

LV Protection Limited

Solvency and Financial Condition Report

For the year ended 31 December 2025

Summary

The purpose of the Solvency and Financial Condition Report (SFCR) is to provide information required by the Solvency II regulatory framework, in particular the capital position at 31 December 2025 of LV Protection Limited (LVPL). This report sets out different aspects of the Company's business and performance, system of governance, risk profile and valuation methods used for solvency purposes and its capital management practices.

Basis of preparation of the SFCR

The LVPL SFCR has been prepared on a Standard Formula basis. The calculation of the technical provisions is based on up-to-date and credible information and realistic assumptions as at 31 December 2025.

Business and Performance

LVPL's main purpose during the year was to underwrite unemployment insurance as part of a combined policy by Liverpool Victoria Financial Services Limited (LVFS). The company was closed to new business in 2017 and continues to service existing policyholders.

LVPL reported a UK GAAP profit for the year of £178k (2024: £103k). An interim dividend of £1,100k was declared and paid to the parent company, Liverpool Victoria Financial Services Limited (LVFS) in June 2025 (2024: £nil).

Section A of this report sets out further details about LVPL's business structure, key operations, market position and financial performance over the reporting period, split by underwriting performance and investment performance.

System of Governance

Changes of Directors during 2025 were as follows:

M R Hanscomb - resigned 31 December 2025
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J M Robert was appointed to the Board on 1 January 2026. Apart from the director changes, the governance of LVPL remained stable and is described in Section B of the LV= Group SFCR.

Section B of this report describes the system of governance in place throughout LVPL by which its operations are overseen, directed, managed and controlled.

Risk profile

LVPL only contains one product which provides short-term payments to cover the risk of the policyholder being made involuntarily unemployed. The entity only contains business written since 1 January 2015 and was closed to new business in 2017.

The main areas of risk exposure are underwriting risk and market risk. Other risks contributing to the SCR are credit counterparty risk and operational risk.

Section C of this report further describes the risks to which LVPL is exposed and how it identifies, measures, manages and monitors these risks, including any changes in the year to LVPL's risk exposures and specific risk mitigation actions taken.

Valuation for Solvency purposes

Assets, technical provisions and other liabilities are valued in LVPL's Solvency II Balance Sheet according to the Solvency II regulations. Assets and liabilities are valued at an amount for which they could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's-length transaction. Technical Provisions have been calculated as the sum of the Best Estimate Liabilities (BEL) and Risk Margin. The Transitional Measure on Technical Provisions is not used in LVPL. There have been no material changes in the valuation methods of LVPL during the year.

At 31 December 2025, LVPL's excess of assets over liabilities was £3,732k (2024: £4,677k) on a Solvency II regulatory basis. The reduction reflects the £1,100k dividend paid to LVFS during the year.

Section D of this report provides further description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset/liability class. In addition, it also provides an explanation of the material differences between the UK GAAP and Solvency II bases of valuation.

Capital Management

LVPL manages Own Funds in line with solvency capital requirements. In the calculation of the Solvency Capital Requirement (SCR) LVPL uses a Standard Formula approach. The approach to calculating the SCR and Minimum Capital Requirement (MCR) is in accordance with the relevant regulations, PRA Rulebook and associated guidance.

At 31 December 2025, the Eligible Own Funds to meet the SCR were £3,732k (2024: £3,577k), while the SCR was £236k (2024: £302k) and the MCR was £2,400k (2024: £2,400k).

Section E of this report further describes the objectives, policies and procedures employed by LVPL for managing its Own Funds. The section also covers information on structure and quality of Own Funds and calculation of SCR.

The key capital management policies and objectives for LVPL are set at Group level and are consistent across all entities. For further information on these please see section E.1a and E.1b of the LV= Group SFCR.

Directors' approval statement

Financial year ended 31 December 2025

We certify that:

- a) The Solvency and Financial Condition Report has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and
- b) We are satisfied that:
 - i. throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Company; and
 - ii. it is reasonable to believe that, at the date of the publication of the Solvency and Financial Condition Report, the Company has continued so to comply and will continue so to comply in future.

