year
- Spend on strategic development costs of £18m [2024: £25m] focused on efficiency, risk reduction and growth projects

Operating profit generation (on a UK GAAP basis) reduced to £6m [2024: £43m]. Profit before tax and member bonuses was £63m [2024: £80m], reflecting lower trading profitability partly offset by favourable non-operating items and positive investment market performance.

Targeted operating expenses increased to £122m [2024: £116m]. Operating expenses increased modestly to £248m [2024: £244m], while total UK GAAP expenses reduced to £251m [2024: £259m] reflecting lower restructuring and non-operational expenditure.

New business sales on a Present Value of New Business Premiums (PVNBP) basis remained stable at £1,232m [2024: £1,229m]. Within this, Savings and Retirement business reported new business sales of £802m [2024: £831m] made up of:

- Single premiums paid into the SMF range of £123m [2024: £89m]
- Single premium annuities of £284m [2024: £358m]
- Equity release mortgage advances of £181m [2024: £94m]
- £191m [2024: £290m] added by policyholders to their pensions by way of deposits to their unit-linked pensions and SIPP funds
- Sales of pension wrappers arranged through LV= Platform Services of £23m [2024: nil]

Protection business achieved new business sales of £430m [2024: £398m] on a PVNBP basis, made up of new business regular premiums of £49m [2024: £46m].

The return on the main with-profits fund was 14.0% against a benchmark of 12.6% in 2025 [2024: 7.9% against a benchmark of 7.9%], benefiting from positive investment returns from global markets and tactical asset allocation decisions during the year.

Company Analysis: Liverpool Victoria Financial Services Ltd



BASIC INFORMATION

Company and Group Background

Established in 1843, the company was the UK's largest friendly society, prior to its conversion on 2 January 2020 from a Friendly Society to a company limited by guarantee, which resulted in it being renamed as Liverpool Victoria Financial Services Ltd (LVFS).

Operating for many years as a traditional home service insurance company, writing both Ordinary and Industrial Branch business, it had re-positioned itself with a much broader range of activities, via a number of different subsidiaries. Some of these have since been exited as part of a more tightened focus. It stopped writing Industrial Branch business in 1999 and entered the intermediary market in 2000. The business of Teachers Provident Society Ltd was transferred into the Society, as part of the Heritage business, in June 2016, amounting to assets of around £750m.

LVFS's structure is as follows:

- The main fund (the LVFS Fund), which holds LVFS's business that sits outside the RNPFN Fund and the Teachers Assurance Fund
- The RNPFN Fund, a ring-fenced sub-fund within LVFS, which holds the remaining business transferred from the Royal National Pension Fund for Nurses on 31 December 2001
- The Teachers Assurance Fund, a ring-fenced sub-fund within LVFS, which holds the remaining with-profits business transferred from Teachers Provident Society Ltd on 1 June 2016

Senior Management Team

The board and Executive Leadership Team continue to provide stable leadership across the group.

David Hynam remains Chief Executive Officer, Stephen Percival remains Chief Financial Officer and Simon Moore remains Chair. The executive team combines significant experience across insurance, mutual organisations, savings, retirement and wider financial services sectors, supporting delivery of the group's strategic objectives.

In 2026, the COO role was split into the CTTO and CCO with Anita Fernqvist and Chloe Stuttard appointed in these roles respectively. Nimesh Mistry was also appointed as the Chief Audit Officer (CAO).



BUSINESS STRUCTURE & OPERATIONS

Governance and Risk

LV= continues to report against the AFM Corporate Governance Code, with the board confirming compliance during 2025 and reporting no significant findings that would indicate the governance framework is inadequate. The board remains supported by specialist committees covering audit, risk, investment, remuneration and with-profits matters, while the overall governance structure remained largely unchanged during the year. Governance arrangements continue to support effective oversight of strategy, financial performance, regulatory compliance and member outcomes.

