MetLife

MetLife UK Limited

Solvency UK

Solvency and Financial Condition Report
For the year ended 31 December 2024

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MetLife

Executive summary

Background

MetLife UK Limited (the Undertaking) is a limited company registered in England and Wales and incorporated in the United Kingdom (UK). The principal activity of the Undertaking is to carry on contracts of long-term insurance under classes of business I and III, as defined in Part II of Schedule 1 to the Regulated Activities Order.

The Undertaking's immediate parent company is MetLife Global Holding Company II GmbH (Swiss II), a company incorporated in Switzerland, and its ultimate parent company is MetLife Inc.

The Undertaking is a proprietary insurance company domiciled in the UK. The Undertaking was incorporated on 21 March 2022. The Undertaking received regulatory authorisation as an insurance company on 17 October 2023, with authorisation effective from 1 January 2024. The Undertaking was established to accept and service transferring business from MetLife Europe d.a.c. (an Irish entity) UK branch. The transferring business consisted of a portfolio of Variable Annuity (VA) and individualised Constant Proportion Portfolio Insurance (iCPPI) policies.

MetLife Europe d.a.c. had operated a UK wealth management business (UK WM) from a UK branch under the EU Freedom of Establishment regime which meant that MetLife Europe d.a.c. could sell and administer products directly to UK policyholders without having a Prudential Regulation Authority (PRA) authorised branch or subsidiary in the UK. After Brexit, the EU Freedom of Establishment regime ceased to apply between Ireland and the UK, but the UK's Temporary Permissions Regime allowed for the continued administration of the UK WM until 31 December 2023. Following dialogue with the interested regulators, primarily the PRA and the Central Bank of Ireland (CBI) and MetLife's management team, it was concluded the UK WM should be transferred into a new UK entity, rather than being held in a UK branch of MetLife Europe d.a.c.

The Undertaking is required to submit the 2024 Solvency and Financial Condition Report (SFCR) to the PRA as part of the 2024 annual UK Solvency UK returns. The SFCR is prepared pursuant to the requirements contained in the PRA Rulebook.

The SFCR is an annual public document and is available on the Undertaking's website.

Content

The following provides a summary of the SFCR by section:

A - Business and Performance

Significant business events

On 27 March 2024, the Undertaking issued 8,000,000 ordinary shares to its parent, Swiss II, at an aggregate price of £8 million.

The transfer of the UK WM within MetLife Europe d.a.c. UK branch to the Undertaking occurred on 1 April 2024. The transfer was effected by means of a scheme of transfer in accordance with Part VII of the Financials Services and Markets Act 2000. The transferring policies are 100% reinsured to MetLife Reinsurance Company of Bermuda Limited (MRB). The value of the net assets transferred, as adjusted to achieve uniformity of accounting policies, was £49.7million.

No dividends were declared during the financial year.

The Undertaking's strategy is in line with the recently launched MetLife, Inc. strategy, referred to as the 'New Frontier' strategy. 'New Frontier' builds on the strong foundations established under the previous strategy, known as 'Next Horizon', and focuses on outperformance through extending and capitalising on strengths.

The strategy is encapsulated through a superior value proposition that commits to sustainable and responsible growth that delivers attractive returns and all-weather performance in every environment. The Undertaking has operationalised the enterprise strategy through a set of strategically aligned initiatives and choices including simplifying and driving operational efficiencies that deliver value for policyholders and optimise the value of the in-force book.

Business performance

The financial statements are prepared in accordance with Financial Reporting Standards 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (together, hereafter referred to as UK GAAP). As a new entrant, the Undertaking has the option to establish accounting policies for insurance contracts consistent with FRS 103 or with the PRA Rulebook, which transposes the Solvency II Directive, and relevant requirements of FRS 102 and FRS 103, subject to any appropriate adjustments. The Undertaking has elected to establish accounting policies for insurance contracts consistent with Solvency UK.

The profit for the year was £1.1million (see section A.1.4).

The Undertaking's solvency coverage ratio at 31 December 2024 is 432%.

B - Systems of Governance

Governance structure and roles

The key organs of the system of governance are the Board of Directors (the Board), Executive Management and the various committees.

The Board directs the Undertaking's affairs to ensure its prosperity, whilst meeting the appropriate interests of its shareholders and third parties, such as customers and regulators. In particular, the Board provides effective, prudent and ethical oversight of the Undertaking.

The Board is responsible for, among other things, where relevant, reviewing and/or setting and overseeing:

- The business strategy;
- The amounts, types and distribution of capital adequate to cover the risks of the Undertaking;
- The strategy for the ongoing management of material risks;
- A robust and transparent organisational structure with effective communication and reporting channels;
- A remuneration framework that is in line with the risk strategy of the Undertaking;
- An adequate and effective internal control framework, that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework; and
- The Undertaking's operational resilience framework which ensures the ability to maintain operational during a period of unexpected disruption.

The Corporate Governance Structure is supported by the Executive Management organisational structure, which defines key areas of authority and responsibility and establishes the appropriate lines of reporting. The Executive Management is responsible for the day to day running of the Undertaking and is led by the Chief Executive Officer (CEO).

The Board Risk, Audit & Compliance Committee (BRACC) is a committee of the Board.

Senior Manager and Certification Regime

The Undertaking's Senior Manager and Certification Regime (SMCR), Controlled Functions and Fitness and Propriety Policy details the minimum standards to meet the rules set out by the Financial Conduct Authority (FCA) and PRA. The SMCR is there to ensure that a person, who is known as a Senior Manager or a Certified or Key Function Holder, has the necessary qualities and competencies in order to allow him/her to perform the duties and carry out the responsibilities of his/her position within the Undertaking. The qualities and competencies relate to the integrity in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

The SMCR is intended to reduce harm to consumers and strengthen market integrity by creating a system that:

- encourages staff to take personal responsibility for their actions
- improves conduct at all levels
- makes sure firms and staff clearly understand, and can demonstrate, who does what.

Risk management and internal controls

The Risk Management Framework (the Risk Framework) sets out the approaches to risk management and structure to be followed by all associates in their capacity as executives, management and staff. The key objectives of the Risk Framework are to:

- Promote a strong risk culture in the Undertaking, rooted in the Undertaking's purpose and values, in particular customer protection;
- Ensure consistent, systematic management of risks across all businesses, operations and risk types; and
- Enable decision makers to efficiently direct the Undertaking's resources to appropriate business opportunities that are within the Board's risk appetite.

A key element of risk management is the Own Risk and Solvency Assesment (ORSA). The ORSA is a bespoke strategic analysis which links together all pillars of Solvency UK and all areas of the Undertaking. It enables the Board to understand the risks faced, and how they translate into capital needs or alternatively require mitigating actions. The ORSA process is an ongoing and continuous process, of which the annual report is a complete board-level roundup at a point in time providing a meaningful and useful report to the Board. The results of the ORSA process and the insights gained in the process provide input into risk management, long-term capital management and business planning.

The Undertaking's Control Framework promotes the importance of having appropriate internal controls and ensuring that all associates are aware of their role in the internal control system. The Control Framework sets out clear standards for the design, operation, validation and oversight of the system of Internal Control. It defines how effective internal control is achieved and consequently how risks are managed and provide the Board with a sufficient level of assurance that the internal control system is operating effectively.

C - Risk Profile

The Undertaking is exposed to underwriting, market, credit, liquidity and non-financial risk.

The Undertaking cedes the entirety of the UK WM Portfolio to MRB on a 100% quota share basis. Whilst this largely mitigates all insurance risk to the business, the Undertaking will hold Insurance Risk capital on the Solvency UK balance sheet due to the counterparty default adjustment allowed for in the reinsurance asset (the "Default Adjustment"). The Undertaking mitigates market risk on Separate Account assets and policyholder obligations through the MRB reinsurance agreement. The MRB treaty also protects the Undertaking from the financial loss relating to the majority of Non-Financial Risk events, with the exception of regulatory fines which cannot be passed to the reinsurer. The most material non-financial risk exposure is those relating to the outsourcing agreements in place. The Undertaking works to put in place suitable mitigants such as defined in contingency plans, and ongoing monitoring of the agreements.

The Undertaking has documented a risk management framework to ensure risk is managed in line with the Undertaking's stated risk appetite. This framework is subject to at least an annual review and approval by the Board and continuous review by the Management Committee (MC), to ensure its on-going appropriateness.

The Undertaking is exposed to unanticipated fluctuations in the timing, frequency and severity of insured events relative to expectations, arising, for instance, from mortality, longevity, or policyholders' exercise of options. Insurance risk also encompasses fluctuations in expenses levels, including expense inflation. The Undertaking has no intention of developing or offering any new policies to customers and thus insurance risk is confined to the current book only.

The Undertaking is exposed to market risks, including interest rates due to timing differences of asset and liability cash flows, and basis differences between valuation rates, different currencies, credit spreads, and equity markets, either indirectly through revenues that depend on the value of investments covering policies, or directly through positions held to facilitate policyholder transactions or guarantees provided to policyholders.

The Undertaking is exposed to credit risk, i.e.:

- Another party's failure to perform its financial obligations to the Undertaking, including failure to perform them in a timely manner (default risk);
- Increasing doubts over another party's ability to meet its financial obligations (migration risk); or
- Increases in the discounts markets apply to the value of obligations with default risk (spread risk).

The Undertaking is exposed to liquidity risks where it is obliged to settle liabilities at short notice and is unable to liquidate assets or only with very significant haircuts. Given the structure of the reinsurance agreement with MRB there is limited scope for liquidity risk beyond any timing differences between settlement of cashflows with MRB on the reinsurance agreement, and timing of policyholder payments versus sales of units in external assets backing the policyholder unit linked funds, which both constitute a very temporary liquidity risk at any point in time.

Non-financial risk arises from unexpected loss due to inadequate or failed internal processes, people and systems, or from external events (including legal risk). Specifically, conduct risk relates to losses – typically from supervisory intervention – caused by misconduct in the insurance market, such as product design that is unsuitable for the intended client. Business risk is the possibility an Undertaking has lower than anticipated profits, influenced by numerous factors, including, lapses, maintenance costs and achievable margins.

The Undertaking is also exposed to emerging risks. The Undertaking currently considers increasingly complex regulations, for example increased climate disclosures, along with increased sophistication of technology including in the areas of artificial intelligence (AI) and cyber risks as key emerging risks.

In addition to the risks outlined above, sustainability remains one of the focal points for the Undertaking with Environmental, Social and Governance (ESG) factors increasingly shaping our decisions. With regard to climate risk specifically, the Undertaking has continued to strengthen its efforts to understand the impact that climate risk, both physical and transition, may have on its business. Regulatory guidance issued on Climate Change Risk in 2019, and updated in November 2024, outlines how insurers are expected to consider the financial risks from climate change.

The material elements of the Undertaking's risk profile are all covered above. The Undertaking reviews its risk exposures regularly and considers potential actions to align exposure to risk appetite.

D - Valuation for solvency purposes

Technical Provisions

Where a liability can be replicated using financial instruments for which a reliable market value is observable then the value of the Technical Provisions for that liability is determined as the market value of those instruments. An example of this is the Undertaking's unit liability, where the value of the liability is set equal to the value of the units allocated to policyholders.

Where a market value is not observable for a liability, the value of Technical Provisions equals the sum of the Best Estimate Liability (BEL) and the Risk Margin (RM). The BEL is the expected present value of the probability-weighted average of future cash-flows, using the relevant risk-free interest rate term structure.

The RM is calculated as the cost of holding non-hedgeable SCR over the lifetime of the obligations. The calculation is equal to the present value of the projected cost of capital over the lifetime of the in-force business. The cost of capital at each future timepoint is the cost of capital rate prescribed by PRA (4% p.a.) multiplied by the projected non-hedgeable SCR.

The calculation of amounts recoverable from reinsurance contracts follow the same principles and methodology as presented above for the calculation of other parts of the technical provisions.

Net technical provisions at 31 December 2024 are £1m.

E - Capital Management

Capital Management Policy

The strategic objectives of capital management for the Undertaking are:

- Regulatory compliance: to ensure compliance with the Undertaking's regulatory capital requirements.
- Efficient allocation: to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives.
- Financial strength: to ensure access to capital markets on competitive terms, so that the Undertaking’s overall cost of capital is minimised.

Taken together, these strategic goals strengthen the Undertaking's ability to withstand losses from adverse business and market conditions, enhance its financial flexibility and serve the interests of stakeholders.

The Undertaking's capital is monitored through the capital management process and within the Undertaking's stated risk appetite limits. Any breaches of these limits is escalated in accordance with and as defined by any relevant regulatory or internal policies. The Undertaking's risk appetite recognises the regulatory minimum standard, as it applies to technical provisions, own funds and capital under Solvency UK, and sets the target ongoing solvency level in order to enable the Undertaking to withstand the financial implications of adverse experience.

Own funds and SCR

The SCR is calculated using the standard formula approach. This method uses stresses for each of the individual risks as calibrated by the PRA. The PRA also provides the standard correlation matrices for the purpose of aggregation. It is based on a modular approach consisting of a core of life, market, and counterparty default risks with associated sub-modules. These are aggregated using correlation matrices, both at the sub-module and the main module level. The operational risk component and adjustments for the loss absorbing effect and deferred taxes are then allowed for, to give the overall SCR.

The own funds, SCR, solvency ratio and Minimum Capital Requirement (MCR) are as follows:

	31-Dec-24 £'000
Eligible Own Funds	
Tier One	**18,083**
Tier Two	**—**
Tier Three	**650**
Eligible own funds for SCR	**18,733**
SCR	**4,334**
Solvency Ratio	**432%**
Eligible own funds for MCR	**18,083**
MCR	**3,500**

The Undertaking has had own funds in excess of both the SCR and MCR requirements over the reporting period. The ORSA assessments to date indicate that the Undertaking is adequately capitalised.

Approval

The SFCR was approved by the Board on 07 April 2025.

A Business and performance

A.1 Business

A.1.1 Overview

The Undertaking is a limited company registered in England and Wales and incorporated in the UK. The principal activity of the Undertaking is to carry on contracts of long-term insurance under classes of business I and III, as defined in Part II of Schedule 1 to the Regulated Activities Order.

The Undertaking's immediate parent company is MetLife Global Holding Company II GmbH (Swiss II), a company incorporated in Switzerland, and its ultimate parent company is MetLife Inc. See section A.1.3 for details on the Group entity structure.

MetLife Europe d.a.c. had operated the UK WM from a UK branch under the EU Freedom of Establishment regime which meant that MetLife Europe d.a.c. could sell and administer products directly to UK policyholders without having a PRA authorised branch or subsidiary in the UK. After Brexit, the EU Freedom of Establishment regime ceased to apply between Ireland and the UK, but the UK's Temporary Permissions Regime allowed for the continued administration of the UK WM until 31 December 2023. Following dialogue with the interested regulators (primarily the PRA and CBI) and MetLife's management team, it was concluded the UK WM should be transferred into a new UK entity, rather than being held in a UK branch of MetLife Europe d.a.c.

The Undertaking is authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA.

PRA address:

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA
United Kingdom

FCA address:

Financial Conduct Authority
12 Endeavour Square
London E20 1JN
United Kingdom

The Undertaking's external auditor is Deloitte, whose address is:

Deloitte LLP
2 New Street Square
London EC4 3BZ

See section A.2 for a description of the Undertaking's underwriting performance by material lines of business and geographical areas.

A.1.2 Significant business and other events

On 27 March 2024, the Undertaking issued 8,000,000 ordinary shares to its parent, Swiss II, at an aggregate price of £8 million.

The transfer of the UK WM business within MetLife Europe d.a.c. UK branch to the Undertaking occurred on 1 April 2024. The transfer was effected by means of a scheme of transfer in accordance with Part VII of the Financials Services and Markets Act 2000. The transferring policies are 100%

reinsured to MRB. The value of the net assets transferred, as adjusted to achieve uniformity of accounting policies, was £49.7million.

No dividends were declared during the financial year.

The Undertaking's solvency coverage ratio at 31 December 2024 is 432%.

The Undertaking’s strategy is in line with the recently launched MetLife, Inc. strategy, referred to as the ‘New Frontier’ strategy. ‘New Frontier’ builds on the strong foundations established under previous strategy, known as ‘Next Horizon’ and focuses on outperformance through extending and capitalising on strengths.

The strategy is encapsulated through a superior value proposition that commits to sustainable and responsible growth that delivers attractive returns and all-weather performance in every environment. The Undertaking has operationalised the enterprise strategy through a set of strategically aligned initiatives and choices including simplifying and driving operational efficiencies that deliver value for policyholders and optimise the value of the in-force book.