The Solvency and Financial Condition Report was approved by the Board of Directors on 09 April 2026 and signed on its behalf by:



.....
Stephen Percival
Director

09 April 2026

LV Protection Limited
County Gates
Bournemouth
BH1 2NF

A. Business and Performance (LVPL)

A.1 Business

a) Name and legal form of undertaking

LV Protection Limited (LVPL) is a UK-incorporated and domiciled company limited by shares.

For the contact details of LVPL please see part a) in chapter A.1 of the LV= Group SFCR.

b) Name and contact details of the supervisory authority responsible for financial supervision.

Firm's reference number: 611223

The Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) are responsible for the financial supervision of the Company.

For the contact details of the PRA and the FCA please see part b) in chapter A.1 of the LV= Group SFCR.

c) Name and contact details of the external auditor

The Company has taken the exemption to not have an audit opinion on its SFCR.

d) Description of the holders of qualifying holdings in the undertaking

LVPL is a wholly owned subsidiary of LVFS. As LVFS is a mutual organisation, there are no external qualifying holdings within the meaning of the Solvency II regulations.

e) Details of the undertakings within the group

For an explanation of the undertaking's position within the group please see part e) in chapter A.1 of the LV= Group SFCR.

f) Material lines of business and material geographic areas.

LVPL underwrites non-life insurance contracts within the UK.

LVPL's main purpose is to underwrite unemployment insurance as part of a combined policy offered by LVFS.

As such the following Solvency II non-life lines of business have been written:

- Miscellaneous financial loss insurance

The Company closed to new business sales in 2017 and continues to service existing policyholders.

g) Significant business or other events occurring during the reporting period that have a material impact on the undertaking.

An interim dividend of £1,100k was declared and paid to the parent company, LVFS in June 2025 (2024: £nil). For Solvency II purposes, the dividend was reported as a foreseeable dividend at 31 December 2024, reducing Eligible Own Funds accordingly.

During 2025, a series of ordinary and special resolutions were approved by the Board in order to convert the £4m capital reserve to distributable reserves.

There were no other significant business or other events occurring during the reporting period that have a material impact on the undertaking.

A.2 Underwriting performance

All business is underwritten in the UK.

The following table provides further information on the income and expenses during the current and prior reporting periods:

	2025	2024
	£000	£000
Earned premiums, net of reinsurance	93	104
Claims incurred, net of reinsurance	(45)	(120)
Expenses credit/(incurred) (excluding investment management expenses)	8	(91)
Net total	56	(107)

The income and expenses in the above table are recognised on a UK GAAP basis but have been aligned to QRT IR.05.04. Therefore, claims management expenses are moved from net claims incurred to expenses incurred. Investment management expenses are removed from expenses incurred and included within investment performance.

Overall, the net total has increased by £163k from 2024 to 2025. This increase is driven by a decrease in claims, together with a one-off cost to expenses due to a correction to acquisition commission clawed-back for cancelled policies in 2024. The small credit reported in 2025 is more normal and represents the cost allocation offset by the in-year clawback.

A.3 Investment performance

The following table summarises the income and expenses with respect to investment activities for the current and prior reporting periods:

LVPL	2025 £000	2024 £000
Income from investments at FVTPL		
- Dividend income	181	240
Total Investment Performance	181	240

LVPL maintains an OEIC (Institutional Sterling Liquid Fund) with Blackrock of £3,756k (2024 £4,679k). All investment income received relates to dividends paid by the OEIC.

A.4 Performance of other activities

Income tax

LVPL	2025 £000	2024 £000
Income tax expense	59	29
	59	29

A.5 Any other information

There is no additional information to disclose for section A.

B. System of Governance (LVPL)

The system of governance for LVPL is aligned to the approach applied across the LV= Group. Therefore, please refer to Section B of the LV= Group SFCR.

The Directors of LVPL during the year were as follows:

D E Hynam
S K Percival
M R Hanscomb – resigned 31 December 2025

J M Robert was appointed to the Board on 1 January 2026.