The Three Lines of Defence model remains embedded across the business. Risk Management, Compliance, Actuarial and Internal Audit functions continue to operate independently with direct access to the board, supported by the board-approved Risk Mandate, Risk Strategy and Risk Operating Model. The board remains responsible for determining the level of risk the business is prepared to accept and ensuring that material risks are appropriately identified, assessed, monitored and controlled. LV= continues to operate an integrated Risk Management Framework (LV=RMF), overseen by the Chief Risk Officer (CRO), which incorporates the group's risk universe, risk appetite framework, governance processes and Own Risk and Solvency Assessment (ORSA). The framework remains closely aligned to business strategy and is designed to support both financial resilience and positive customer outcomes.

The operating environment remained challenging during 2025, with ongoing geopolitical tensions, inflationary pressures, regulatory development and periodic financial market volatility continuing to influence both consumer behaviour and the financial services sector. Against this backdrop, LV= maintained focus on a number of key risk priorities, including the embedding of Consumer Duty

requirements, operational resilience, cyber security, business transformation delivery and climate-related risks. Management also continued to monitor a range of emerging risks, notably developments in artificial intelligence, the increasing sophistication of cyber threats and the potential impact of future regulatory change.

The group's risk profile benefited from a number of management actions during the year, most notably the introduction of a mass lapse reinsurance arrangement covering key protection products. This transaction materially reduced exposure to lapse risk and lowered associated capital requirements, contributing to a stronger solvency position and improved capital resilience. Consequently, underwriting risk reduced as a proportion of overall capital requirements, resulting in a more balanced distribution between underwriting and market risks than in previous years. The group's solvency position remained robust throughout the period, with capital coverage maintained comfortably above board risk appetite.

Technology and Administration

LV= continues to develop its technology and operational infrastructure in support of service delivery, efficiency improvements and adviser engagement. During 2025, investment remained focused on enhancing digital capability, simplifying customer and adviser journeys and improving operational resilience, with technology development continuing to support the group's wider strategic objectives across Protection, Savings & Retirement and Heritage operations. The appointment of separate CTTO and CCO roles in early 2026 further demonstrates management's emphasis on both technological development and customer outcomes.

LV= has retained and grown its adviser servicing teams, including large case teams and a dedicated Business Protection Specialist team, which supports advisers managing high-value or complex clients. In response to adviser feedback, LV= has maintained case ownership for high-profile or sensitive cases, providing a single point of contact and improving continuity of service.

The adviser portal remains a key component of LV's support offer and has continued to see functional improvements in tools, calculators and support services. LV's digital footprint remains strong, with adviser and customer portals being developed to reflect modern digital expectations. For equity release, LV= previously deployed a fully digital system in 2020, and more recent digital enhancements have been focused on process refinement and platform connectivity.

SMF administration also continues to evolve. Phase three of a multi-year re-engineering programme launched in 2023, introducing a fund-supermarket trading platform environment for advisers to access the SMF range. Previous phases delivered improved new business automation and richer digital customer journeys, and ongoing refinements continued through 2025.

LV= maintains connectivity with a wide range of back-office systems and portals including IRESS, Intelliflo, iPipeline, Lifequote, Weblive, and others, supporting wide market accessibility and ease of business. Use of 'Systems Thinking' continues to underpin internal service improvement projects. LV= has been rolling out AI across the organisation. One recent successful use example has been utilising PolyAI as a virtual assistant and chatbot to support customer calls.

A pre-underwriting tool is available 24/7, allowing advisers to obtain decisions on applications without needing to contact an underwriter, including for multi-condition scenarios. LV= continues to evolve this tool to increase the number of accepted cases and reduce friction in the advice process.



STRATEGY

Product and Distribution Strategy

LV= operates through its Protection, Savings & Retirement and Heritage businesses, supported by a member-focused strategy aimed at helping customers achieve greater financial confidence. The group's diversified business model provides resilience across market cycles while supporting its long-term objective of generating sustainable value for members and maintaining strong financial strength.