A.1.3 Entity structure

The Undertaking's immediate parent company is Swiss II and its ultimate parent company is MetLife, Inc.

At 31 December 2024, the Undertaking had issued £12,010,000 (2023: £4,010,000) in share capital. The qualifying holdings, number of shares and voting rights of the issued shares as at 31 December 2024 are:

	Holdings	**Shares**
MetLife Global Holding Company II GmbH (Swiss II)	100.00%	12,010,000

A.1.4 Total performance

Total performance	Section reference	**2024 £'000**
Underwriting result	A.2.1	**183**
Investment income	A.3.1	**51,320**
Interest on funds withheld	A.4.1	**(47,929)**
Expenses	A.4.1	**(11)**
Foreign exchange gain	A.4.1	**2**
Tax	A.4.1	**(2,474)**
Profit for the financial year		**1,091**

The financial values are per the Undertaking's UK GAAP financial statements.

The profit for the year of £1.1million is mainly driven by non unit-linked income of £0.7million (see section A.3.1) and a change in non unit-linked technical liabilities of £0.2m (see section A.2.1).

As the direct unit-linked policies are fully reinsured, the net impact of this business on the profit for the year is minimal.

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A.2 Underwriting performance

A.2.1 Underwriting performance by line of business

The table below sets out the analysis of 2024 underwriting performance.

	Index linked and unit linked £'000 2024
Gross written premium	1,646
Reinsurance ceded premium	(1,646)
	—
Gross other income	1,240
Ceded other income	(1,240)
	—
Total premium and fee income	**—**
Gross claims and benefits paid	233,131
Ceded claims and benefits paid	(233,131)
	—
Direct interest credited to policyholder account balances	47,929
Reinsured interest credited to policyholder account balances	(47,929)
	—
Gross change in technical provisions	155,548
Ceded change in technical provisions	(155,365)
	183
Total policyholder benefits	**183**
Underwriting result	**183**

Premiums, other income, claims and technical provisions are reinsured and therefore have a minimal impact on profit for the year.

The net change in technical provisions of £0.2million relates mainly to the counterparty default adjustment on the reinsured non unit-linked liabilities which is not included in the underlying direct business liability.

'Interest credited to policyholder account balances' of £47.9million represent the reserve for the unit-linked investment return of £50.6million (see section A.3.1), net of policyholder tax of £2.7million (see section A.4.1).

A.2.2 Underwriting performance by geographical segment

All underwriting activities take place in the UK.

A.3 Investment performance

A.3.1 Investment return

	2024
	£'000
Non unit-linked fixed interest securities	
Net interest income	576
Investment management expenses	80
Total non-unit linked	656
Unit-linked assets	
Dividend income	67,735
Realised gains	35,947
Unrealised (losses)	(53,314)
Investment management expenses	296
Total unit linked	50,664
Total investment return	51,320

The unit-linked investments return is reserved for through 'interest credited to policyholder account balances' and reinsured through 'interest on funds withheld' (see section A.4.1)

The non-unit linked investment return is not reinsured and contributed to the profit for the year.

A.3.2 Gains/losses recognised directly in equity

	2024
	£'000
Investment gains recognised directly in equity	59

A.3.3 Investments in securitisations

The Undertaking has no investments in securitisations.

A.4 Performance of other activities

A.4.1 Other Income and Expenses

The other income and expenses of the Undertaking for the year are set out below:

	2024 £'000
Performance of other activities	
Interest on funds withheld	**(47,929)**
Expenses	**(11)**
Foreign exchange gain	**2**
Tax	**(2,474)**
Net results from other activities	**(50,412)**

Interest on funds withheld of £47.9million is the reinsured unit-linked investment income, net of policyholder tax (see sections A.2.1 and A.3.1)

The tax charge of £2.5million includes policyholder tax expense of £2.4million.

A.4.2 Leases

The Undertaking does not hold any leases.

A.5 Any other information

Intra-group transactions

Intra-group operations and transactions are mainly related to the Undertaking's reinsurance and operational arrangements.

All intra-group operations and transactions are at arm's length as it would be if the operations and transactions were with a third party.

A.5.1 Outstanding balances at year end

The Undertaking has intra-group balances with the following companies that are subsidiaries of its ultimate parent, MetLife Inc.:

	2024 **£'000**
MetLife Europe Services Limited	**(852)**
MetLife Reinsurance Company of Bermuda Limited	**(31,028)**

A.5.2 Material transactions during the year

On 27 March 2024, the Undertaking issued 8,000,000 ordinary shares to its parent, Swiss II, at an aggregate price of £8 million.

The transfer of the UK WM MetLife Europe d.a.c. UK branch to the Undertaking occurred on 1 April 2024. The transfer was effected by means of a scheme of transfer in accordance with Part VII of the Financials Services and Markets Act 2000. The transferring policies are 100% reinsured to MRB. The value of the net assets transferred, as adjusted to achieve uniformity of accounting policies, was £49.7million.

No dividends were declared during the financial year.

A.5.3 Events after the year end

There are no events subsequent to the year end, which require amendment to the disclosures in this report.

B System of governance

B.1 General information on the system of governance

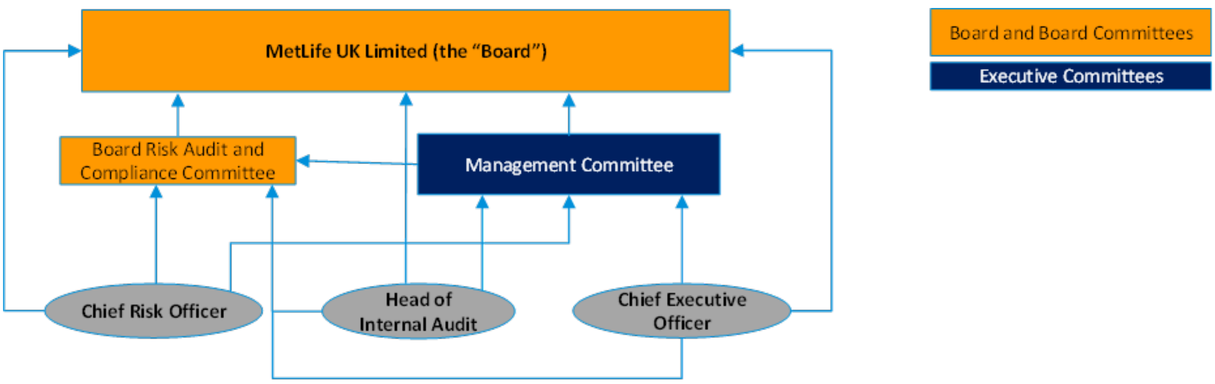
B.1.1 Governance structure

The governance structure ensures that there is an understanding of the following:

- key organs of the Undertaking (i.e. the Board, Executive Management and the various committees) and their roles;
- the membership of the Board, its role, the frequency of meetings and the process for making changes to Board membership;
- the membership of each of the Undertaking's committees, each committee's role, the frequency of meetings and how changes to membership are effected;
- who is empowered to act on behalf of the Undertaking and in what capacity and to what extent; and
- how certain key individuals are appointed, resign or are removed.

The governance structure defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. The Undertaking is structured so as to achieve its objectives, enable effective risk management and to carry out its activities in a manner reflective of its size and requirements.

Figure: MetLife UK Limited Governance Structure (Overview)



The Corporate Governance Structure is supported by the Executive organisational structure, which defines key areas of authority and responsibility and establishes the appropriate lines of reporting. The Executive Management is responsible for the day to day running of the Undertaking and is led by the CEO.

There is an established SMCR regime. All individuals holding these roles are detailed in the Management Responsibilities Map. The following chart indicates the positions of key function holders within the Executive Management team and their reporting lines.

Figure: MetLife UK Limited Organisational Structure

Executive roles	Independent/Group roles	Internal Audit roles
Dominic Grinstead - Chief Executive Officer (UK) (SMF1 & 3)	Paul Bishop - Senior Independent Non-Executive Director (UK) (SMF9 & 14)	Ahmad Abulayla - Head of Internal Audit (UK) (KFH) *
Brian O'Connor - Chief Finance Officer, Head of Investments, Head of Product (Ireland) (SMF2, KFH & CFH)	Kathryn Bateman - Independent Non-Executive Director (UK) (SMF10 & 11)	
Andy Nibloe - Chief Risk Officer, Head of Risk & Compliance & Executive Director (UK) (SMF 3*, 4, 16 & 17)	Barry Butler - Non-Executive Director (UK)	
Michelle Parsons - Head of Service & Operations (UK) (SMF24)	Nick Hayter - Group entity Senior Manager, Group Non-Executive Director (UK/Ire) (SMF7 and KFH)	
Gerad Harmer - Head of IT (UK) (SMF24)		
Anthony Lardner - Chief Actuary (Ireland) (SMF20)		
Nigel Spells - Head of Legal (UK)		

CFH = Certified Function Holder, KFH = Key Function Holder

All individuals have dual reporting to both the Undertaking's Chief Executive Officer as well as their Function.

* subject to PRA/FCA approval

B.1.2 Role of the Board

The Board directs the Undertaking's affairs to ensure its prosperity, whilst meeting the appropriate interests of its shareholders and third parties, such as customers and regulators. The key overarching responsibility of the Board is one of management on an ongoing basis including management of strategic, operational, financial and reputational risk to which the Undertaking may be exposed. In particular, the Board provides effective, prudent and ethical oversight of the Undertaking.

The Board is responsible for, among other things, where relevant, reviewing and/or setting and overseeing:

- the business strategy;
- the amounts, types and distribution of capital adequate to cover the risks of the Undertaking;
- the strategy for the ongoing management of material risks;
- a robust and transparent organisational structure with effective communication and reporting channels;
- a remuneration framework that is in line with the risk strategy of the Undertaking; and
- an adequate and effective internal control framework, that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Board focuses on the following key areas:

Vision and values
- Guide and set the pace for the Undertaking's current operations and future development.
- Promote appropriate values throughout the Undertaking.
- Determine policies and ensure they are consistent with, and promote the vision and values, of the Undertaking.

Strategy and structure
- Review present and future opportunities, threats and risks in the external environment and strengths, weaknesses and risks relating to the Undertaking.
- Review strategic options, decide on those to be pursued and the means to implement and support them.
- Determine and review the Undertaking's goals.
- Ensure that the Undertaking's organisational structure and capability are appropriate for implementing the chosen strategies and manage risk and compliance effectively in the Undertaking.
- Ensure that risk and compliance are managed effectively throughout the Undertaking.
- Oversee remuneration practices and shall ensure that the Undertaking has remuneration policies and practices that are consistent with and promote sound and effective risk management.

Delegation to management
The Board may delegate certain matters by Board resolution, by terms of reference for committees of the Board or by power of attorney to specific individuals to act on behalf of the Board in respect of certain matters. Where the Board delegates authority it shall monitor the exercise of this delegated authority. The Board cannot abrogate its responsibility for delegated authority.

Meetings of the Board, Board working sessions and Board training sessions
The Board meet four times per calendar year and at least once in every six-month period.

Committee members may attend meetings in person, by teleconference, by telephone or by any other means of electronic communication. In the event of the absence of the Chair, another independent non-executive director should chair Board meetings.

Board working sessions and Board training sessions are scheduled regularly to discuss key developments, projects and initiatives. The aim of these sessions is to provide the Board with the opportunity to explore, at an early stage, topics which will be presented at a future Board meeting for consideration.

All Board meetings are arranged through the Company Secretary and the Chair.

B.1.3 Role of directors

The role of the Chair
The Chair's primary responsibility is to ensure the effective running of the Board and ensuring its effectiveness in all aspects of its role and that directors have sufficient time at Board meetings to consider critical issues and all Board meetings are conducted in accordance with legal and regulatory requirements.

The Chair is responsible for:
- ensuring that the Board plays a constructive role in the development and success of the Undertaking's strategy, overall objectives and decision-making process whilst ensuring there is effective communication with the Undertaking's shareholder;
- ensuring the views of the Undertaking's shareholder are communicated to the Board so that all directors develop an understanding of such views; and
- holding meetings with the non-executive director(s) without the executive directors' present.

Additionally, the Chair:

- ensures effective implementation of Board decisions;
- ensures an appropriate balance is maintained between the interests of the shareholder and other stakeholders (e.g., employees, customers, suppliers, and the community);
- ensures the long- term sustainability of the business;
- establishes a close relationship of trust with the Chief Executive Officer, Chief Finance Officer and Chief Risk Officer, providing support and advice while respecting executive responsibility; and
- provides coherent leadership of the Undertaking.

The role of the independent non-executive director

As an integral component of the Board, independent non-executive directors represent a key layer of oversight. It is essential for independent non-executive directors to bring an independent viewpoint and constructive challenge to the deliberations of the Board that is objective and independent of the activities of the executives. Their independence is regularly assessed by the Board.

The role of the executive director

The role of the executive director includes to propose strategies to the Board and, following Board scrutiny, to execute the agreed strategies to the highest possible standards.

B.1.4 Matters reserved for the Board

The Board is responsible for,

Strategy and Management

- Setting and overseeing the Undertaking's strategic objectives and business strategy;
- Monitoring compliance with all approved risk, critical and other policies, and procedures by which the Undertaking is operated, and
- The review of all approved risk and critical policies on an annual basis.

Structure and Capital

- The amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Undertaking.

Financial Reporting and Controls

- Overseeing the quality and integrity of the Undertaking's accounting and financial reporting systems, disclosure and internal controls and management information systems;
- Monitoring operational and financial results; and
- Ensuring the financial results are reported fairly and in accordance with generally accepted accounting principles.

Risk Management and Internal Controls

- An adequate and effective internal control framework, that includes well-functioning risk management, compliance, and internal audit functions as well as an appropriate financial reporting and accounting framework;
- The strategy for the on-going management of material risks of the Undertaking, including risks associated with Environmental, Social and Governance factors; and
- Reviewing present and future opportunities, threats and risks in the external environment and strengths, weaknesses and risks relating to the Undertaking, including emerging risks like climate risk.

Non-insurance Contracts

- Overseeing material capital projects, material contracts, any acquisition, mergers, disposals, new bank borrowings and certain investment transactions.

Board Membership and other Appointments

- Ensuring the appropriate composition and structure of the Board, Committees, and all Senior Manager Function holders, including Company Secretary and External Auditor.

Remuneration

- Ensuring that remuneration practices are implemented and maintained in line with the Undertaking's business and risk management strategy its risk profile, objectives, risk management practices and the long-term interests and performance of the Undertaking and shall incorporate measures aimed at avoiding conflicts of interest;
- ensuring that remuneration shall promote sound and effective risk management and shall not encourage risk-taking that exceeds the Undertaking's risk tolerance limits; and
- reviewing the remuneration structure for employees of the Undertaking in-line with the risk strategies of the Undertaking.

Delegation of Authority

- The Board may delegate certain matters by Board resolution, by terms of reference to a Board committee, or by a power of attorney to an individual to act on its behalf in relation to certain matters. The Board cannot abrogate its responsibility for the functions it has delegated.

Corporate Governance

- Developing the Undertaking's approach to corporate governance, including a set of corporate governance principles and guidelines for the Undertaking;
- Ensuring that the Undertaking conducts its affairs in compliance with its legal and regulatory obligations and duties in a socially responsible manner, including setting the tone at the top on conduct and ethics; and
- Overseeing cultural governance including, but not limited to;
- Establishing structures and procedures to facilitate the Board's independence from management and to avoid conflicts of interest;
- A robust and transparent organisational structure with effective communication and reporting channels.

Compliance

- An adequate and effective internal control framework, that includes a well-functioning compliance function;
- The strategy for the on-going compliance of material risks of the Undertaking; and
- Reviewing present and future opportunities, threats and risks in the external environment and strengths, weaknesses and risks relating to the Undertaking.

Litigation

- Overseeing material litigation.

Authority

- The Board is authorised to seek any information; it requires from any employee of the Undertaking or contracted service provider in order to perform its duties.
- The Board shall have the resources and authority appropriate to discharge its duties and responsibilities.
- The Board shall call any employee of the Undertaking or contacted service provider to be questioned at a Board meeting as and when required.

Board Committees

- The Board shall create Board Committees, to which it may delegate particular issues or projects, provided, however, that ultimate responsibility for such matters will remain with the Board.
- The Board, in its sole discretion, shall determine the membership and objectives of any committees that it creates.

Other

- Approval of schedule of matters reserved to the Board.
- Any decision likely to have a material impact on the Undertaking from any perspective, including, but not limited to, financial, operational, strategic or reputational.

B.1.5 Role of Chief Executive Officer (CEO)

The Board appoints a CEO.