C. Risk Profile (LVPL)

C.1 Overview

C.1.1 Overview of risk exposures

LVPL contains only one product which provides short-term payments to cover the risk of the policyholder being made involuntarily unemployed. The entity only contains business written since 1 January 2015 and was closed to new business in 2017.

The main areas of risk exposure are underwriting risk and market risk. Other risks contributing to the SCR are credit counterparty and operational risks, which are covered in more detail in the sections below. In addition, the contribution of these risks to the overall Solvency Capital Requirement (SCR) for LVPL is shown below. However, at 31 December 2025, the SCR falls below the Absolute Minimum Capital Requirement (AMCR) that LVPL is required to hold. This has been the case for some time, and it is expected that this position is likely to continue going forward. The AMCR at 31 December 2025 was £2,400k (2024: £2,400k).

The amount of SCR illustrated below for LVPL is £236k (2024: £302k)

Post Diversification Risk Capital, for the year ended 31 December	2025	2024	Change
Underwriting risk	82%	68%	14%
Market risk	12%	29%	(17)%
Credit counterparty risk	4%	2%	2%
Operational risk	2%	1%	1%
Total	100%	100%	

There has been a small decrease in market risk over 2025, principally caused by a reduction in concentration risk. This reduction in concentration risk has been caused by a decrease in the holdings in any one entity and also through an improvement in data quality.

C.1.2 Measurement of risk exposures

A group wide approach is taken in measuring risk exposures. This is described within the LV= Group SFCR in section C.1.2.

C.1.3 Prudent person principle

A common investment framework is employed across the LVFS Group and its subsidiaries. This is set out within the LV= Group SFCR in section C.1.3.

C.1.4 Risk concentration

There are no material concentrations of risk within LVPL. As a result, the SCR at 31 December 2025 falls below the AMCR.

C.1.5 Risk mitigation techniques

While there is only one product written in LVPL, risk is mitigated through the use of reinsurance as described in section C.2 and the volume of business is small.

C.2 Underwriting risk

C.2.1 Underwriting Risk Exposure

LVPL is exposed to the following underwriting risks:

- Premium and Reserve risk – This is caused by uncertainty in the frequency, severity and timing of claims.
- Catastrophe risk - This could arise from an incidence of mass unemployment.
- Lapse risk – This is caused by lapse experience being different than anticipated.

SCR split of underwriting risk, for the year ended 31 December	2025	2024	Change
Premium and Reserve risk	87%	87%	0%
Catastrophe risk	10%	10%	0%
Lapse risk	3%	3%	0%
Total	100%	100%	

Reinsurance is used as a risk mitigating technique to transfer unemployment risk outside of LVPL and the LVFS Group. A common approach to monitoring the effectiveness of reinsurance is employed across the LVFS Group and its subsidiaries. This is set out within the LV= Group SFCR in section C.2.3.

C.2.2 Material changes over the reporting period

There has been a small reduction in underwriting risk over 2025.

C.3 Market risk

C.3.1 Market Risk Exposure

LVPL is exposed to the following market risks:

- Concentration risk – the risk arising from a large exposure to various counterparties across different forms. It includes the build-up of risk exposure to any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole.
- Spread risk – risk arising due to change in credit spreads.
- Interest rate risk – this is present under all lines of business as the best estimate liabilities are calculated by discounting future cashflows.

SCR split of market risk, for the year ended 31 December	2025	2024	Change
Concentration risk	51%	82%	(31)%
Spread risk	32%	10%	22%
Interest rate risk	17%	8%	9%
Total	100%	100%	

Market risk is managed at the Group level and the specific risk exposures are described further in section C.3.1 of the LV= Group SFCR.

C.3.2 Material changes over the reporting period

Although there has been a change in the contribution of each individual risk to the total, there has only been a small non-material drop in the overall level of market risk during 2025, principally caused by a reduction in concentration risk.

C.4 Credit Counterparty Risk

C.4.1 Credit Counterparty Risk Exposure

LVPL is exposed to the default of counterparties of investments, where money owed to LVPL cannot be recovered.