The business continued to invest in technology, service enhancements and adviser support throughout 2025, helping maintain competitive positioning despite challenging conditions in annuity and protection markets. Overall sales remained resilient, supported by growth in protection, equity release and smoothed investment business. Continued development of LV= Platform Services has expanded adviser access to the SMF range, while broader investment in digital capabilities is intended to enhance customer and adviser experiences and improve operational efficiency.

LV= remains focused on its core investment, protection and retirement propositions, distributed primarily through financial advisers and supported by an increasingly digital service model. The SMF range remains central to the group's strategy and modern with-profits offering.

A notable product development during the period was the launch of the UK's first with-profits Fixed Term Annuity, allowing eligible policyholders to benefit from mutual bonuses alongside guaranteed benefits. The proposition is complemented by pensions, equity release, retirement advice and protection products, with ongoing investment through the protection modernisation programme expected to improve customer journeys, adviser experience and servicing efficiency. Established support services, including LV= Doctor Services, continue to form part of the wider customer proposition.

As a mutual organisation, LV= remains focused on delivering value to members, demonstrated by the allocation of £100m of member bonuses during 2025. Heritage policyholders continue to be supported through established governance arrangements, while the group's emphasis on long-term relationships with members, customers and intermediary partners remains a key feature of its market positioning and proposition.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2025

Assets

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Fixed interest	3,626	2,300	2,383
Equities	214	8	8
Collectives	2,883	4,001	3,908
Property	0	0	0
Linked	3,368	3,305	3,310
Derivatives	20	11	11
Loans and mortgages	882	823	837
Reinsurance recoverables	908	752	728
Cash	64	39	39
Other	326	253	258
Total Assets	12,289	11,492	11,484

Liabilities

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Technical provisions - non-life	0	0	0
Technical provisions - life	7,659	10,284	10,385
Other	681	498	500
Total Liabilities	11,502	10,782	10,885
Excess of assets over liabilities	787	709	598

Total assets remained broadly stable at £11.5bn at 31 December 2025 [2024: £11.5bn]. The asset mix remained diversified. Collective investments decreased marginally to £3.9bn [2024: £4.0bn], linked assets increased slightly to £3.3bn [2024: £3.3bn], whilst fixed interest holdings increased to £2.4bn [2024: £2.3bn]. Loans and mortgages increased to £837m [2024: £823m], whilst reinsurance recoverables reduced to £728m [2024: £752m].

Total liabilities increased to £10.9bn [2024: £10.8bn]. Life technical provisions increased to £10.4bn [2024: £10.3bn]. Excess assets over liabilities reduced to £598m [2024: £709m] but remained substantial.

Life Technical Provisions

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		4,485	4,767
Index-linked and unit-linked insurance		3,255	3,268
Life annuities		2,425	2,285
Non-life annuities		0	0
Other life insurance		251	143
Health insurance		(131)	(79)
Total life and health technical provisions		10,284	10,385

Life Expenses

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		34	27
Index-linked and unit-linked insurance		23	22
Life annuities		13	9
Non-life annuities		0	0
Other life insurance		114	112
Health insurance		39	49
Other expenses		0	12
Total life and health expenses		224	219

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

Technical provisions increased slightly to £10.4bn [2024: £10.3bn]. Insurance with-profit participation business increased to £4.8bn [2024: £4.5bn], whilst index-linked and unit-linked business increased marginally to £3.3bn [2024: £3.3bn]. Life annuity provisions reduced to £2.3bn [2024: £2.4bn].

Total life and health expenses reduced to £219m [2024: £224m], reflecting continued cost management and operational efficiency initiatives.