The CEO is the most senior executive officer and has ultimate executive responsibility for the Undertaking's operations, compliance and performance. The CEO is a director of the Undertaking. The CEO is the main link between the executive and the Board. The CEO has certain authorities delegated to him/her by the Board.

With support of the Chair of the Board, the CEO is responsible for agreeing the remuneration of the independent non-executive directors.

The Executive Management is responsible for the day to day running of the Undertaking and is led by the CEO.

B.1.6 Board committee structure

The purpose of a committee of the Board is to provide more detailed oversight of particular areas of the Undertaking's activities.

The Board has oversight of all committees of the Board and ensures and documents that all members of any committees of the Board have the necessary skills, knowledge, expertise and time to fulfil that role. Minutes of all committees of the Board are distributed to the Board either at a Board meeting or in advance. The Board documents and provides any necessary training to those members to ensure they have, and maintain, the necessary skills and experience.

There is one Board sub-committee - the Board Risk, Audit and Compliance Committee (BRACC).

BRACC

The purpose of the BRACC is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, internal controls and the independence and effectiveness of internal and external audit; and have responsibility for oversight of, and advise the Board on, the current risk exposures and future risk strategy of the Undertaking.

The BRACC advises and makes recommendations to the Board on the following:

- risk appetite and tolerance for future strategy (taking into account the Board's overall risk appetite, the current financial position of the Undertaking and, drawing on the work of the BRACC and the external auditor, the capacity of the Undertaking to manage risks within the agreed strategy);
- the system and programme of risk management with the aim of identifying, measuring, controlling and reporting risks;
- the alignment of strategy with the Board's risk appetite; and
- promoting and embedding a risk awareness culture within the Undertaking.

The BRACC also oversees the risk management function.

The role of the BRACC, its membership, frequency of meetings and reporting requirements are set out in the Terms of Reference of the BRACC as approved by the Board.

B.1.7 Main roles and responsibilities of key functions

This section details the roles and responsibilities of the four mandatory 'key functions' of Internal Audit, Compliance, Risk Management and the Actuarial function.

The role of Head of Internal Audit

Head of Internal Audit is a Key Function Holder, with the responsibility for;

- the provision of Internal Audit oversight for the Undertaking on a risk assessed basis.
- assessing the risk and effectiveness of internal controls related to business operations for reasonable assurance that transactions are executed in accordance with management authorization, that they are properly recorded, and that assets are effectively safeguarded.
- ascertaining the reliability, effectiveness and timeliness of management data used in the course of conducting business, and where appropriate, that such data is effectively protected.
- reviewing and determining compliance with established policies, procedures, laws and regulations.
- responding effectively to management requests for special audit projects and investigations.
- Working collaboratively with business and operational areas, provide appropriate management levels with an objective and independent review of operations and recommendations where improvements are appropriate.
- attending Governance meetings, reporting to the Undertaking's BRACC on Internal Audit topics impacting the Undertaking.
- Updates to the Committee will include the following as relevant, in relation to issued audit reports, in progress audit reports, planned future audit reports, open issues including any past due issues and control lessons learned.

The role of Head of Compliance

The Head of Compliance is a Senior Management Function with responsibility for,

- the firm’s (a) conduct rules training; and (b) conduct rules reporting.
- the firm’s compliance with the requirements of the regulatory system about the management responsibilities map (MRM).
- the firm’s policies and procedures for countering the risk that the firm might be used to further financial crime.
- supporting the Senior Management to embed a customer centric culture where it is evident that the customer is at the heart of the business.
- the production and integrity of the firm’s regulatory reporting, except for Financial Statements and solvency returns which are the responsibility of the CFO.
- ensuring policies and procedures are updated in accordance with ongoing regulatory developments, overseeing the regulatory change process, ensuring all relevant regulatory developments are tracked and where changes to policies and procedures are required, they are made appropriately and in a timely manner.
- assisting in carrying out the duties of the Board.
- attending the BRACC, reviewing and monitoring of items raised in the Committee, providing appropriate challenge, ensuring all items are discussed and appropriate actions taken.

The role of Head of Legal

The Head of Legal has responsibility for:

- oversight of the legal team and management of external advice
- providing effective legal advice and day-to-day legal support to stakeholders in all functions including supporting change and project work
- undertaking legal research and monitoring changes in legislation.
- drafting and advising on commercial contracts and advising on consumer contracts
- handling disputes
- company secretarial matters, handling company house filings. Responsibility for scheduling Board and Board Committee meetings and minuting the same

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The role of Chief Risk Officer (CRO)

The CRO is a Senior Management Function with responsibility for,

- the performance of the firm's ORSA, the production of the ORSA report and co-ordination of the ORSA process on an annual basis (and on an ad-hoc basis as needed) with the support of the Financial Risk Team for approval of the Board before submission to the PRA.
- embedding a robust Non-Financial risk management program, supporting the business to effectively manage these risks, evaluating the performance of controls and developing action plans to enhance controls where appropriate.
- assisting in carrying out the duties of the Board.
- identifying and managing financial risks from Climate Change.
- attending the BRACC, reviewing and monitoring of items raised in the Committee, providing appropriate challenge, ensuring all items are discussed and appropriate actions taken.

The role of the Chief Actuary

The Chief Actuary is a Senior Management Function with responsibility for,

- coordinating and overseeing the calculation of technical provisions and production of the Solvency UK balance sheet.
- comparing the best estimate against experience.
- informing the PRA of the reliability and adequacy of the calculation of technical provisions.
- expressing an opinion on the overall underwriting policy.
- Expressing an opinion on the adequacy of reinsurance arrangements.
- Contribute to an effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the SCR and MCR and to the firm's ORSA.

Actuarial services include but are not limited to the determination of technical provisions (for all accounting bases) and required capital, and the provision of advice in relation to capital management, underwriting, reinsurance and investment.

B.1.8 Material transactions with related parties

Material transactions with shareholder

All intra group balances and transactions are set out in sections A.5.1. and A.5.2.

Material transactions with persons who exercise a significant influence on the Undertaking

There were no material transactions with any persons who exercise a significant influence on the Undertaking over the reporting period.

Material transactions with members of the Board

There were no material transactions with members of the Board over the reporting period.

B.1.9 Adequacy of system of governance

The Executive Management and the Board regularly review the adequacy of the system of governance as a whole and in selected areas, to confirm it remains adequate for the Undertaking's needs, and to prioritise areas of improvement. There were no major changes required to the system of governance as a result of these reviews.

B.1.10 Remuneration

The Undertaking adopts the remuneration policy and practices determined by MetLife Inc. The Undertaking's Board is responsible for ensuring that in adopting the policy that it is in line with the risk strategies of the Undertaking and that it is consistent with and promotes sound and effective risk management. The Undertaking's Board provides oversight of the remuneration policy and practices and ensures that these do not promote excessive risk taking.

B.2 Senior Managers and Certification Regime (SMCR) policy

B.2.1 SMCR Policy

The Undertaking's SMCR, Controlled Functions and Fitness and Propriety Policy sets out the minimum standards to meet the FCA and PRA rules. The SMCR is there to ensure that a person, who is known as a Senior Manager or a Certified or Key Function Holder, has the necessary qualities and competencies in order to allow him/her to perform the duties and carry out the responsibilities of his/her position within the Undertaking. The qualities and competencies relate to the integrity in personal behaviour and business conduct, soundness of judgement, a sufficient degree of knowledge and experience and appropriate professional qualifications.

The SMCR is intended to reduce harm to consumers and strengthen market integrity by creating a system that:

- encourages staff to take personal responsibility for their actions
- improves conduct at all levels
- makes sure firms and staff clearly understand, and can demonstrate, who does what.

Compliance with the Policy is mandatory for the Undertaking. It includes the requirement that each individual in an SMCR role is fit and proper.

Definitions

Senior Manager Function - Under the Financial Services and Markets Act 2000 (FSMA), a function is a 'senior management function' as 'in relation to the carrying on of a regulated activity by [a firm], if the function will require the person performing it to be responsible for managing one or more aspects of the [firm's] affairs, so far as relating to the activity, and those aspects involve, or might involve, a risk of serious consequences for the [firm], or for business or other interests in the United Kingdom'. They are the most senior people in a firm with the greatest potential to cause harm or impact upon market integrity.

Certification Function - FSMA defines a Certification Function as one that 'requires the person performing it to be involved in one or more aspects of the firm's affairs, so far as relating to a regulated activity, and those aspects involve, or might involve, a risk of significant harm to the firm or any of its customers'. Certification is not limited to regulated activities and applies to individuals within a regulated firm who meet the definition of one or more Certification Functions. If a Senior Manager performs one of these roles and it is not related to their Senior Management Function, then they will also need to be certified.

Key Function - The PRA has specified certification functions to include the functions performed by individual employees having responsibility for a 'key function', i.e. employees who are 'key function holders'. A person who is effectively running a firm or is responsible for another key function is a key function holder.

Assessment of fit and proper

Insurers must be run by people who are competent to fill their roles. This means ensuring individuals have appropriate expertise and experience and, in the case of non-executive directors, give sufficient time to fulfil their obligations to a high standard.

The Undertaking applies the rules in the PRA Rulebook and FCA Handbook to be satisfied that the person:

(1) has the personal characteristics (including being of good repute and integrity);
(2) possesses the level of competence, knowledge, and experience;
(3) has the qualifications; and
(4) has undergone or is undergoing all training,

required to enable such person to perform his or her key function or certification function effectively and in accordance with any relevant regulatory requirements, including those under the regulatory system, and to enable sound and prudent management of the firm.

The FCA similarly expect firms when assessing an individual's Fitness and Probity to have considered an individual's:

- honesty, integrity, and reputation
- competence and capability, including whether the person satisfies any relevant FCA training and competence requirements
- financial soundness

Whilst conducting the initial assessment (on appointment to the role, or for the first assessment following the implementation of the Senior Manager and Certification Regime) the following evidence is collected for each individual:

- Criminal record checks (mandatory for Senior Managers and optional for Certified and Key Function Holders)
- Regulatory references from all previous employers in the past six years

The Fitness and Proper assessment is conducted at outset and at least once a year.

B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Risk management structure

The Risk Management Framework (the Risk Framework) sets out the approaches to risk management and structure to be followed by all associates in their capacity as executives, management and staff.

The key objectives of the Risk Framework are to:

- Promote a strong risk culture in the Undertaking, rooted in the Undertaking's purpose and values, in particular customer protection;
- Ensure consistent, systematic management of risks across all businesses, operations and risk types; and
- Enable decision makers to direct the Undertaking's resources to attractive business opportunities that are within the Board's risk appetite.

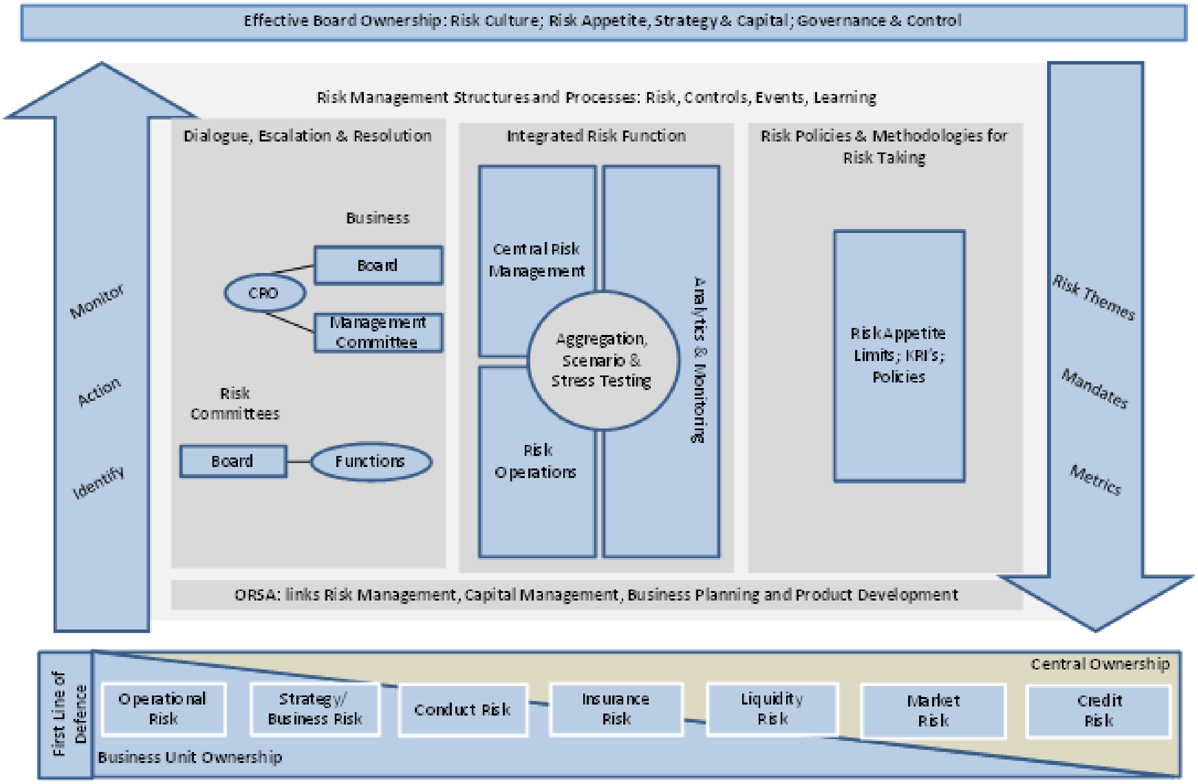
Scope and application

All business activity and decisions are made in the context of, and in compliance with, the Risk Framework, which should also be read in the context of the Undertaking's Risk Strategy and Appetite and associated policies. Every associate is sufficiently familiar with the Risk Framework as is relevant to their role, and exercises sound judgement to act within the Risk Framework in their daily work. It is the responsibility of management to ensure that they have the capability, resources and knowledge to operate within this Risk Framework and exercise their duties under it.

Risk governance

The Risk Framework is designed to facilitate, on an ongoing basis, the systematic management of risks consistent with this specific situation, by integrating risk management into business practices and decision mechanisms at the appropriate levels of the Undertaking.

Figure: The Elements of the Undertaking's Risk Management Framework



The Board owns the Undertaking's Risk Appetite and Strategy. In defining this, consideration is given to the existing and potential opportunities to develop and grow the business, while also maintaining our existing business and the Undertaking's capacity to absorb losses. In addition, as a key part of the wider MetLife, Inc. Group, the Undertaking's risk appetite takes strategic direction from MetLife, Inc.'s 'Enterprise Risk Appetite', as defined by the MetLife Inc. board, and cannot go beyond it in any dimension.

The Undertaking adopts the 'three lines of defence' governance model to ensure that the overall risk profile of the Undertaking remains within the risk appetite as mandated by the Board. The Undertaking's "three lines of defence" have independent reporting lines into the Board, and provide the Board with the assurance of strong governance and controls for every decision that impacts the risks the Undertaking faces.

The first line of defence

The managers of all business and operations areas, as the first line of defence, are responsible as risk owners for ensuring that all risks in their respective areas and any relevant interfaces with other areas are justified by business goals, and that all risks are appropriately managed and controlled within the Risk Framework. In particular, it is the responsibility of the relevant functional head to identify, measure, manage, monitor and report all risks, both present and emerging, in an area according to the Risk Framework and the Risk Appetite and Strategy.

The Finance Function is key to risk measurement. It measures and monitors financial valuations, flows and projections; ensures appropriate accounting procedures and authorities; and regularly reports to the Board. The Chief Actuary regularly reports independently on valuation assumptions and uncertainties.

The second line of defence

The Risk Management, Compliance and Information Security Organisation Functions fulfil the second line of defence, advised by the Legal Function, by providing the entity comprehensive and consistent systems, techniques and processes to aggregate, assess and limit the risks the Undertaking faces across different areas. In particular, the Risk Function utilises risk quantification models such as

Economic Capital, recommends risk appetite and limits, and provides support in the management of key risks.

The third line of defence
Internal Audit provides independent assurance over the strengths of controls as the third line of defence. Internal Audit examines and evaluates the adequacy and effectiveness of controls with a risk-based focus, and performs special reviews and investigations as directed by the BRACC and Executive Management.

Dialogue, escalation and resolution
A number of interacting committees provide the structures for the dialogue between those deciding over risk exposures, escalation of risks that cannot be managed within a confined area of the organisation, and resolution of conflicts between different decision makers, in particular where questions of risk appetite are concerned. A high-level schematic of the relevant committees is provided below.

At a Board level, the Undertaking has established the BRACC. At an executive level, the Undertaking has established the MC.