Credit Counterparty Risk concentrations are monitored across the Group, aggregating similar risks that arise in distinct Group entities where necessary, to ensure that unexpected sensitivities to risks are not allowed to build up.

Credit Counterparty risk is described further in section C.4 of the LV= Group SFCR.

C.4.2 Material changes over the reporting period

There have been no material changes in the level of credit counterparty risk during 2025.

C.5 Other material risks

Liquidity, Operational and other risks are managed at a Group level and are described further in sections C.5, C.6 and C.7 of the LV= Group SFCR.

C.6 Sensitivities

No stress and scenario testing is conducted for LVPL because of the limited risk exposures within the Company. In addition, the absolute minimum capital requirement applies and is expected to continue to apply going forward.

D. Valuation for Solvency Purposes (LVPL)

D.1 Assets

For Solvency II valuation purposes, assets and other liabilities are valued consistently with UK GAAP provided that UK GAAP valuation methods are consistent with the Valuation section of the PRA Rulebook. Asset and liability values represent the fair value amount for which they could be exchanged between knowledgeable and willing parties in an arm's-length transaction.

The following table reconciles UK GAAP assets and liabilities for LVPL as reported in the 2025 LVPL financial statements, to amounts reported in the Solvency II balance sheet as at 31 December 2025. The UK GAAP figures are presented in the Solvency II balance sheet format where possible and therefore do not directly correspond to the line items in the 2025 financial statements. Differences between the UK GAAP and Solvency II balance sheets have been categorised as presentational or valuation adjustments.

Reconciliation of UK GAAP and Solvency II valuation		2025				2024
		UK GAAP	Presentational Adjustments	Solvency II valuation adjustment	Solvency II	Solvency II
	Note	£000	£000	£000	£000	£000
Assets						
Investments (other than assets held for index-linked and unit-linked contracts)	D.1(1)	3,756	-	-	3,756	4,679
Reinsurance recoverables	D.1(2)	165	(158)	28	35	29
Insurance and intermediaries receivables	D.1(3)	519	-	(519)	-	-
Receivables (trade, not insurance)	#	7	-	-	7	10
Cash and cash equivalents	#	10	-	-	10	10
Total assets		4,457	(158)	(491)	3,808	4,728
Liabilities						
Technical provisions	D.2	534	-	(521)	13	14
Reinsurance payables	D.3(1)	158	(158)	-	-	-
Payables (trade, not insurance)	D.3(2)	63	(59)	-	4	4
Any other liabilities, not elsewhere shown	#	-	59	-	59	33
Total liabilities		755	(158)	(521)	76	51
Share capital and Reconciliation reserve/ SII Surplus funds		3,702	-	30	3,732	4,677
Total Liabilities plus FFA/SII Surplus funds		4,457	(158)	(491)	3,808	4,728

#= Disclosure note not provided as Solvency II value equal to UK GAAP or the amounts are immaterial.

Supporting Notes

1. Investments

All financial investments, primarily consisting of Collective Investment Undertakings are measured at fair value for both Solvency II and UK GAAP purposes. Fair value is obtained from quoted market prices or, if they are not available, by using relevant valuation techniques. Further information on financial investments valued using an alternative method to either a quoted market price in active markets for the same or similar assets is included in section D.4. An active market follows the UK GAAP definition, where an active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

2. Reinsurance recoverables

The undertaking cedes insurance risk in the normal course of business. Reinsurance assets represent balances recoverable from reinsurance companies.

For Solvency II valuation purposes, reinsurance recoverables are valued using the cash-flow projection method and in a consistent manner with the calculation of the best estimate liabilities (see D.2 Technical provisions).

In calculating reinsurance recoverables under Solvency II, adjustments are made for the time difference between recoveries and direct payments and also for expected losses due to the default of a counterparty. The adjustment is based on an assessment of the probability of default of the counterparty and the average loss resulting therefrom (loss-given-default).