Solvency Capital Requirement (SCR)

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Market risk	662	247	217
Counterparty default risk	21	33	24
Life underwriting risk	182	221	163
Health underwriting risk	109	111	88
Non-life underwriting risk	0	0	0
Diversification	(199)	(164)	(128)
Intangible asset risk	0	0	0
Operational risk	38	31	27
Capital add-ons already set	0	0	0
Other items	(368)	0	(6)
Solvency capital requirement	487	479	386

Eligible Own Funds

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Tier 1 unrestricted	717	674	563
Tier 1 restricted	0	0	0
Tier 2	211	211	193
Tier 3	22	0	0
Eligible own funds to meet SCR	950	885	755
Excess of own funds over SCR	463	406	370
SCR coverage ratio (%)	195.0	185.0	195.9

The SCR reduced materially to £386m [2024: £479m]. Market risk reduced to £217m [2024: £247m] whilst life underwriting risk reduced to £163m [2024: £221m]. Eligible Own Funds reduced to £755m [2024: £885m]. However, the SCR coverage ratio improved to 196% [2024: 185%].

The decrease in SCR over the period is primarily driven by the introduction of mass lapse insurance on material protection product lines which reduced life underwriting risk and health underwriting risk by £58m and £23m respectively. Market risk fell by £28m due to a reduction in equity risk capital.

Gross Life Premiums Written By Line of Business

		Dec 24 £m	Dec 25 £m
Insurance with profit participation		115	365
Index-linked and unit-linked insurance		187	149
Life annuities		336	44
Non-life annuities		0	0
Other life insurance		225	243
Health insurance		84	86
Total gross life premiums written		947	886

Gross Life Premiums Written By Country

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Home country	965	947	886
Country 1	0	0	0
Country 2	0	0	0
Country 3	0	0	0
Country 4	0	0	0
Country 5	0	0	0
Other countries	0	0	0
Total gross life premiums written	965	947	886

Gross life premiums written reduced to £886m [2024: £947m]. With-profits premiums increased substantially to £365m [2024: £115m], reflecting strategic development of the proposition. Index-linked and unit-linked premiums reduced to £149m [2024: £187m] whilst life annuity premiums reduced significantly to £44m [2024: £336m]. Other life insurance premiums increased to £243m [2024: £225m] and health insurance premiums increased modestly to £86m [2024: £84m].

Profit

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Profit (loss) before taxation	107	51	(37)
Taxation	(22)	(32)	(49)
Profit (loss) after taxation	85	19	(86)
Other comprehensive income	(15)	(14)	11
Dividends	0	0	0
Retained profit (loss)	70	5	75

Life Business Flows

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Net life premiums written	667	640	576
Net life claims incurred	(1,393)	(1,447)	(1,335)
Net flow of business	(726)	(806)	(759)

LVFS reported a pre-tax loss of £37m in 2025 compared with a pre-tax profit of £51m in 2024. During 2025, LV= shared £100m of discretionary bonuses with eligible members in the form of a £20m mutual bonus and an £80m one-off bonus. Following taxation of £49m [2024: £32m], the company reported a loss after tax of £86m [2024: profit of £19m]. Other comprehensive income of £11m [2024: loss of £14m] partially mitigated the reduction in reserves. Consequently, the Fund for Future Appropriations (FFA) decreased by £75m to give a total FFA for the group at year-end of £460m [2024: £535m].

Net life premiums written reduced to £576m [2024: £640m]. Net life claims incurred reduced to £1,335m [2024: £1,447m]. The resulting net outflow improved to £759m [2024: £806m]. Net outflows primarily reflect the run-off characteristics of LV's mature legacy savings and retirement books, together with a highly competitive investment and pensions market. However, the group continues to generate new business growth in its strategic focus areas of protection, equity release and smoothed investments. The stability of overall new business volumes, alongside improved market shares in protection and equity release, suggests that outflow pressures are largely structural rather than indicative of deteriorating financial strength.

Company Analysis: Liverpool Victoria Life Company Ltd



BASIC INFORMATION

Company and Group Background

LVLC is a wholly owned subsidiary of Liverpool Victoria Financial Services Ltd (LVFS). The company is closed to new business and primarily manages the run-off of the UIA life insurance portfolio acquired in 2005. It also acts as reinsurer for a small portfolio of protection business comprising term assurance and critical illness contracts.