Risk Management Function
The Risk Management Function operates an enterprise-wide, comprehensive system to identify, aggregate, measure and report risks across the Undertaking, and assesses how the full range of risks and their interaction impact the Undertaking's aggregate solvency, liquidity, earnings, business, customers and reputation.

A primary focus for the Risk Function is to provide an integrated and transparent assessment of risks and capital requirements while also ensuring consistent standards and effective risk governance is in place.

The Risk Function leverages MetLife, Inc.'s Global Risk Management (GRM) Function for challenge and support, escalating risks and issues as required.

Activities of the Risk Function
The Risk Function carries out the following key activities:
- Risk Monitoring and Analytics.
- Risk Governance and Reporting.
- Embedding of the Risk Management Framework in the business.
- Operational risk management processes e.g. management of the NFRA process, supporting project risk assessments.
- Leading the ORSA process, analysis and reporting.

Risk policies and methodologies
The Board approves policies and other documents providing binding direction and guidance used in the Undertaking to regulate risk exposures. All business activity and decisions in which an element of risk is present must be taken in the context of, and in compliance with, the Risk Strategy and Appetite document and such further policies. Any potential risk exposure is considered across the wide business, in particular where interdependencies arise across different functions.

It is the responsibility of all relevant individuals to be familiar with the contents of the policies, where appropriate, and to exercise sound judgement to act within the policies in their daily work.

The policies are to be adhered to in all circumstances. Implementation of the policies and monitoring of ongoing compliance is primarily the responsibility of the Heads of Function and is overseen by the relevant committee. In particular, policy breaches must be reported to the MC, and as appropriate to the BRACC and Board.

Risk Management policies are developed where necessary to regulate the management of specific risks and provide a consistent framework for the management of risk in line with Risk Strategy and Appetite, and should be read and reviewed in the context of Risk Strategy and Appetite. The policies establish minimum standards, allocate responsibilities to ensure that these standards are upheld, and articulate the Undertaking's approach to risk management for a risk type, the key risk management processes, detailed limits, the governance approach, and reporting requirements.

The Board reviews the risk policies at least annually, amending them to reflect current best practice and changes in regulatory requirements. In the annual review process, each policy is reviewed with and by the Undertaking, with the appropriate challenge from the Risk Function. Any material change which relaxes the Policy requirements is not effective until approved by the Board either directly or via the BRACC. Any material change which strengthens the Policy requirements can be implemented prior to approval by the Board either directly or via the BRACC.

Following approval, the Risk Function will circulate the Risk Policies and communicate changes with the Business while the owners of the Critical and Functional Policies are responsible for doing similar for their respective policies. The Risk Function Intranet page is a central location from which employees can access the Risk Policies. All approved Policies are uploaded onto the Intranet page once approved. On a quarterly basis, the MC monitors and challenges the implementation of appropriate Risk Policies within the Business to ensure ongoing compliance.

B.3.2 Risk strategy and appetite

The Undertaking’s risk appetite is set in the context of both its overall business objectives and its risk strategy. The Undertaking takes certain financial and insurance risks as a strategic objective, but as a consequence of its activities is also exposed to non-financial and other risks. The Board is responsible for the Undertaking’s overall risk profile, and in particular sets the risk appetite.

The Risk Appetite is operationalised through quantitative limits set out in the appendices of the Risk Strategy and Appetite policy. These limits define both the medium-term risk appetite, and the range for permissible deviations over the short term. Further risk limits and guidelines on how to comply with risk appetite in each class are set out in the respective individual risk policies (Credit, Market, Liquidity, Insurance and Operational).

Management is responsible for defining the metrics in line with the business and the risk appetite set out in the Risk Strategy and Appetite. The MC is responsible for approving any changes in the metrics that are proposed in between scheduled reviews. Any such approved changes are notified to the BRACC and the Board. Additional limits can be set by agreement between the respective risk owners and the CRO.

Risk management strategies by category of risk

The Undertaking is exposed to underwriting, market, credit, liquidity and non-financial risk.

Underwriting risk

The Undertaking is exposed to unanticipated fluctuations in the timing, frequency and severity of insured events relative to expectations, arising, for instance, from mortality, longevity, or policyholders’ exercise of options. Insurance risk also encompasses fluctuations in expenses levels, including expense inflation. The Undertaking has no intention of developing or offering any new policies to customers and thus insurance risk is confined to the current book only.

Insurance Risks are monitored through Key Risk Indicators (KRI’s) and other Management Information (Management Information) as set out in the Risk Strategy and Appetite other reports. KRI’s are monitored at the Board and BRACC level. This risk is managed primarily through the reinsurance contract in place with MRB and is monitored by the MC.

Market risk

The Undertaking is exposed to market risks, including interest rates due to timing differences of asset and liability cash flows, and basis differences between valuation rates, different currencies, credit spreads, and equity markets on unit-linked books, either indirectly through revenues that depend on the value of investments covering unit-linked policies, or directly through positions held to facilitate policyholder transactions or guarantees provided to policyholders.

Market risks are primarily mitigated through the reinsurance contract in place with MRB. Residual market risks, particularly in relation to general account assets, are mitigated by investing in a diversified and high-quality investment portfolio. These risks are identified and assessed as part of the Asset Liability Management (ALM) processes. The MC oversees the management of the Undertaking's market risks.

Credit risk

The Undertaking is exposed to credit risk, i.e.:

- Another party's failure to perform its financial obligations to the Undertaking, including failure to perform them in a timely manner (default risk);
- Increasing doubts over another party's ability to meet its financial obligations (migration risk); or
- Increases in the discounts markets apply to the value of obligations with default risk (spread risk).

Credit risk of the Undertaking's cash deposits and general-account investments is managed by the Undertaking's Treasury and Investment Functions and overseen by the MC.

The credit risk of reinsurance counterparties and credit exposures on separate-account assets, where due to product design losses are not borne by the policyholder, are managed by the Finance Function and also overseen by the MC.

The credit risk of other counterparties, such as outsourcers is the responsibility of the respective business unit and overseen by the MC on an exception basis.

Liquidity risk

The Undertaking is exposed to liquidity risks where it is obliged to settle liabilities at short notice and is unable to liquidate assets or only with very significant haircuts. Given the structure of the reinsurance agreement with MRB there is limited scope for liquidity risk beyond any timing differences between settlement of cashflows with MRB on the reinsurance agreement, and timing of policyholder payments versus sales of units in external assets backing the policyholder unit linked funds, which both constitute a very temporary liquidity risk at any point in time.

These risks are mitigated by cash management forecasting and holding sufficient and sufficiently liquid assets, both those backing reserves and capital. The second will be managed through the existing process of forecasting changes in units.

In addition, under the Net Worth Maintenance Agreement (NWMA) in place with American Life Insurance Company (ALICO), ALICO shall ensure the Undertaking will have the liquidity necessary to enable it to make payments to policyholders, creditors, and counterparties on a timely basis.

Liquidity risk management is managed by Undertaking's Finance function and overseen by the BRACC.

Non-financial and business risk

Non-financial risk arises from unexpected loss due to inadequate or failed internal processes, people and systems, or from external events (including legal risk). Specifically, conduct risk relates to losses – typically from supervisory intervention – caused by misconduct in the insurance market, such as product design that is unsuitable for the intended client.

Business risk is the possibility an Undertaking has lower than anticipated profits, influenced by numerous factors, including, lapses, maintenance costs and achievable margins.

Non-financial and business risk is intricately tied to the overall management of a business and is therefore the responsibility of each business unit. Each function is responsible to manage the non-financial risk in their respective area. The Risk Management Function provide oversight as part of the Non-Financial Risk Assessment (NFRA) process.

Sustainability Risk

Sustainability Risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative impact on the value of the investment or on the value of the liability. Certain elements of this risk are difficult to quantify and there is a high degree of uncertainty regarding its ultimate impact. As with Non-Financial Risk, Sustainability Risk is intricately tied to the overall management of the business and is therefore the responsibility of each business unit.

Model Risk

The Undertaking is also exposed to Model Risk. The Model Risk process is managed internally whereby function owners are required to certify on a quarterly basis that they have appropriately identified, assessed, managed, and reported on the Undertaking's Model, Tool and End User Computing (EUC) risks.

Strategy Risk

Strategy Risk is defined as failure of elements of a chosen strategy, leading to financial loss or foregone expected profits. A particular aspect of Strategy Risk is a withdrawal of capital and liquidity sources that the Undertaking relies upon in the execution of its strategy. The Undertaking’s Executive Team owns the risk of the Undertaking’s overall strategy.

B.3.3 ORSA

ORSA Process

The ORSA is a bespoke strategic analysis which links together all pillars of Solvency UK and all areas of the Undertaking. It enables the Board to understand the risks faced, and how they translate into capital needs or alternatively require mitigation actions.

The ORSA process is an ongoing and continuous process, of which the annual report is a complete board-level roundup at a point in time providing a meaningful and useful report to the Board. The results of the ORSA process and the insights gained in the process provide input into risk management, long-term capital management and business planning and allow the Undertaking to:

- Assess the link between the Undertaking’s Risk Management Framework, business plan, risk profile, and capital planning, including dividend payments;
- Understand the level at which the Risk Management Framework influences the decision-making process;
- Establish the ORSA as a tool that allows the identification, measurement, management, monitoring and reporting of risk, which is embedded in the Undertaking’s management processes, under the direction of the Board;
- Provide insight into the development of the balance sheet and the drivers of volatility;
- Confirm appropriate risk appetite limits, including the normal operating range for capital;
- Inform commercial decisions and assess key projects and solutions to meet customer needs;
- Describe the approach by which the Undertaking meets all relevant regulatory requirements in relation to stress testing and scenario analysis;
- Assess the Undertaking's overall solvency needs prospectively, providing analysis of the Undertaking's ability to remain a going concern;
- Monitor compliance with regulatory capital requirements on a continuous basis, allowing for changes in risk profile and stressed conditions, and the quality and loss absorbing capacity of own funds;
- Produce results that are integrated into long term capital planning, own funds allocation, business planning and governance; and
- Describe the approach by which the Undertaking incorporates all key results and findings from stress testing and scenario analysis into the capital management and planning approach and business decision making approaches.

The ORSA process is a continuous cycle of assessment and is significantly dependent on the key interactions between the processes (i.e. business planning and stress testing) in order to obtain the results which provide senior management and the Board with comfort that there are adequate solvency levels, i.e. the regulatory capital requirements are achieved and within the risk tolerance limits.

The Board are heavily engaged with the ORSA process at all stages. Key stages of the Board's involvement in the ORSA process are as follows:

- Early in the year, the Board reviews the ORSA Board engagement plan for the year and agrees the stress and scenario tests to be carried out;
- Over the course of several meetings during the year, the Board reviews the overall solvency needs output, including information on the risk profile, the draft solvency projections, the assessment of the appropriateness of the standard formula and the own view of capital. During these sessions, the Board engages in active challenge of the results, which may include requesting further analysis, stress tests and scenarios, investigation of management actions or specific information to be added to the ORSA report; and
- Towards the end of the year, the Board reviews the final ORSA report for approval. At the end of each ORSA cycle a review exercise is undertaken to identify any potential improvements to be applied to future ORSA cycles.

The ORSA process is overseen by the BRACC. The quantitative output is prepared by the ORSA Process Delivery Team, which includes representatives from multiple teams across Finance, Actuarial and Risk. Various other functions and Subject Matter Experts across the organisation also provide inputs to the ORSA process.

The ORSA process captures all the material risks that the Undertaking faces or may face in the future that may impact meeting its obligations. The business planning process feeds directly into the ORSA. The business plan links to capital management and solvency is stressed to ensure robustness over a five year horizon.

Material risks identified within the ORSA process for which it is not considered appropriate to hold a capital buffer are addressed by identifying contingency plans.

Risk Appetite forms a key part of the ORSA providing a link between the capital and risk management processes. It underpins the management and monitoring of key risks and helps shape management information and executive decision making. The Undertaking's overall solvency needs are assessed taking into account the Undertaking's specific risk profile, approved risk tolerance limits and business strategy. This assessment represents the Undertaking's own view of its risk profile and capital needs and other means needed to appropriately address these risks.

The ORSA process is conducted in its entirety at least annually and without delay following any significant change in the risk profile of the Undertaking and this is reviewed and approved by the Board following the recommendations of the BRACC. There will be certain events that may require the process to be run on an ad hoc basis. Such events may follow from internal decisions and external factors.

The Undertaking has processes in place to ensure that the required documentation is produced to an appropriate standard. For each ORSA, the ORSA guidelines require three reports - a record of the ORSA process, an ORSA internal report and an ORSA supervisory report are produced. A single report may be produced to meet the requirements of the three reports. Supplementary documentation may be produced to support the official record and provide additional information to internal stakeholders.

In the last reporting period, the Undertaking did not perform any ad hoc ORSAs.

Own Solvency Needs
The Undertaking determines overall solvency needs taking into account the Undertaking's specific risk profile, approved risk tolerance limits and business strategy. This assessment represents the Undertaking's own view of its risk profile and capital needs and other means needed to appropriately address these risks.

The Undertaking expresses the overall solvency needs in quantitative terms and complements the quantification by a qualitative description of the risks. Within this process, the Undertaking carries out the following:

- Identifies the Undertaking's specific risk profile taking into account the approved risk tolerance limits and business strategy and external environment;
- Performs an assessment of the appropriateness of the Standard Formula (SF);
- Subjects the balance sheet and the identified risks to a range of stress test/scenario analyses to provide an adequate basis for the assessment of the overall solvency needs. This assessment is forward-looking and covers separately each year of the business planning period. The scope of the stress tests, reverse stress-tests and scenario analyses is compatible with the principle of proportionality, having regard to the nature, scale and complexity of the Undertaking's business; and
- Prepares contingency plans to address material risks that if they were to happen could have a significant impact on the solvency position or viability of the Undertaking.

The above process undertaken ensures that the capital management activities and the risk management system are interlinked and that all key decision-making processes are aligned with the ORSA process.

The ORSA assessments to date indicate that the Undertaking is adequately capitalised.

B.4 Internal control system

B.4.1 Internal controls

The Undertaking's Control Framework promotes the importance of having appropriate internal controls and ensuring that all associates are aware of their role in the internal control system. The Control Framework sets out clear standards for the design, operation, validation and oversight of the system of Internal Control. It defines how effective internal control is achieved and consequently how risks are managed and provide the Board with a sufficient level of assurance that the internal control system is operating effectively.

The Control Framework defines control activities as the policies and procedures that mitigate the Undertaking's risks to the expected level. Control activities can be preventative, corrective, detective or directive, and include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

All key controls are registered with the associated risks in the Undertaking's risk register, and managed as part of that process to validate their effectiveness and address identified weaknesses. Ongoing monitoring occurs in the ordinary course of operations.

Both the Heads of Functions and the Management have visibility of the control effectiveness and any deficiencies in their areas. The scope and frequency of independent validation depends primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies including risk events and near misses should be reported using the NFRA processes, with material incidents escalated to the MC and if appropriate the BRACC.

B.4.2 Key procedures

The Undertaking's control environment comprises an extensive catalogue of controls that are defined for each function, and include the following:

Control Name	Description
Approval and Authorisation	Approval/authorisation is the confirmation or sanction of employee decisions, events or transactions based on a review by the appropriate management personnel.
Business Resumption	Controls that ensure that business operations can resume in the event of disaster or IT outage. These controls include Business Continuity (BCP) and Disaster Recovery (DR) Planning, BCP/DR Testing, system back-up and data retention.
Code of Accounts Structure	Controls to ensure that the design of the general ledger or subledger account codes assists in minimising errors and allow for effective data capture and reporting.
Documentation	Controls are in place ensuring decisions, exceptions, transactions, and other events are substantiated through documentation. This control includes confirmations, notices and/or disclosures that are required to be sent to clients on a periodic or annual basis.
Hiring/Selection	The hiring and selection process includes a due diligence and escalation process in connection with information received as a result of a background check conducted on an individual candidate who is seeking registration, appointment or a license with the Undertaking.
Input Form Design, Edits, and Validations	Controls that ensure the completeness, accuracy, and/or integrity of data input into information systems. These controls include business rules built into the design of system interfaces to reduce the probability of data input errors, (e.g. required fields, acceptable values, etc.), input data validation against known or expected values (e.g. tolerances etc.), or verifying the integrity and origin of data (e.g. digital signatures, hard-copy signatures etc.)
Physical Safeguarding Mechanisms	Controls that protect the Undertaking's assets through direct measures such as locks on doors, bars on windows, use of safes to secure valuables, and other similar techniques.