Under UK GAAP, recoverable amounts are estimated in a manner consistent with the outstanding claims provision. Reinsurance premiums are recognised in the same period as the underlying contract that they relate to.

The UK GAAP valuation also includes the reinsurers' share of the predicted future claims relating to the provision for unearned premiums. This is classified as a presentational adjustment as the overall impact on UK GAAP surplus is £nil, with the equal and opposite reinsurers' share of the provision for unearned premiums reported in reinsurance recoverables.

	£000
Reinsurers' share of the predicted future claims relating to the provision for unearned premiums	158
Reinsurers' share of claims liabilities	7
Reinsurers share of technical provisions – UK GAAP	165
Reinsurers' share of provision for unearned premiums reported in reinsurance payables	(158)
Best estimate liability adjustments	28
Total reinsurance recoverables - Solvency II valuation	35

3. Insurance and intermediaries receivables

For Solvency II valuation purposes, any future premiums (included in insurance receivables) which fall due after the valuation date and any premium debts (included within intermediaries receivables), are subject to best estimate liability calculation of technical provisions (see D.2 Technical Provisions).

Under UK GAAP, insurance and intermediaries receivables are recognised when due and include amounts due from policy holders, agents, brokers and intermediaries. Insurance and intermediaries receivables are initially recognised at fair value and then subsequently held at amortised cost. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the Statement of Comprehensive Income.

Insurance and intermediaries receivables	£000
Due from policyholders	519
Debtors arising out of direct insurance operations – UK GAAP	519
Best estimate liability adjustments	(519)
Total Insurance and intermediaries receivables - Solvency II valuation	-

D.2 Technical provisions

D.2.1 Technical provisions by line of business

The following table sets out the LVPL technical provisions split by Solvency II lines of business as at 31 December 2025.

Line of Business	31 December 2025 - £000		
	Best Estimate Liability (BEL)	Risk Margin (RM)	Total Solvency II Technical Provisions
Other Non-Life	(22)	35	13
Total Non-Life insurance obligations	(22)	35	13

D.2.2 Technical Provisions methodology and assumptions

A description of the bases, methods and assumptions used for valuation of the technical provisions is set out below.

Technical Provisions have been calculated as the sum of the Best Estimate Liabilities (BEL) and Risk Margin. The Transitional Measure on Technical Provisions is not used in LVPL.

BEL

The BEL is the probability weighted average of future cashflows required to fulfil obligations to policyholders under existing contracts taking account of the time value of money using the relevant risk-free interest rate term structure. The cash flows are projected gross, without deduction of the amounts recoverable from reinsurance contracts. Recoverables from reinsurance are calculated separately and are included as an asset on the balance sheet.

The BEL for LVPL is negative and reflects that the business written is profitable with the expected future income being larger than the expected future outgo.

Risk Margin

The Risk Margin is calculated by projecting the run-off of the pre-diversified SCR for each non-hedgeable risk, applying a correlation matrix to derive the projected run-off of the aggregate SCR, applying a cost of capital to this and discounting the costs back to the valuation date.

Discount Rates

The basic risk-free interest rate structure was used, as published by the regulator.

No transitional adjustment, Matching Adjustment or Volatility Adjustment was applied to the discount rate.

Inflation

The assumed inflation measure was the Retail Price Index (RPI). A single assumption for future inflation was derived using information published by the Bank of England. The inflation assumption only applies to premiums and benefits on index-linked policies.

Mortality

An insured population table is used to reflect the mortality risk within LVPL.

Persistency

Persistency assumptions cover level and index-linked business with allowances for different commission clawback periods.

Expenses

The expense assumption is set in accordance with the fixed cost agreement between LVPL and LVFS.

D.2.3 Uncertainty within the Technical Provisions

The calculation of the Technical Provisions is based on data, assumptions and models, which may not reflect actual future experience. In addition, some simplifications are used where appropriate. As such a level of uncertainty is associated with these results.

D.2.4 Comparison of Solvency II and UK GAAP technical provisions

The table below shows the difference between the technical provisions under Solvency II and UK GAAP.