At 31 December 2025, the number of UIA policies in force reduced to 623 [2024: 659], reflecting the continued run-off of the portfolio.

Senior Management Team

See LVFS.



BUSINESS STRUCTURE & OPERATIONS

Governance and Risk

See LVFS

Technology and Administration

See LVFS



STRATEGY

Product and Distribution Strategy

LVLC remains closed to new business.

The company's principal objective continues to be the efficient management of the run-off of the remaining UIA life insurance portfolio acquired in 2005, alongside management of a small protection reinsurance portfolio.

The business remains focused on policyholder servicing, prudent capital management and operational efficiency as liabilities continue to reduce over time.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2025

Assets

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Fixed interest	10.0	8.3	7.6
Equities	0.0	0.0	0.0
Collectives	4.7	7.0	4.6
Property	0.0	0.0	0.0
Linked	0.0	0.0	0.0
Derivatives	0.0	0.0	0.0
Loans and mortgages	0.0	0.0	0.0
Reinsurance recoverables	0.0	0.0	0.0
Cash	0.7	0.4	1.2
Other	1.4	0.5	0.4
Total Assets	16.8	16.1	13.8

Liabilities

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Technical provisions - non-life	0.0	0.0	0.0
Technical provisions - life	8.8	8.0	7.7
Other	0.4	0.1	0.1
Total Liabilities	9.2	8.1	7.8
Excess of assets over liabilities	7.5	8.0	6.0

Total assets reduced to £13.8m at 31 December 2025 [2024: £16.1m]. The reduction was primarily driven by the £2.4m dividend paid to LVFS during the year. The investment portfolio reduced to £12.2m [2024: £15.2m]. Fixed interest holdings fell to £7.6m [2024: £8.3m] whilst collective investment holdings reduced to £4.6m [2024: £7.0m]. Cash balances increased to £1.2m [2024: £0.4m].

Technical provisions reduced to £7.7m [2024: £8.0m] as the closed book continued to run off. Total liabilities reduced to £7.8m [2024: £8.1m]. Excess assets over liabilities declined to £6.0m [2024: £8.0m].

Life Technical Provisions

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		0	0
Index-linked and unit-linked insurance		0	0
Life annuities		0	0
Non-life annuities		0	0
Other life insurance		8	8
Health insurance		0	0
Total life and health technical provisions		8	8

Life Expenses

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		0	0
Index-linked and unit-linked insurance		0	0
Life annuities		0	0
Non-life annuities		0	0
Other life insurance		0	0
Health insurance		0	0
Other expenses		0	0
Total life and health expenses		0	0

Virtually all technical provisions continue to relate to Other Life Insurance business associated with the remaining UIA portfolio. Technical provisions reduced to £7.7m [2024: £8.0m] during 2025 as the business continued its expected long-term run-off

Solvency Capital Requirement (SCR)

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Market risk	0.2	0.2	0.2
Counterparty default risk	0.0	0.1	0.1
Life underwriting risk	0.1	0.1	0.1
Health underwriting risk	0.0	0.0	0.0
Non-life underwriting risk	0.0	0.0	0.0
Diversification	(0.1)	(0.1)	(0.1)
Intangible asset risk	0.0	0.0	0.0
Operational risk	0.0	0.0	0.0
Capital add-ons already set	0.0	0.0	0.0
Other items	0.0	0.0	0.0
Solvency capital requirement	0.3	0.3	0.3

Eligible Own Funds

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Tier 1 unrestricted	7.1	5.1	5.6
Tier 1 restricted	0.0	0.0	0.0
Tier 2	0.0	0.0	0.0
Tier 3	0.0	0.1	0.0
Eligible own funds to meet SCR	7.1	5.2	5.7
Excess of own funds over SCR	6.8	4.9	5.4
SCR coverage ratio (%)	2,348.4	1,564.8	1,966.4

The SCR reduced to £289k [2024: £332k], whilst EOF increased to £5.7m [2024: £5.2m]. The resulting SCR coverage ratio increased significantly to 1,966% [2024: 1,565%].