Control Name	Description
Policies & Procedures	There are policies and procedures describing the Undertaking's policies for operation and the procedures necessary to fulfill the policies. There are also reference aids or resources available which employees can refer to assist them in fulfilling their job responsibilities.
Process Monitoring	Management monitoring controls that ensure business processes within the Lines of Business meet their business objectives. These controls may include reviewing transaction error reports, reviewing compliance with applicable laws/regulations (e.g., monitoring the status of claims to ensure turnaround times comply with regulatory time standards), conducting quality assurance reviews, rejecting duplicate transactions, financial statement reviews, etc.
Reconciliations/ Comparisons	Control techniques that ensure that two or more data sets/elements match, for example reconciling bank accounts, comparisons of subledger totals to control accounts, comparisons of data transfer record counts, etc.
Segregation of Duties	Controls segregating tasks or processes to reduce the risk of accidental errors and/or fraud.
Strategic Monitoring and Governance	Management monitoring controls that ensure Lines of Business meet their strategic objectives. These controls include short and long-term range planning, organisational design/staffing, key performance indicator reviews, risk management, enterprise architecture, data governance, knowledge management, etc.
System Access Approval and Monitoring	Controls are in place over the authorisation, identification and authentication of associate access to IT Resources. Minimally, access to systems or data is formally approved and access is periodically reviewed for appropriateness.
System Change Control	Controls are in place to ensure changes to IT systems are reviewed to ensure they meet the needs of the Undertaking, perform as expected, and do not create security vulnerabilities. These controls could include unit testing, performance testing, user acceptance testing, vulnerability testing, etc.
System Data Encryption	Controls are in place to ensure sensitive data is encrypted in Undertaking systems. Encryption controls and other methods of safeguarding data are used in at-risk IT assets such as laptops, smart phones/tablets, and back-up tapes to prevent unauthorised data access and/or disclosure of confidential or sensitive information.
System Monitoring and Response	Controls that ensure the technology environment is monitored for security incidents, processing abends, system outages, etc. and that appropriate actions are taken based on the results.
System Security Configurations	Security configurations at the software, infrastructure, hardware, or network layers that ensure the confidentiality of data.
Third-Party Monitoring	Controls that ensure that third-parties are operating in accordance with agreements and contracts and deviations are acted upon by management.
Training/ Communication	Controls are in place to ensure that employees, at all levels, are provided with training activities that comply with regulatory requirements regarding training on products, services, procedures, rules and standards, as applicable. The organisation has communicated its values and standards to employees, suppliers, customers and other relevant stakeholders. There is a process to update and communicate these standards and related training regularly.
Validity/Existence Tests	Controls that validate the existence of assets. Examples include physical inventory counts to determine that quantities and descriptions of goods and/ or supplies on hand are accurate, fixed asset inventories to validate the existence of items represented in the accounts, and other similar processes.

B.4.3 Description of Compliance Function

The Compliance Function is an integral part of an effective internal control system and the three lines of defence model. The Compliance Function provides strategic advice and challenge to first line, partnering closely with them while fulfilling its responsibilities to key stakeholders, such as customers, shareholders, regulators and employees. The Compliance Function is responsible for delivering a compliance risk framework that enables the undertaking's lines of business and corporate functions to comply with applicable laws, rules, regulations, and policies, maintain risk levels within MetLife's risk appetite, and integrating compliance principles across the Undertaking's lines of business and corporate functions. The Compliance Function provides constructive challenge to the lines of business and corporate functions, partnering with them to implement processes and controls, as well as to foster a culture of compliance. It conducts risk-based, second line monitoring and testing activities to identify whether we are meeting requirements in key areas and escalates key matters to Management and the appropriate governance bodies.

The compliance risk management framework consists of the following key elements:

- Compliance risk Identification and Prioritisation;
- Compliance risk and Control Assessments;
- Laws and regulations;
- Monitoring and Testing Programme;
- Metrics and reporting;
- Escalation and Issue Management;
- Training and
- Policies and Procedures.

The Board has overall responsibility for setting and overseeing compliance arrangements in the Undertaking. Management has responsibility for maintaining compliance with all applicable laws and regulations and the commitment and support of management is an essential component of a successful compliance risk management framework. The core role of the Compliance Function is to standardise, document and provide assurance to the management of the Undertaking, and ultimately to the relevant regulators, that the Undertaking is operating within the letter and the spirit of the legal and regulatory framework. The Compliance Function reports to the Undertaking's MC and the BRACC.

The Compliance Function performs the following actions on an annual basis:

- In line with the compliance risk management framework, identification and assessment of compliance risks, including but not limited to, the completion of compliance monitoring and testing activities to ensure independent oversight.
- Regulatory Change Management (in line with the Regulatory Change Procedure):
- ◦ Advising senior management, in conjunction with the Legal Function, on compliance with applicable laws and regulations;
    - Assessing the possible impact of changes in the regulatory environment on the operations of the Undertaking.
- Providing an Annual Compliance Plan, including a Testing and Monitoring Plan for approval from the Board.
- Supporting a robust training programme to ensure all staff are fully up to date with and understand all aspects of compliance programmes and regulations.
- Reviewing compliance policies, procedures and controls on a regular basis.
- In addition, the Head of Compliance is also responsible for providing compliance oversight of the Compliance Function in the Undertaking and is the Head of Anti-Money Laundering and Counter Terrorist Financing Compliance of the Undertaking.

B.5 Internal Audit Function

B.5.1 Internal Audit Purpose

The primary role of Internal Audit (IA) is to support the Board and the Executive Management to protect the assets, reputation and sustainability of MetLife. IA is an independent and objective function that provides assurance, advice and insight as to whether the design and operating effectiveness of the Undertaking's framework of risk management, internal control, compliance and governance processes, as implemented and represented by management, is adequate and working effectively

MetLife has adopted a “three lines of defence” risk and internal control framework to ensure that it can execute on the Undertaking’s approved strategy while concurrently ensuring that it can fulfil its responsibilities to key stakeholder groups, such as customers, shareholders, regulators and employees.

a. Business management, as the first line, owns risk identification, together with the design and execution of processes and controls to manage the risk.
b. Compliance and Risk Management, as the second line, provides input, challenge, oversight and governance.
c. IA, as the third line, provides independent assurance, reviewing both first and second lines of defence; it should not be relied upon by management as a substitute in whole or in part for either first or second line of defence activity.

At the request of the BRACC and Executive Group management, IA may perform advisory services and special reviews related to governance, risk management and controls as appropriate for the Undertaking, providing they do not compromise the role and independent function of IA.

B.5.2 Independence

It is a fundamental requirement for IA to maintain independence and objectivity from the first and second-line management of the business. IA will operate free of conditions that threaten its ability to carry out activities in an unbiased manner and has no direct operational responsibilities or authority for day-to-day business management, the management of risk, and the effectiveness of internal controls. Internal auditors are prohibited from having operational responsibility or authority over areas audited.

B.5.3 Authority

IA derives its authority from the Undertaking's Board, and the BRACC to which it has direct access. For the purposes of its work, IA has unrestricted authorisation to access all records, personnel and physical property, and formal meetings and committees relevant to the performance of their assignment in any functional area of the Undertaking and, where contractually authorised, its contractors or suppliers. All employees assist IA in fulfilling its roles and responsibilities. Documents and information given to IA are handled in the same prudent and confidential manner as by those employees normally accountable for them.

B.5.4 Performance

IA must exercise due professional care in the execution and communication of audits and other work. The Institute of Internal Auditors (IIA) has established standards (Standards) for the professional practice of Internal Auditing. The Standards apply to individual internal auditors and to internal audit activities. All internal auditors are accountable for conforming with the Standards related to individual objectivity, proficiency and due professional care. IA employs methodology to ensure auditors align with the Standards, and internal auditors are accountable for conforming with the Standards that are relevant to the performance of their job responsibilities. The IIA has also established a Code of Ethics. Auditors are responsible to conduct themselves so that their good faith and integrity are not open to question.

The IA Charter defines IA’s purpose, authority and responsibility. This Charter establishes IA’s position within the Undertaking, including the nature of the Chief Auditor’s (Head of Internal Audit) functional reporting relationship with the Board and administrative reporting to the CEO; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of IA activities.

B.5.5 Organisation and Reporting

The Head of Internal Audit has a functional reporting relationship to the BRACC and will meet with the Chair of the BRACC throughout the year. The Head of Internal Audit also reports administratively to the CEO and has direct and continuing access to the CEO as required. The Head of Internal Audit does not participate in the decision-making process of the Executive Group or Board, but may be invited by the CEO or Board, as the case may be, to attend any meetings and receive any information needed for successful execution of the Head of Internal Audit's function.

B.5.6 Scope of Responsibilities

The Head of Internal Audit is accountable for:

a. Identifying all auditable areas within the Undertaking;

b. Proposing a risk-based audit plan that is reviewed and approved by the BRACC at least annually. The plan covers key risks, emerging risks and regulatory obligations in line with the MetLife risk management and internal controls framework. Any significant deviation from the approved internal audit plan will be communicated to the BRACC through periodic activity reports;

c. Implementing the approved audit plan, communicating the results, and providing a written report. The Head of Internal Audit is accountable for all reports issued by IA and for deciding to whom and how it will be disseminated;

d. Monitoring action plans taken by management. IA maintains an audit-issues tracking system to identify the status of significant audit issues and the corrective actions planned by management;

e. Recruiting, developing and retaining personnel with appropriate skills, knowledge, experience and professional certifications to conduct their duties in an effective and efficient manner. They will maintain their technical competence through an appropriate curriculum of professional training and continuing education;

f. Contracting for specific expertise when needed for an audit assignment; the audit work remains the responsibility of IA and must be consistent with MetLife, Inc.'s IA Charter; and

g. Updating the BRACC on key audit initiatives, adequacy of resource levels, providing regular updates on the progress of completion of the audit plan, including any changes, and the status of management action plans.

B.6 Actuarial Function

The Actuarial Function is responsible for the following key deliverables within the Undertaking:

- Production of the (External) Annual "Actuarial Function Report" covering the following matters;
  - Report on the technical provisions
  - Opinion on underwriting
  - Opinion on reinsurance
  - Description of the activities of the Actuarial Function over the year
- (Internal) Quarterly slide deck to management providing analysis of the Solvency UK balance sheet, and support for sign-off;
- (Internal) Annual report to the Board on the actuarial assumptions;
- (Internal) Contributions to risk management notably the ORSA, including inputs to the choice of stresses and scenarios, and documented quality control over the projections themselves.

Note that the prefix "Internal" / "External" refers to whether the documentary outputs correspond directly to external requirements or are internal ways to support the external requirements. For example, the assumptions report is not required separately by external requirements, but, given that the assumptions are clearly a key element of the technical provisions, there needs to be suitable supporting documentation.

The Actuarial Function consists of the Actuarial Analysis team and the Actuarial Production team. The Actuarial Production team produces valuation results which are subsequently passed to the Actuarial Analysis team for analysis and review before final sign off by the Chief Actuary. Beyond its Solvency UK duties as Actuarial Function, the Actuarial Analysis team also contributes to a range of financial reporting and management activities.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Undertaking outsources a range of activities, particularly in the areas of policy administration and IT in order to benefit from expertise and efficiencies not practically available internally. Each outsourcing arrangement has a functional owner in the senior team who is responsible for the management and first line oversight of the arrangement. The Procurement function oversees the Third Party Risk Due Diligence and facilitates its completion for all vendors identified as potential outsourcing providers.

All outsourcing is subject to the requirements of the Outsourcing Policy, which, in line with relevant legislation, ensures that all outsourcing arrangements are subject to appropriate due diligence, approval, written agreements and ongoing monitoring, and that the risks associated with entering outsourcing arrangements are effectively managed. The Outsourcing Policy applies to all outsourcing agreements and covers the requirements for both external outsourcing and intra-group outsourcing.

B.7.2 Details of outsourcing (including material outsourcing)

The Undertaking operates on a partially outsourced model, which means that certain services (including certain material activities of the actuarial, compliance, risk management, IT services and internal audit functions) are provided by the following MetLife Group service companies:

- MetLife Europe Services Limited (MESL) for UK jurisdiction; and
- MetLife Services European Economic Interest Group (EEIG).

In addition, the Undertaking benefits from group services such as investment services from MetLife companies based in the UK and USA, and IT services from MetLife companies based in the USA.

In addition, the Undertaking externally outsources the following material activities:

- Administration of policies and customer service for all policyholders (SS&C)
- Production of in-force projections and at retirement illustrations (CTC)
- Fund calculation services, namely the daily running of an algorithm to determine the asset allocation at an individual policyholder level for iCPPI business (Deutsche Bank)

The most material operational risk exposure is those relating to the outsourcing agreements in place. The Undertaking works to put in place suitable mitigants such as defined contingency plans and ongoing monitoring of the agreements.

B.8 Any other information

The information provided in the sections above provide a comprehensive and complete description of the Undertaking's system of governance and its continuing adequacy for the Undertaking.

C Risk profile

This section describes the main risks to which the Undertaking is exposed through its business operations.

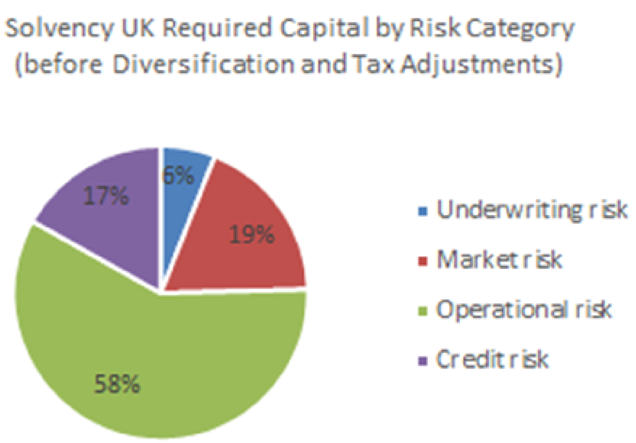
The Undertaking is the provider of a closed book of personal pension and investment bond business, unit-linked contracts with and without guarantees, originally sold to UK customers through the UK Branch of MetLife Europe d.a.c. (MetLife Europe) between 2007 and 2017 (UK WM business). The UK WM business was transferred from MetLife Europe to the Undertaking on 1st April 2024 to allow the continued servicing of the contracts post the closing of the UK Temporary Permissions Regime. The Undertaking has no intention of developing or offering any new UK WM policies to customers, thus the Undertaking's only line of business is the transferred UK WM business.

The Undertaking has a reinsurance arrangement in place with the MetLife Reinsurance Company of Bermuda (MRB) under which it cedes the UK WM business on a 100% quota share basis. All of the cashflows related to the business are ceded under the MRB treaty, including all expenses and extra contractual obligations. As such the treaty mitigates the financial, underwriting and expense risk and in addition covers the financial element of non-financial risk. The administration of the business is outsourced to a third-party administrator (TPA) who carries out the administration services related to the business on behalf of the Undertaking.

The Undertaking is exposed to underwriting, market, credit, liquidity and non-financial risk. The Undertaking cedes the entirety of the UK WM Portfolio to MRB on a 100% quota share basis. Whilst this largely mitigates all insurance risk to the business, the Undertaking will hold Insurance Risk capital on the Solvency UK balance sheet due to the counterparty default adjustment allowed for in the reinsurance asset (the "Default Adjustment"). The Undertaking mitigates market risk on Separate Account assets and policyholder obligations through the MRB reinsurance agreement. The MRB treaty also protects the Undertaking from the financial loss relating to the majority of non-financial risk events, with the exception of regulatory fines which cannot be passed to the reinsurer. The most material non-financial risk exposure is those relating to the outsourcing agreements in place. The Undertaking works to put in place suitable mitigants such as defined contingency plans, and ongoing monitoring of the agreements.

The Undertaking has documented a risk management framework to ensure risk is managed in line with the Undertaking's stated risk appetite. This framework is subject to at least an annual review and approval by the Board and continuous review by the MC, to ensure its on-going appropriateness.

At 31 December 2024, the breakdown of the Solvency UK required capital by risk category on a net of reinsurance basis was: 58% in Operational risk, 19% in Market risk, 17% in Credit risk, and 6% in Underwriting risk, before diversification and tax adjustments.



C.1 Underwriting risk

The Undertaking is exposed to underwriting risk, which is the risk of a deviation of the actual claims payments from the expected amount of claims payments (including expenses).

Longevity Risk
Longevity risk is the risk that policyholders with a guaranteed income for the rest of their lives survive for longer than expected, either as a result of a mis-estimation of current mortality rates of policyholders or greater than expected future reductions in mortality rates as a result, for example, of unexpected medical breakthroughs. The financial impact is that the income is required to be paid over a longer period, which can also result in additional expenses being incurred to manage these policies over a longer period.