Technical Provisions	31 December 2025 - £000		
	Solvency II Value	UK GAAP Value	Difference
Other Non-Life	13	534	(521)
Total Non-Life insurance obligations	13	534	(521)

As at 31 December 2025, the main difference between the technical provisions shown on a UK GAAP basis and those on a Solvency II basis is due to different calculation methodologies. The Solvency II technical provisions are made up of BEL and Risk Margin using a cash-flow projection approach, while the UK GAAP technical provisions also contain an add-on for an unearned premium reserve.

D.3 Other liabilities

The 2025 UK GAAP to Solvency II balance sheet reconciliation is presented in section D.1, including a categorisation of the presentational and valuation adjustments required to align the UK GAAP balance sheet to the prescribed format of the Solvency II balance sheet. An explanation of the adjustments is set out below:

Supporting Notes

1. Reinsurance payables

For Solvency II valuation purposes, reinsurance payables are valued consistently with UK GAAP but are reclassified to technical provisions.

Under UK GAAP, reinsurance payables are recognised when due. Reinsurance payables are initially recognised at fair value and subsequently held at amortised cost. The balance represents the reinsurers' share of the provision for unearned premiums. This is classified as a presentational adjustment as the overall impact on UK GAAP surplus is £nil, with the equal and opposite reinsurers' share of the predicted future claims relating to the provision for unearned premiums reported in reinsurance recoverables.

Reinsurance payables	£000
Reinsurers' share of provision for unearned premiums	158
Creditors arising out of reinsurance operations – UK GAAP	158
Reinsurers' share of the predicted future claims relating to the provision for unearned premiums reported in reinsurance recoverables	(158)
Total Reinsurance payables - Solvency II valuation	-

The maturity profile of the liability recognised in the financial statements is summarised in the following table:

	Within 1 year	1 - 3 years	3 - 5 years	Over 5 years	£000
Creditors arising out of reinsurance operations	34	52	38	34	158

2. Payables (trade, not insurance)

For Solvency II valuation purposes, payables (trade, not insurance) are valued consistently with UK GAAP.

Under UK GAAP, trade payables are recognised when due. Payables are initially recognised at fair value and subsequently held at amortised cost.

	£000
Other creditors including taxation and social security – UK GAAP	63
Reclassify current tax liability to Any other liabilities, not elsewhere shown	(59)
Payables (trade, not insurance) - Solvency II valuation	4

D.4 Alternative methods for valuation

There are no material assets for LVPL that use alternative valuation methods. The following material liabilities have been valued using alternative valuation methods in accordance with the Valuation section of the PRA Rulebook:

- Best Estimate Liability and Risk Margin of £13k; this has been valued under Solvency II methodologies and further information can be found earlier in this report.

D.5 Any other material information

All relevant information is provided in the sections above and as such, no further information is disclosed here.

E. Capital Management (LVPL)

E.1 Own funds

The key capital management policies and objectives for LVPL are set at Group level and are consistent across all entities. The approach to measuring and monitoring capital for LVPL is defined and actioned at Group level. In addition, the Group backs all the underlying entities and has in place mechanisms to support these capital positions if necessary.

For further information on these please see section E.1a and E.1b of the LV= Group SFCR.

The following table details the structure, amount and quality of basic own funds.

	Tier 1	Tier 2	Tier 3	Total
	£000	£000	£000	£000
Ordinary share capital	1,000	-	-	1,000
Reconciliation reserve	2,732	-	-	2,732
Total Basic Own Funds	3,732	-	-	3,732
Total available Own Funds to meet the SCR	3,732	-	-	3,732
Total available Own Funds to meet the MCR	3,732	-	-	3,732

The following tables detail the eligibility of own funds to meet the SCR and MCR.

Total available Own Funds to meet the SCR	3,732	-	-	3,732
Capital restrictions	-	-	-	-
Total eligible Own Funds to meet the SCR	3,732	-	-	3,732

Total available Own Funds to meet the MCR	3,732	-	-	3,732
Capital restrictions	-	-	-	-
Total eligible Own Funds to meet the MCR	3,732	-	-	3,732

The basic Own Funds structure for LVPL is a combination of ordinary share capital and the reconciliation reserve which are both classified as Tier 1.