Gross Life Premiums Written By Line of Business

	Dec 23 £ 000's	Dec 24 £ 000's	Dec 25 £ 000's
Insurance with profit participation		0	0
Index-linked and unit-linked insurance		0	0
Life annuities		0	0
Non-life annuities		0	0
Other life insurance		42	36
Health insurance		333	324
Total gross life premiums written		375	360

Gross Life Premiums Written By Country

	Dec 23 £ 000's	Dec 24 £ 000's	Dec 25 £ 000's
Home country	403	375	360
Country 1	0	0	0
Country 2	0	0	0
Country 3	0	0	0
Country 4	0	0	0
Country 5	0	0	0
Other countries	0	0	0
Total gross life premiums written	403	375	360

Gross life premiums written reduced to £360k [2024: £375k]. Other life insurance premiums reduced to £36k [2024: £42k], reflecting continued run-off of the UIA portfolio. Health reinsurance premiums reduced modestly to £324k [2024: £333k] and continued to represent the majority of premium income.

Profit

	Dec 23 £ 000's	Dec 24 £ 000's	Dec 25 £ 000's
Profit (loss) before taxation	285	444	483
Taxation	(172)	15	(122)
Profit (loss) after taxation	113	459	361
Other comprehensive income	0	0	0
Dividends	0	0	0
Retained profit (loss)	113	459	361

Life Business Flows

	Dec 23 £ 000's	Dec 24 £ 000's	Dec 25 £ 000's
Net life premiums written	403	375	360
Net life claims incurred	(889)	(732)	(716)
Net flow of business	(486)	(357)	(356)

Profit before taxation increased to £483k [2024: £444k]. Investment income reduced to £311k [2024: £351k], although unrealised gains of £318k replaced the unrealised losses recorded in the prior year. Following a deferred tax charge of £122k [2024: tax credit of £15k], profit after tax reduced to £361k [2024: £459k].

Net premiums reduced modestly to £360k [2024: £375k] whilst claims incurred reduced to £716k [2024: £733k]. The resulting net outflow remained broadly stable at £356k [2024: £358k], reflecting the predictable run-off characteristics of the portfolio.

Guide



INTRODUCTION

For over 30 years, AKG has assessed the financial strength of financial services firms from the perspective of financial advisers and their clients. Assessments focus on the operational entity responsible for delivering the relevant product or service, reflecting the requirement for that company to remain viable in order to meet customers' fairly held expectations.

Assessments are undertaken on a sector basis, comparing companies within relevant peer groups to support adviser selection between competing propositions. AKG's approach is underpinned by a balanced scorecard of financial, operational and strategic measures, drawing on public information and, where applicable, direct company engagement.

This is a participatory assessment.



RATING DEFINITIONS

Overall Financial Strength Rating

The Overall Financial Strength Rating provides an indication of a company's ability to deliver sustained operational provision of its products or services, assessed from the perspective of financial advisers and their clients. The rating reflects the company's business mix and relative position within its sector, taking into account relevant financial, operational, management and strategic factors, including parental strength and the likely attitude towards supporting the company.

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

Supporting Ratings

The Service Rating assesses the quality of service provided by the organisation to the intermediary market, taking into account service performance, external and internal benchmarking, investment in service capability and feedback from intermediaries.

The Image & Strategy Rating assesses how effectively the organisation positions and distributes its products, and the extent to which its strategy is coherent, sustainable and aligned with its operating environment and target markets.

The Business Performance Rating assesses how the organisation has performed relative to sector peers, based on recent financial and operational outcomes, market positioning and relevant external developments.

All ratings utilise the following scale:

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

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