Lapse Risk
Undertakings offering investment products are exposed to the risk that the pattern in which policyholders elect to withdraw their funds is different from expected; in particular the risk that more policyholders than expected withdraw their funds where the policies are profitable, or fewer policyholders than expected withdraw their funds where the policies are loss-making or where the policy has guarantees that are valuable to the policy beneficiary and that would be forgone upon surrender. Lower than expected withdrawal rates can also result in higher expense outgo for the Undertaking as there are more policies in-force to administer.

Expense Risk
This is the risk that the expenses the Undertaking incurs in administering and otherwise maintaining its in-force portfolio are higher than expected, either because of unexpected outgo or as a result of higher-than-expected inflation.

The Undertaking seeks to minimize underwriting risk exposures through its reinsurance strategy and strategic plan. The Undertaking cedes the entirety of the UK WM Portfolio to MRB on a 100% quota share basis. Whilst this largely mitigates all insurance risk to the business, the Undertaking will hold Insurance Risk capital on the Solvency UK balance sheet due to the counterparty default adjustment allowed for in the reinsurance asset (the “Default Adjustment”). This creates a gap between the change in the value of the best estimate liabilities and reinsurance asset under the SCR stresses. The strategic plan for the Undertaking outlines the businesses intention to abstain from writing any further UK WM Business, mitigating any exposure to insurance risk through new business.

The Undertaking’s retention limits and principles and approaches to insurance risk management are set out in the Insurance and Reinsurance Risk Policies. Compliance with the Undertaking’s insurance retention limits, and limits on exposure to reinsurers is monitored by the MC.

Going forward, exposure to underwriting risks is expected to decrease as the business runs off.

C.2 Market risk

This section describes the Undertaking’s exposure to various market risks, arising from the level or volatility of market prices of financial instruments.

Interest Rate Risk
Changes in the level of risk-free interest rates can affect Undertakings’ solvency positions. This is particularly the case for policies with attaching guarantees, as the net present value of the guaranteed amounts will change as risk-free interest rates change, and therefore the Undertaking’s BEL will change.

Equity Risk
The risk of a change in value caused by deviations of the actual market values of equities and/or income from equities from their expected values. The Undertaking is exposed to equity risk through underlying policyholder investment in equity funds, as decreasing equity values will reduce fee income and increase the likelihood of policyholder guarantees biting.

Currency Risk
The risk of a change in value caused by the fact that actual foreign currency exchange rates differ from those expected. When exchange rates change, the value of assets and liabilities denominated in foreign currencies can increase or decrease, impacting the overall financial position of the Undertaking.

As noted above, the Undertaking mitigates market risk on Separate Account assets and policyholder obligations through the MRB reinsurance agreement.

In line with the Prudent Person Principle, the Undertaking invests in assets whose risks can be properly identified, measured, managed, controlled, reported and appropriately taken into account as part of the ORSA process.

C.3 Credit risk

The Undertaking is exposed to credit risks (i.e. the risk of a value decrease of assets or increase of liabilities due to the default of third parties, or the increase of the probability of such a default and/or the associated loss).

Exposure to credit risk comes primarily from the investment portfolio and from a number of counterparties related to risk mitigation;

- The Undertaking is exposed to credit risk through its non unit-linked assets. This credit risk is well-diversified and for appropriate reward, subject to the risk appetite.
- For the UK WM business with guarantees, the Undertaking may have to fund some level of credit losses in certain situations. In a situation where credit losses would result in the assets backing a policyholder’s investment to fall below the value of any attaching guarantees at payment. This risk is mitigated by the reinsurance in place with MRB, covering all policyholder contractual obligations.
- The most material counterparty credit risk exposure arises from the MRB reinsurance treaty. The collateral structure in place provides significant risk mitigation, and the Undertaking also has support structures in place with the MetLife, Inc. Group. Limits are set as appropriate in the Reinsurance Risk Policy.
- The Undertaking is also exposed to credit risk to banks through cash deposits. This exposure is managed by balancing the benefits of diversifying counterparties with need for operational simplicity.

Going forward, exposure to credit risk is expected to decrease as the business runs off.

C.4 Liquidity risk

Liquidity risk is the risk that the Undertaking, although solvent, is unable, without incurring a premium cost, to make available sufficient resources to meet its financial obligations as they fall due.

The key areas of liquidity risk are the timing of settlements with MRB on the reinsurance agreement, and timing of policyholder payments versus sales of units in external assets backing the policyholder unit linked funds, which both constitute a very temporary liquidity risk at any point in time. The first area is managed and mitigated by cash management forecasting and holding sufficient and sufficiently liquid assets, both those backing reserves and capital. The second is managed through the process of forecasting changes in units.

The Undertaking also carries out regular liquidity stress testing, allowing for key liquidity risk exposures including the impact of policyholder surrenders.

The support structures in place with the MetLife, Inc. Group also ensure that the Undertaking has the necessary access to liquidity to enable it to make payments to policyholders, creditors, and counterparties on a timely basis.

The Undertaking’s investments are typically highly liquid. In its assessment of liquidity, the Undertaking can also take into account the cash inflows and outflows arising from regular business activities over the course of the liquidity horizon considered. The total amount of expected profits included in future premiums as calculated in accordance with Article 260(2-4) of the Delegated Acts was zero as at 31 December 2024.

C.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Undertaking accepts some operational risk loss events will happen and has set an annual allowance for losses which occur as a result of operational risk which is closely monitored throughout the year.

The Undertaking manages operational risk to a high level, through a combination of sound corporate and effective risk governance, robust systems and controls and strong resource management and with limit and tolerance structures. The MRB treaty also protects the Undertaking from the financial loss relating to the majority of Operational Risk events, with the exception of regulatory fines which cannot be passed to the reinsurer.

The most material operational risk exposure is those relating to the outsourcing agreements in place. The Undertaking works to put in place suitable mitigants such as defined contingency plans, and ongoing monitoring of the agreements.

While operational risk management focuses on preventing risks from materialising or minimising the impacts where they do, operational resilience, a subset of operational risk, focuses on strengthening our ability to deal with risk events when they occur.

The Undertaking has a robust system in place which includes written policies, supporting procedures, risk limits and the controls required to implement, measure, monitor, maintain and report on all material operations. The Undertaking has defined its important business services and set impact tolerances for each of these. These tolerances are set at a level which would avoid customers suffering intolerable harm, or there being an unacceptable impact on the Undertaking's financial soundness, or that of the financial system. The Undertaking has completed testing to ensure that, in a stressed scenario, it can stay within these impact tolerances for these important business services.

C.6 Other material risks

The Undertaking is also exposed to emerging risks. The Undertaking currently considers increasingly complex regulations, for example increased climate disclosures, along with increased sophistication of technology including in the areas of artificial intelligence (AI) and cyber risks as key emerging risks.

In addition to the risks outlined above, sustainability remains one of the focal points for the Undertaking with Environmental, Social and Governance (ESG) factors increasingly shaping our decisions. With regard to climate risk specifically, the Undertaking has continued to strengthen its efforts to understand the impact that climate risk, both physical and transition, may have on its business. Regulatory guidance issued on Climate Change Risk in 2019, and updated in November 2024, outlines how insurers are expected to consider the financial risks from climate change.

C.7 Any other information

The material elements of the Undertaking's risk profile are all covered above. The Undertaking reviews its risk exposures regularly and considers potential actions to align exposure to risk appetite.

D Valuation for solvency purposes

D.1 Assets

Basis of valuation

The valuation of assets for Solvency UK has been determined in line with the PRA Rulebook and related guidance.

Unless expressly stated in the notes below, the Undertaking has valued its assets at fair value. In order to establish the fair value of assets, the following guiding principle has been applied:

- Assets are valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

The determination of fair value of financial assets, which comprise substantially all of the assets of the Undertaking, is set out below.

Fair value of financial assets with active market

When available, the fair value of financial assets is based on quoted prices in active markets that are readily and regularly obtainable. These are the most liquid of the Undertaking's financial assets and valuation of these assets does not involve management's judgement.

Fair value of financial assets with no active market

When developing fair values, where quoted prices are not available, the Undertaking uses one of three broad valuation techniques or a combination thereof: (i) the market approach, (ii) the income approach and (iii) the cost approach.

The significant inputs to these valuation techniques are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, inputs that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data, are used. These unobservable inputs are based in large part on management's judgement or estimation, and cannot be supported by reference to the market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such financial assets and are considered appropriate given the circumstances. Actual results may differ materially from these estimates.

Such estimates are reviewed on an ongoing basis, and any difference recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For deposits within one year of the balance sheet date, the Undertaking believes that the fair value is represented by the amounts realisable, on account of their short term nature.

The following table shows the assets of the Undertaking as reported in the Balance Sheet QRT IR.02.01 under Solvency UK, and comprises figures produced under both Solvency UK and in the Undertaking's financial statements. The financial statements have been prepared in accordance with UK GAAP.

Assets of the Undertaking as at 31 December 2024

Assets	Solvency UK value	Reclassification adjustments	Valuation adjustments	UK GAAP value
	£'000	£'000	£'000	£'000
Deferred tax assets	44,739	—	—	44,739
Government Bonds	17,904	(4,607)	—	13,297
Assets held for index-linked and unit-linked funds	1,868,187	3,707	—	1,871,894
Reinsurance recoverables	1,841,485	—	—	1,841,485
Receivables (trade, not insurance)	7,735	3,133	—	10,868
Cash and cash equivalents	9,835	3,920	—	13,755
Total Assets	**3,789,885**	**6,153**	**—**	**3,796,038**

The Solvency UK liabilities are compared to the UK GAAP liabilities in section D.3.

As set out in section E.1.2, there are no valuation differences between the Solvency UK and UK GAAP excess of assets over liabilities. The items on Solvency UK and UK GAAP balance sheets may, however, be disclosed in different categories. The 'reclassification' column above includes such amounts where there is a different classification between Solvency UK and UK GAAP. There is no net bottom line reclassification difference between the assets in this section and the liabilities in section D.3.

D.1.1 Deferred tax assets

Under Solvency UK, a deferred tax asset (DTA) is recognised on the estimated future tax effects of temporary differences, unused tax losses carried forward and unused tax credits carried forward. Deferred tax is only recognised where it is probable that it will be realised, i.e., that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws enacted or substantively enacted at the reporting date, on an undiscounted basis. When determining whether DTAs can be realised, the Undertaking considers projected future taxable profits in excess of those profits arising from the reversal of existing taxable temporary differences.

The principles under which DTAs and deferred tax liabilities (DTLs) are recognised under Solvency UK are broadly similar to those under UK GAAP.

There are no differences in the carrying value of underlying assets and liabilities, therefore there are no temporary differences between carrying value or tax base under Solvency UK and UK GAAP. Accordingly, the deferred taxes recognised on the Solvency UK and UK GAAP balance sheets are equal.

The following tables sets out the composition of the deferred tax balances under Solvency UK, as at the reporting date, with a comparison against the deferred tax balances under UK GAAP:

	Solvency UK 2024 £'000	UK GAAP 2024 £'000
Policyholder assets/liabilities	(5,314)	(5,314)
Total Deferred Tax Liability	**(5,314)**	**(5,314)**

	Solvency UK 2024 £'000	UK GAAP 2024 £'000
Losses carried forward	44,754	44,754
Investments	(15)	(15)
Total Deferred Tax Asset	**44,739**	**44,739**

As of 31 December 2024, the Undertaking has recognised the following:

- A DTA position for Solvency UK purposes of £44.7 million, which mainly relates to a DTA for local losses; and
- A DTL position for Solvency UK purposes of £5.3m, which relates to policyholder DTL.

With reference to the above, the UK losses can be carried forward in perpetuity in accordance with UK tax law. The Undertaking is satisfied that the current evidence is sufficient to allow it to recognise a DTA of £44.7m.

D.1.2 Investments (other than assets held for index-linked and unit-linked contracts)

Under Solvency UK, investments are stated at fair value except for strategic participations as set out below. Financial assets and liabilities are recognised when the Undertaking becomes a party to the contractual provisions of the instrument. All financial instruments reported at fair value are measured based on an exit price.

The valuation techniques and source of pricing inputs used by the Undertaking for significant categories of investments are produced below:

D.1.2.1 Government bonds

Government bonds listed on a recognised exchange are valued using the quoted prices for identical instruments.

Government bonds which are not listed, are principally valued using the market approach. Valuations are based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar instruments, including those within the same sub-sector or with a similar maturity or credit rating.

Government bonds for which observable inputs are not available, are principally valued using the market approach. Valuations are based primarily on independent non-binding broker quotations and inputs including quoted prices for identical or similar instruments that are less liquid and based on lower levels of trading activity. Certain valuations are based on matrix pricing that utilise inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, including credit spreads.

Under UK GAAP, bonds are stated at fair value. Accordingly, there are no valuation differences between Solvency UK and UK GAAP. There is a reclassification between Solvency UK and UK GAAP for bonds identified as cash equivalent in accordance with FRS102. Solvency UK bond market values include accrued interest which are excluded under UK GAAP requiring a reclass.

D.1.3 Assets held for index-linked and unit-linked contracts

Under Solvency UK, assets held for index-linked and unit-linked contracts are stated at fair value.

Index-linked and unit-linked funds comprise of the various categories of investments and other assets described herein, principally investment funds. For disclosure of the valuation methodology used for these assets, please refer to the relevant notes in this section.

Under UK, assets held for index-linked and unit-linked contracts are stated at fair value. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

Derivatives Held
The Undertaking utilises derivatives for risk reduction purposes. The Undertaking holds derivatives with a net fair value at 31 December 2024 of Nil.

D.1.4 Reinsurance recoverables

Under Solvency UK, reinsurance recoverables are valued using the cash-flow projection model similar to that used to calculate the best estimate of liabilities.

The reinsurance recoverables are adjusted for expected defaults using internal assumptions. Further information on the best estimate of liabilities, its valuation methodology, basis and assumptions used can be found in section D.2.

Under UK GAAP, reinsurance recoverables are valued using the same methods used to calculate technical provisions and, accordingly, there are no differences between the value of reinsurance recoverables on the SII and UK GAAP balance sheets.

D.1.5 Reinsurance receivables

Reinsurance receivables relate to claims and commissions settled to policyholders but not yet paid by reinsurers.

Under Solvency UK, these are stated at fair value.

Under UK GAAP, receivables and other assets are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.1.6 Receivables (trade, not insurance)

Under Solvency UK, these are stated at fair value.

Under UK GAAP, trade receivables are recorded at cost less any irrecoverable amounts and are an approximation of the fair value of these assets. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.1.7 Cash and cash equivalents

Cash and cash equivalents and bank overdrafts are carried at fair value on the Solvency UK balance sheet, which is based on the amounts due on demand.

Under UK GAAP, cash and cash equivalents and bank overdrafts are stated at carrying value which approximates to fair value. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

Bank overdrafts are disclosed in debts owed to credit institutions in UK GAAP and Solvency UK.

D.1.8 Any other information on assets

Asset levelling

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable.

- Level 1: quoted prices in active markets for identical assets;
- Level 2: quoted prices in active markets for similar assets; and
- Level 3: inputs other than quoted prices in active markets for identical or similar assets that are observable for the asset directly (i.e. as prices) or indirectly (i.e. derived from prices).

Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total Solvency UK**
	2024	**2024**	**2024**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Assets held for index-linked and unit-linked funds (excluding outstanding trades)	1,868,187	—	—	1,868,187
Cash and cash equivalents	9,836	—	—	9,836
Derivative	—	—	—	—
Government Bonds	4,591	13,313	—	17,904
Grand Total	**1,882,614**	**13,313**	**—**	**1,895,927**

All other information has been disclosed in the preceding sections.

D.2 Technical provisions

The technical provisions correspond to the current amount the Undertaking would have to pay if they were to transfer their insurance obligations immediately to another Undertaking. The value of technical provisions is equal to the sum of a BEL and a risk margin. The methodology employed in the calculation of the BEL is covered in section D.2.3 and the risk margin is covered in section D.2.6.

The insurance obligations have been segmented into homogeneous risk groups (HRGs) when calculating the technical provisions. The approach to segmentation is covered in section D.2.1.

The BEL is calculated gross, without deduction of the amounts recoverable from reinsurance contracts. Such recoverable amounts are calculated separately and are covered in section D.2.4.

D.2.1 Segmentation

Under Solvency UK, undertakings should properly segment the business into the lines of business specified in the guidelines. The primary segmentation distinguishes between life and non-life insurance obligations. The distinction does not coincide with the legal definition, but rather with how the contract is pursued on a similar technical basis.