Changes in Own Funds during the reporting period

There have been no distributions made to shareholders during the reporting period.

	LVPL		
	1 January 2025 £000	Movement £000	31 December 2025 £000
Eligible own funds			
Tier 1 capital	3,577	155	3,732
Total capital	3,577	155	3,732
Made up of:			
Equity shares	1,000	-	1,000
Reconciliation reserve / surplus	2,577	155	2,732
Total capital	3,577	155	3,732
Total eligible own funds to meet SCR	3,577	155	3,732

Tier 1 capital includes movements in excess of assets over liabilities.

Ancillary own funds

At 31 December 2025 there were no ancillary own funds.

Deductions from own funds

At 31 December 2025 there were no deductions from own funds (2024: £1,100k)

Explanation of the key elements of the reconciliation reserve

Reconciliation reserve	£000
Capital reserve	-
Retained profit on a Solvency II basis	2,732
Total	2,732

Material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for Solvency II purposes

The following table provides a reconciliation of equity under UK GAAP to Solvency II excess of assets over liabilities.

	At 31 December 2025	
	£000	£000
Analysis of Equity – UK GAAP		
Ordinary shares, allotted and fully paid	1,000	
Capital reserves	-	
Retained profits	2,702	
Total Equity – UK GAAP		3,702
Solvency II Adjustments (excluding reclassifications)		
<u>Assets</u>		
- Increase in valuation of reinsurance recoverable (Section D.1 note 2)	28	
- Decrease in valuation of insurance and intermediaries recoverable (Section D.1 note 3)	(519)	(491)
<u>Technical provisions</u>		
- Decrease in valuation of technical provisions (Section D.2.3)		521
Total Equity - Solvency II basis		3,732
Total own funds - Solvency II basis		3,732
Excess of Assets over Liabilities - Solvency II basis		
Total Assets		3,808
Total Technical Provisions		(13)
Total Other Liabilities		(63)
Excess of Assets over Liabilities - Solvency II basis		3,732

Differences in the asset and liability valuation methodology used for Solvency II purposes and that used under UK GAAP, are set out in Section D.

Own-fund item that is subject to the transitional arrangements

LVPL has no Own Fund items subject to transitional measures.

E.2 SCR and MCR

E.2.1 SCR and MCR

The following table shows the amount of the SCR and MCR for LVPL:

£000	2025	2024
Solvency Capital Requirement (SCR)	236	302
Minimum Capital Requirement (MCR)	2,400	2,400

There has been a reduction in the SCR during 2025, principally attributable to a reduction in concentration risk over the reporting period.

E.2.2 SCR split by risk

The following table summarises the risk modules which contribute to the Solvency Capital Requirement for LVPL applicable under the Standard Formula as at 31 December 2025:

Category	Specific Risk	Post Diversified Capital Requirement
Credit Counterparty Risk		9
	Interest	5
	Spread	9
	Concentration	15
Market Risk		29
	Premium and Reserve	168
	Lapse	5
	Catastrophe	21
Non-Life Underwriting Risk		194
Liquidity Risk		0
Operational Risk		4
SCR		236

E.2.3 Basis of calculation

LVPL uses a Standard Formula basis to calculate the SCR. The approach to calculating the SCR and MCR is in accordance with the relevant regulations, PRA Rulebook and associated guidance. LVPL is not using any material simplifications or undertaking specific parameters in the calculation of the SCR and does not have any regulatory capital add-ons.

E.3 Use of a duration-based equity risk sub-module

LVPL has not applied the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Differences between Standard Formula and any Internal Model used

This does not apply as LVPL does not use an Internal Model to calculate its SCR.

E.5 Non-compliance with the MCR and the SCR

LVPL has maintained Own Funds in excess of the MCR (and hence the SCR) throughout the reporting period.

E.6 Any other material information

There is no additional material information regarding capital management to disclose in this section.