In respect of the Undertaking, the following are the main lines of business:

- Other life insurance;
- Index-linked and unit-linked life insurance;

D.2.2 Value of Technical Provision

Technical provisions split by gross and net of reinsurance

Illustrated below is a breakdown of gross and net technical provisions.

	Gross of Reinsurance	Reinsurance Relief	Net of Reinsurance
	2024	2024	2024
Line of business	£'000	£'000	£'000
Index-linked and unit-linked insurance	1,863,548	(1,863,548)	—
Other life insurance	(21,057)	22,062	1,005
Total Technical Provisions	**1,842,491**	**(1,841,486)**	**1,005**

Gross technical provisions split by BEL and Risk Margin

The table below presents the breakdown of gross technical provisions into BEL and risk margin (methodology is covered in sections D.2.3 and D.2.6 respectively).

Line of business	BEL	Risk Margin	Gross Technical Provisions under Solvency UK
	2024	2024	2024
	£'000	£'000	£'000
Index-linked and unit-linked insurance	1,863,548	—	1,863,548
Other life insurance	(21,718)	661	(21,057)
Total Gross Technical Provisions	**1,841,830**	**661**	**1,842,491**

D.2.3 Best estimate

The best estimate corresponds to the probability weighted average of future cash-flows (50 years) taking account of the time value of money. The cash-flow projections reflect the expected realistic future demographic and economic developments over the lifetime of the insurance and reinsurance obligations. It takes account of all the cash in-and out-flows required to settle the insurance obligations over the time horizon.

Cash in-flows includes future premiums, charges and other policyholder payments. The cash out-flows are calculated and include future benefits payable to the policyholders or beneficiaries, expenses that will be incurred in servicing insurance obligations, commissions, unit-linked benefits and tax payments.

D.2.4 Reinsurance recoverables

The calculation of amounts recoverable from reinsurance contracts follow the same principles and methodology as presented above for the calculation of other parts of the technical provisions.

Where the timing of recoveries and direct payments markedly diverge this has been taken into account in the projection of cash-flows. Where the timing is sufficiently similar to that for direct payments the timing of direct payments has been used.

The amounts recoverable have been calculated consistently with the boundaries of the insurance contracts to which they relate.

The expenses incurred in relation to the management and administration of reinsurance contracts are allowed for in the calculation of the best estimate.

The amounts recoverable from reinsurance contracts are adjusted to take account of expected losses due to default of the counterparty. This adjustment is calculated separately and is based on an assessment of the probability of default of the counterparty and the average loss-given-default.

D.2.5 Discounting

The Undertaking uses the risk free PRA rates for its liabilities. The above approach is used consistently through the Solvency UK Balance Sheet, Own Funds, SCR and MCR.

D.2.6 Risk margin

The risk margin is a fair value adjustment that captures the cost of holding the unhedgeable part of the SCR over the lifetime of the policies in force. It is added to the BEL which together make the technical provisions. Market risks are deemed hedgeable and are therefore excluded from this calculation. Determination of the risk margin therefore entails a projection of the unhedgeable part of the SCR over the run-off of the in-force business.

For the purposes of calculating the risk margin, the SCR refers to non-hedgeable risks only (the implicit assumption being that a third party purchasing company will hedge or mitigate all avoidable risks).

The following risks are considered key for risk margin: Mortality, Lapse, Expenses and Operational.

The non-hedgeable SCR components are discounted using the risk-free rates.

D.2.7 Approximation of technical provisions

Technical provisions - un-modelled business

Due to modelling or data limitations on certain lines of business, certain components of the BEL are allowed for via un-modelled adjustments or modelled adjustments. The basis for the adjustment will vary from item to item.

Technical provisions - Paid-Up option

The Undertaking does not currently model the option to make policies paid up. There is no modelling of the “paid-up” decrement on the grounds of proportionality. It is complex to model and is assumed to be broadly equivalent financially to the surrender of the contract.

D.2.8 Level of uncertainty associated with technical provisions

In the calculation of technical provisions, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a periodic basis.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, are discussed below.

Key sources of estimation uncertainty

BEL
The BEL represents the unit reserves plus the present value of future benefits, in excess of the unit reserves, to be paid to the policyholders or on behalf of the policyholders and related expenses less the present value of future charges deducted from the unit-linked account.

Key assumptions used in calculating the BEL include:

- Expected future economic conditions (including risk-free interest rates, inflation rates and reinvestment rates);
- Maintenance expenses and associated inflation;
- Mortality rates based on selected published actuarial mortality tables adjusted by multiplier on expected experience; and
- Lapse rates based on expected surrender experience.

Expert judgement

Expert judgement is necessary in the calculation of the BEL for a number of reasons including the following:

- Selection of data to use, and adjustment to reflect current or future conditions, correcting errors and deciding on the treatment of outliers or extreme events;
- Selection of realistic assumptions, allowing appropriately for the environment in which the Undertaking operates;
- Selection of the valuation technique considering appropriate alternative methodologies.

D.2.9 Matching adjustment

This is not applicable to the Undertaking.

D.2.10 Volatility adjustment

This is not applicable to the Undertaking.

D.2.11 Transitional risk-free interest rate-term structure

This is not applicable to the Undertaking.

D.2.12 Transitional deduction

This is not applicable to the Undertaking.

D.2.13 Differences between Solvency UK valuation and UK GAAP

As a new entrant, the Undertaking has the option to establish accounting policies for insurance contracts consistent with FRS 103 or with the PRA Rulebook, which transposes the Solvency II Directive, and relevant requirements of FRS 102 and FRS 103, subject to any appropriate adjustments. The Undertaking has elected to establish accounting policies for insurance contracts consistent with Solvency UK. Accordingly, there are no differences between technical provisions under Solvency UK and those presented in the Undertaking's financial statements.

D.2.14 Information on actuarial methodologies and assumptions

D.2.14.1 Mortality

The mortality assumption is set by referencing the base "00" series tables published by CMI table and adjusted to reflect the Undertaking's claims experience (mortality scalar) which is applied to bring the assumptions in line with our own experience on the UK WM business. In addition to this, mortality improvements are also allowed for to reflect the assumption as published in CMI 2022.

D.2.14.2 Morbidity

This is not applicable to the Undertaking.

D.2.14.3 Lapses

Base lapse rates are set and defined at a product level, which vary by duration to bring the assumptions in line with our own experience.

D.2.14.4 Expenses

D.2.14.4a Expense assumption

Expenses are set as per policy aligning the modelled present value of expenses with the present value of the future planned expenses plus the Third-Party administrator cost.

D.2.14.4b Expense inflation assumption

Maintenance and overhead expenses are adjusted based on inflation assumptions.

D.2.14.4c Commission assumption

Standard commission is calculated as a percentage of premium or invested amount.

Commission is not generally an assumption subject to discretionary judgement, rather it is a well-defined parameter of the relevant product.

D.2.14.5 Premium Indexation

This is not applicable to the Undertaking.

D.2.14.6 Benefit Escalation

This is not applicable to the Undertaking.

D.2.14.7 Interest Rate

D.2.14.7a Interest rate assumption

The yield curves are generated in line with the prescribed methodology. The risk-free interest rates are:

- Calculated for different time periods, reflecting that the liabilities of insurance and reinsurance undertakings stretch years and decades into the future.
- Adjusted to reflect that a portion of the interest rate in a swap transaction (or a government bond) will reflect the risk of default of the counterparty and hence without adjustment would not be risk free.
- Based on data available from financial markets.

D.2.14.7b Credited rate/Excess Interest Benefit (EIB)

This is not applicable to the Undertaking.

D.2.14.7c Reversionary and terminal bonuses

This is not applicable to the Undertaking.

D.2.14.8 Fund Growth - Unit Linked

The assumed growth rate of unit-linked funds is consistent with the relevant risk-free interest rate term structure.

D.2.14.9 Discount Rate/Illiquidity Premium

No illiquidity premiums are allowed for in any country.

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D.3 Other liabilities

Liabilities of the Undertaking as at 31 December 2024

Liabilities	Solvency UK value £'000	Reclassification adjustments £'000	Valuation adjustments £'000	UK GAAP value £'000
Technical provisions - Life (excluding index-linked and unit-linked)	(21,057)	—	—	(21,057)
Technical Provisions - index-linked and unit-linked funds	1,863,548	—	—	1,863,548
Deposits from reinsurers	1,863,548	2,579	—	1,866,127
Deferred tax liabilities	5,314	—	—	5,314
Debts owed to credit institutions	22	5	—	27
Insurance and intermediaries payable	8,349	—	—	8,349
Reinsurance payables	6,386	—	—	6,386
Payables (trade, not insurance)	953	3,569	—	4,522
Total Liabilities	**3,727,063**	**6,153**	**—**	**3,733,216**
Excess of assets over liabilities	**62,822**	**—**	**—**	**62,822**

The Solvency UK assets are compared to the UK GAAP assets in section D.1. As set out in section E.1.2, there are no valuation differences between the Solvency UK and UK GAAP excess of assets over liabilities.

D.3.1 Deposits from reinsurers

Deposits from reinsurers refers to the value of the unit linked funds that comprise the policyholder account assets. These assets have been retained on the Undertaking's balance sheet under a funds withheld structure but are ultimately owed to the reinsurer under the terms of the reinsurance agreement.

Under Solvency UK, deposits from reinsurers are stated at fair value on the Solvency UK balance sheet

Under UK GAAP, deposits from reinsurers are recorded at cost and are an approximation of the fair value of these liabilities. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.3.2 Deferred tax liabilities

For further details, please refer to section D.1.1.

D.3.3 Insurance and intermediaries payables

This relates to amounts due to policyholders, insurers and other business linked to insurance.

Under Solvency UK, these are stated at fair value.

Under UK GAAP, such short-term payables are recorded at cost which is an approximation of the fair value of these liabilities. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.3.4 Reinsurance payables

Reinsurance payables relates to amounts payable to reinsurers on claims and commissions settled to policyholders.

Under Solvency UK, these are stated at fair value.

Under UK GAAP, such short-term payables are recorded at cost which is an approximation of the fair value of these liabilities. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.3.5 Payables (trade, not insurance)

Under Solvency UK, these are stated at fair value.

Under UK GAAP, trade payables are recorded at cost and are an approximation of the fair value of these liabilities. Accordingly, there are no valuation differences between Solvency UK and UK GAAP.

D.3.6 Risk management

Information on risks relating to underwriting and reserving, asset-liability management, investment risk management and liquidity risk management is set out in section C.

D.3.7 Level of uncertainty associated with other liabilities

Due to the short term nature of the other liabilities obligations, the timing of outflows of economic benefits is known with reasonable certainty.

D.4 Alternative methods for valuation

Information in relation to assets that are not valued using quoted prices is set out in Section D.1.2.1.

D.5 Any other information

All information has been disclosed in the preceding sections.

E Capital management

E.1 Own funds

E.1.1 Capital Management Policy

The strategic objectives of capital management for the Undertaking are:

- Regulatory compliance: to ensure compliance with the Undertaking's regulatory capital requirements;
- Efficient allocation: to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives; and
- Financial strength: to ensure access to capital markets on competitive terms, so that the Undertaking's overall cost of capital is minimised.

Taken together, these strategic goals strengthen the Undertaking's ability to withstand losses from adverse business and market conditions, enhance its financial flexibility and serve the interests of stakeholders.

Roles and Responsibilities

- The Board has ultimate responsibility for ensuring adequacy of capital for the Undertaking.
- The CEO is responsible for guiding strategy and overall corporate risk appetite and ensuring that the right people are overseeing each function involved in capital management.
- The CFO is responsible for overseeing capital reporting and financial functions, capital allocation, and to cascade the CEO's strategy, including risk appetite, to all relevant financial divisions.
- The CRO ensures the composition and level of the Undertaking's capitalisation supports the Undertaking's Risk Strategy and Appetite. The CRO is responsible for the systems and structures in place to manage and monitor risks.
- The Finance Function has management responsibility for understanding capital consequences of investment strategies and decisions and coordination with relevant Treasury and Finance personnel to ensure that the capital considerations of investment decisions are properly vetted.
- Both the Risk Management Function and Finance Function ensure that adequate reporting is in place and capital requirement policies are followed correctly.

Capital Management Framework

The Board is ultimately responsible for the sourcing, deployment and adequacy of capital (i.e. assets held other than those designated to meet policyholder and other Undertaking liabilities) and places significant reliance on the advice of the CFO and CRO who bear specific professional duties in this regard.

The Undertaking's capital is monitored through the capital management process and within the Undertaking's stated risk appetite limits. Any breaches of these limits is escalated in accordance with and as defined by any relevant regulatory or internal policies.

The Undertaking's risk appetite recognises the regulatory minimum standard, as it applies to technical provisions, own funds and capital under Solvency UK, and sets the target ongoing solvency level in order to enable the Undertaking to withstand the financial implications of adverse experience.

Risk appetite

The Undertaking has developed key risk appetite statements which apply on an ongoing basis. The Risk Management Function reviews the Undertaking's actual risk exposure against the overall stated risk appetite on a regular basis, at least quarterly.

The Risk Appetite and Strategy identifies the agreed target solvency level and range for the Undertaking. The appropriateness of the risk appetite is evaluated as part of the Undertaking's ORSA process each year and is subject to change over time.

Where deviations from the defined risk appetite measures occur, the Risk Management Function provides the Board with its opinion of the intensity of the deviation, along with a report on actions taken to address the deviation. Following this, the Board determines the materiality of deviations from the defined Risk Appetite measures, and whether such deviations are to be communicated to the regulator in accordance with PRA requirements.

Capital Planning and Dividend Policy

The Finance Function develops and maintains the medium term capital plan considering the business and risk strategies.

The capital planning process takes into account the following:

- The most recent business plan;
- Material new business;
- Any known management actions that are expected to materially affect the capital position;
- The planned dividend payments and any scheduled capital increases; and
- The outcome of the most recent Solvency UK calculations and ORSA results.

Proposed dividends are considered by the Board on a case by case basis taking into account the output of the ORSA, including the expected capital position over a 12 month time horizon and the risks to that capital position, but in any case would not result in the Undertaking going below its overall target solvency level.

Capital and Liquidity Management

The Finance Function has the responsibility of managing the excess of assets over liabilities, per established guidelines. Investment of such capital is subject to the portfolio objective of meeting operating cash flow needs and generating a modest return enhancement above risk-free levels by taking moderate duration exposure and limited credit risk. Investments will generally be selected to minimise currency exposure relative to the relevant base currency.

Investment Guidelines are in place that govern the investment options for all assets owned by the Undertaking.

E.1.2 Reconciliation of equity under UK GAAP to excess of assets over liabilities under Solvency UK

The Undertaking's excess of assets over liabilities (own funds) under Solvency UK is equal to the shareholders' equity in the financial statements prepared under UK GAAP as shown in the table below.

	Section	31-Dec-24 £'000	31-Dec-24 £'000
Assets under UK GAAP valuation	D.1	3,796,038	
Liabilities under UK GAAP valuation	D.3	(3,733,216)	
Equity per the UK GAAP financial statements			**62,822**
Valuation Adjustments			—
Assets under Solvency UK valuation	D.1	3,789,885	
Liabilities under Solvency UK valuation	D.3	(3,727,063)	
Excess of assets over liabilities under Solvency II			**62,822**

E.1.3 Composition and quality of own funds

The items reported in the own funds are split into three categories depending on different factors such as quality, liquidity and timeline to availability when liabilities arise.

Tier one own funds include ordinary share capital, non-cumulative preference shares and relevant subordinated liabilities. Tier two own funds include cumulative preference shares and subordinated liabilities under a shorter duration. Tier three own funds include own funds which do not satisfy the Tier one or Tier two requirements.

Composition and quality of own funds

All of the Undertaking's own funds are categorised as Tier one (ordinary share capital and share premium related to ordinary share capital) for Solvency UK purposes, with the exception of DTA of £44.7m, which is categorised as Tier three.

E.1.4 Capital instruments in issue

Instrument	Ordinary share capital
Tier	Tier One
Permanence	Yes
Subordination	Last upon winding up
Redemption incentives	None
Amount in issue	12,010,000
Mandatory service costs	None
Absence of encumbrance	Yes

E.1.5 Movement in own funds

	31-Dec-24
	£'000
Basic own funds	
Tier One	**18,083**
Tier Two	**—**
Tier Three	**44,739**
Total basic own funds	**62,822**

The Undertaking has no ancillary own funds.

E.1.6 Eligible amount of own funds to cover SCR and MCR

Illustrated below is the eligible amount of own funds to cover the SCR and MCR.

	31-Dec-24 £'000
Total own funds	**62,822**
Less:	
Restrictions	**(44,089)**
Deductions	**—**
Total eligible own funds for SCR	**18,733**
SCR	**4,334**
Solvency Ratio	**432%**
Total eligible own funds for MCR	**18,083**
MCR	**3,500**

The Undertaking has a restriction on eligible own funds. As DTA is classified as Tier 3 capital, the allowable portion for inclusion in eligible own funds is restricted to 15% of the SCR calculation.

Loss absorbency

The Undertaking's Tier One own funds are immediately available to absorb losses. They absorb losses if there is any non-compliance with the SCR.

E.1.7 Reconciliation reserve - key elements

Reserve item	**Amount 31-Dec-24 £'000**
Excess of assets over liabilities	**62,822**
Own shares (included as assets on the balance sheet)	**—**
Forseeable dividends, distributions and charges	**—**
Other basic own funds items	**56,749**
Adjustment for restricted own fund items of Matching Adjustment Portfolios (MAPs) and Ring Fenced Funds (RFFs)	**—**
Reconciliation reserve before deduction for participations	**6,073**

E.1.8 Transitional arrangements

The Undertaking has not reported transitional arrangements.

E.1.9 Ancillary own funds

The Undertaking does not have ancillary own funds.

E.1.10 Restrictions and deductions from own funds

Refer to section E.1.6 for details.

E.1.11 Own funds - Ring Fenced Funds (RFFs)

The Undertaking does not have RFFs.

E.1.12 Own funds - Planning and management

The Undertaking's capital projection does not include any repayment of its capital items over the current and projected planning horizon or any plan to raise additional own funds.

E.1.13 Own funds - Forecast

The Undertaking projects its capital requirements over the three year planning horizon used within the ORSA process.

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E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

E.2.1 Approach to SCR and MCR

Calibration of stresses
For the purpose of this section, the Undertaking has adopted the Standard Formula (SF) approach. This method uses stresses for each of the individual risks as calibrated by the EIOPA. The EIOPA also provides the standard correlation matrices for the purpose of aggregation.

The PRA has adopted the Commission Delegated Regulation 2015/35 in Solvency Capital Requirement – Standard Formula (SCR-SF) of the PRA Rulebook. Therefore, the stresses and correlation matrices are currently consistent with what is prescribed by EIOPA.

E.2.2 Overview of SCR SF calculation

This section details the capital requirements for the Undertaking.

The assessment of the SCR using the SF approach is based on a modular approach consisting of a core of life; non-life; market; health and counterparty default risks with associated sub-modules. These are aggregated in the SF using correlation matrices, both at the sub-module and the main module level. An intangible asset module is then added (uncorrelated) to give the Basic Solvency Capital Requirement (BSCR). The operational risk component and adjustments for the risk absorbing effect deferred taxes are then allowed for, to give the overall SCR.

Hence, the SCR is calculated as follows:

$SCR = BSCR - Adj + SCR_{op}$

Where

- SCR = The Overall Standard Formula Capital Charge;
- BSCR = Basic Solvency Capital Requirement;
- Adj = Adjustment for Risk Absorbing Effect and Deferred Taxes; and
- SCR_{op} = The Capital Charge for Operational Risk.

Here, the “delta-Net Asset Value” (ΔNAV) approach is used for capturing the impact of the underlying risk module. Note that the expression ΔNAV has a sign convention whereby positive values signify a loss.

In order to calculate ΔNAV, the base scenario as well as the stressed assets and liabilities need to be calculated. The cashflows for each of these scenarios are then discounted to determine the corresponding present value of assets and liabilities. The difference between the base and the stressed assets and liabilities is the ΔNAV.

The ΔNAV is based on the Solvency UK balance sheet that excludes the risk margin component of the technical provisions (i.e. uses only the BEL component of the technical provisions). Furthermore when calculating ΔNAV the following are allowed for:

- Risk mitigation techniques
- Adverse changes in the option take-up behaviour of policyholders.
- For collective investment funds, a look through approach has been used to assess the risk applying to the underlying investment vehicle. Where a collective investment fund is not sufficiently transparent to allow for a reasonable best effort allocation, reference has been made to the investment mandate.

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E.2.3 SCR and MCR results

SCR

The following table includes the SCR components.

	31-Dec-24 £'000
SCR market risk	**907**
Interest rate risk	450
Equity risk	673
Spread risk	100
Currency risk	81
Diversification benefits	(397)
SCR counterparty default risk	**821**
SCR life underwriting risk	**291**
Life Longevity risk	94
Lapse risk	178
Life Expenses risk	108
Diversification benefits	(89)
Aggregation (diversification effect)	**(534)**
Basic SCR	**1,485**
Operational risk SCR	**2,849**
Diversified SCR, excluding capital add-on	**4,334**
Capital add-on	—
Diversified SCR	**4,334**

The figures above correspond to the sensitivities shown for each risk category in Section C, with additional allowance for diversification as per the Solvency UK SF.

MCR

The MCR is a less onerous capital requirement than the SCR. It represents a minimum level below which the amount of financial resources should not fall. The MCR is based on a linear function of net technical provisions and capital-at-risk. It is subject to a floor of 25% of SCR and a ceiling of 45% of SCR with an absolute minimum requirement of £3.49m. The MCR for the Undertaking is currently set at this absolute minimum value.

	31-Dec-24 £'000
MCR	**3,500**

Capital add-ons

The Undertaking is not currently subject to any capital add-on based on instructions from the supervisor.

E.2.4 Loss absorbing capacity of deferred tax

The Undertaking is currently not recognising any benefit for the loss absorbing capacity of deferred tax as the underlying DTL relates to policyholder tax and it is not the Undertaking's liability.

E.2.5 Treatment of participating business

The Undertaking does not have any lines of business with material discretionary benefits.

E.2.6 Risk mitigation techniques and future management actions

Treatment of risk mitigation techniques

Risk mitigation techniques such as collateral and hedging for the Undertaking relate principally to reinsurance evaluated within the technical provisions, in the SCR stresses, and in particular also in the Counterparty Default Risk module of the SCR, with due allowance for counterparty credit rating and loss-given-default.

Treatment of future management actions

The Undertaking has approved the following future management actions:

- An expense reduction of 20% is allowed for under the 40% Mass Lapse SCR stress. The rationale being that were 40% of policyholders to lapse, the Undertaking would be able to reduce expenses by 20%.

- The management of future overhead expenses on the significant UK unit-linked business following the Undertaking's decision to close this to new business in 2017. This action recognises that the overhead costs do not run off as quickly as the policies run off, and identifies how management expects to reduce such overheads over the lifetime of the portfolio. This action affects the technical provisions with second order consequences for the SCR.

E.2.7 Simplifications under risk modules and sub modules in SF

This is not applicable to the Undertaking.

E.2.8 Use of specific parameters in SF

This is not applicable to the Undertaking.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

This is not applicable to the Undertaking.

E.4 Differences between the SF and any internal model used

This is not applicable to the Undertaking.

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

The Undertaking has had own funds in excess of both the SCR and MCR requirements over the reporting period.

E.6 Any other information

All information has been disclosed in the preceding sections.

MetLife

Glossary of terms

Undertaking	MetLife UK Limited
Board	The Board of Directors of the Undertaking
Business Unit	The Undertaking's business functions
ALM	Asset Liability Management
BCP	Business Continuity Plan
BEL	Best Estimate Liability
BRACC	Board Risk, Audit & Compliance Committee
BSCR	Basic Solvency Capital Requirement
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
d.a.c.	Designated Activity Company
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
EIB	Excess Interest Benefit
EIOPA	European Insurance and Occupational Pensions Authority (the European Regulatory Authority)
ESG	Environment, Social and Governance
EU	European Union
EUC	End User Computing
FCA	Financial Conduct Authority
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Principles
GBP	Pound Sterling
HO	Head Office
HR	Human Resources
HRG	Homogeneous Risk Group
IA	Internal Audit
IIA	Institute of Internal Auditors
MA	Modelled Adjustments
MAP	Matching Adjustment Portfolio
MC	Management Committee
MCR	Minimum Capital Requirement
MESL	MetLife Europe Services Limited
MRB	MetLife Reinsurance Company of Bermuda Limited
NAV	Net Asset Value
NFRA	Non-Financial Risk Assessment
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Template
RFF	Ring Fenced Fund
SCR	Solvency Capital Requirement

SF	Standard Formula
SFCR	Solvency and Financial Condition Report
SMCR	Senior Manager and Certification Regime
SLT	Similar to Life Techniques
UA	Un-modelled Adjustments
UK	United Kingdom
USA	United States of America
WM	Wealth Management

Appendix A: Directors' Statement in respect of the SFCR

The Board of Directors (the Board) of MetLife UK Limited (the Undertaking) acknowledges its responsibility for preparing the SFCR in all material respects in accordance with the PRA rules and Solvency UK regulations.

The Board is satisfied that:

- Throughout the financial year to 31 December 2024, the Undertaking has complied in all material respects with the requirements of the PRA Rules and the Solvency UK regulations.

- It is reasonable to believe that, at the date of publication of the SFCR, the Undertaking continues to comply, and will continue to comply in future, in all material respects with the requirements of the PRA Rules and the Solvency UK regulations.

Approved by the Board and signed on its behalf by

dominic grinstead

Dominic Grinstead
Director
Date: 07 April 2025

Appendix B: Independent Auditor's Report

REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF METLIFE UK LIMITED ('THE COMPANY') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT PART OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2024:

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Company as at 31 December 2024, ('the Narrative Disclosures subject to audit'); and
- Company templates IR.02.01.02, IR.12.01.02, IR.23.01.01, IR.25.04.21, IR.28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the SFCR'.

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:
    - the 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;
    - Company templates IR.05.02.01, IR.05.03.02;
    - the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2024 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, 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 Company in accordance with the ethical requirements that are relevant to our audit of the SFCR in the UK, including the Financial Reporting Council's (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 SFCR, which describe the basis of accounting. The SFCR is prepared in compliance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, and therefore in accordance with a special purpose financial reporting framework. The SFCR is required to be published, and intended users include but are not limited to the Prudential Regulation Authority ('PRA'). As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the SFCR, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the SFCR is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's going concern assessment process;
- assessing the company's compliance with regulation, including capital requirements;
- reviewing the Own Risk and Solvency Assessment ('ORSA') to support our understanding of the risks faced by the company;
- inspecting correspondence between the company and its regulators, FRC and PRA, as well as reviewing the board of directors meeting minutes to identify any potential areas of legislative or regulatory non-compliance that could impact upon going concern;
- assessing the reinsurance contract for risk transfer and inspecting net worth maintenance agreement entered into by the Company; and
- assessing the appropriateness of the going concern disclosures.

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 the Company's ability to continue as a going concern for a period of at least twelve months from when the SFCR is authorised for issue.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

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 SFCR, or our knowledge obtained in the course of 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 SFCR themselves. 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 Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms which have been modified by the modifications and waivers, and supplemented by the approvals and determinations made by the PRA under section 138A and/or section 138BA of FSMA and the PRA Rulebook for Solvency II firms.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a SFCR that is free from material misstatement, whether due to fraud or error.

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

It is our responsibility to form an independent opinion as to whether the relevant elements of the SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rulebook for Solvency II firms.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR 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 SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the SFCR.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK and tax legislation; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Companies Act 2006 and related Company Law, and the company's operating licence environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, actuarial, IT and regulatory specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Valuation of gross technical provisions – Maintenance expense assumptions

  We have identified a risk that inappropriate judgements could have been applied in determining the best-estimate assumptions that underpin the valuation of the gross technical provisions. Expenses are a key assumption for variable annuity ('VA') products and can have a significant impact on the results, particularly given the closed nature of the VA book. The determination of expense assumptions involves significant judgement in the context of the VA business being in run-off which necessitates careful management of costs associated with the ongoing administration and operation of the business.

  With the involvement of our actuarial specialists, we:

  - obtained an understanding of the annual expense investigation process;
  - obtained an understanding of and tested the relevant controls over the expense unitisation and assumption setting processes;
  - assessed the appropriateness of the methodology and judgements used to determine the expense assumption, including assessment of the maintenance expenses we expect as per

requirements of UK Solvency II and consideration of how the run-off of the business has been reflected in the expense assumption;
  - tested the completeness and accuracy of data used in expense assumption setting by reconciling the inputs into the annual expense investigation against actual expenses;
  - performed an independent assessment of relevant elements of the expense assumption setting process; and
  - for those policies sampled for model replication we have tested the input of the assumptions into the actuarial models.

- Valuation of gross technical provisions – VA cash-flow models

  The valuation models used by management for projecting future cash flows and calculating gross technical provisions are highly complex in nature and an error in these calculations could lead to a material impact on the results. As such, there is a risk that the projected cash flows are not being calculated correctly within the valuation system.

  With the involvement of our actuarial specialists, we:

  - obtained an understanding of and tested the relevant controls over the model change governance process;
  - performed independent model replication for a sample of variable annuity products with various benefit types and other product features or attributes; and
  - tested appropriateness of modelling simplifications applied while modelling the business.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with the PRA and FCA, reviewing internal audit reports, and reviewing correspondence with HMRC.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Part 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 audit of MetLife UK Limited's statutory financial statements. 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 relation to this matter.

Use of our Report

This report is made solely to the Directors of MetLife UK Limited in accordance with Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms. 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. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

Deloitte LLP

Charlie Scarr (Senior Statutory Auditor)
London, United Kingdom
07 April 2025

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

Solo standard formula

The relevant elements of the SFCR that are not subject to audit comprise:

- *The following elements of template IR.02.01.02*
  - *Row R0565 – Transitional (TMTP) - life*
- *The following elements of template IR.12.01.02*
  - *Rows R0140 to R0180: Amount of transitional measure on technical provisions*
- *Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.*

METLIFE UK LIMITED QRTS

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.02.01.02 Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	44,739
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**17,904**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	*R0090*	
Equities	**R0100**	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	**R0130**	**17,904**
Government Bonds	R0140	17,904
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	1,868,187
Loans and mortgages	**R0230**	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**1,841,485**
Non-life and health similar to non-life	R0280	
Life and health similar to life, excluding index-linked and unit-linked	R0315	-22,062
Life index-linked and unit-linked	R0340	1,863,548
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	7,734
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	9,835
Any other assets, not elsewhere shown	R0420	
Total assets	**R0500**	**3,789,885**

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.02.01.02 Balance Sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - total	**R0505**	**1,842,490**
Technical provisions - non-life	**R0510**	
Technical provisions - life	**R0515**	**1,842,490**
Best estimate - total	**R0542**	**1,841,829**
Best estimate - non-life	R0544	
Best estimate - life	R0546	1,841,829
Risk margin - total	**R0552**	**661**
Risk margin - non-life	R0554	
Risk margin - life	R0556	661
Transitional (TMTP) - life	R0565	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	1,863,548
Deferred tax liabilities	R0780	5,314
Derivatives	R0790	
Debts owed to credit institutions	R0800	23
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	8,349
Reinsurance payables	R0830	6,386
Payables (trade, not insurance)	R0840	953
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	**R0900**	**3,727,063**
Excess of assets over liabilities	**R1000**	**62,822**

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.05.02.01 Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
		GB						
Premiums written								
Gross - Direct Business	R0110							0
Gross - Proportional reinsurance accepted	R0120							0
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140							0
Net	**R0200**							**0**
Premiums earned								
Gross - Direct Business	R0210							0
Gross - Proportional reinsurance accepted	R0220							0
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240							0
Net	**R0300**							**0**
Claims incurred								
Gross - Direct Business	R0310							0
Gross - Proportional reinsurance accepted	R0320							0
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340							0
Net	**R0400**							**0**
Net expenses incurred	**R0550**							**0**

		Home Country	Country (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R01400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
		GB						
Premiums written								
Gross	R1410	1,646						1,646
Reinsurers' share	R1420	1,646						1,646
Net	**R1500**	**0**						**0**
Premiums earned								
Gross	R1510	1,646						1,646
Reinsurers' share	R1520	1,646						1,646
Net	**R1600**	**0**						**0**
Claims incurred								
Gross	R1610	233,131						233,131
Reinsurers' share	R1620	233,131						233,131
Net	**R1700**	**0**						**0**
Net expenses incurred	**R1900**	11						**11**

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

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
Income	Premiums written	Gross direct business	R0010		1,646					1,646
		Gross reinsurance accepted	R0020							0
		Gross	R0030		1,646					1,646
		Reinsurers' share	R0040		1,646					1,646
		Net	R0050		0					0
Expenditure	Claims incurred	Gross direct business	R0110		233,131					233,131
		Gross reinsurance accepted	R0120							0
		Gross	R0130		233,131					233,131
		Reinsurers' share	R0140		233,131					233,131
		Net	R0150		0					0
	Expenses incurred	Gross direct business	R0160		6,685					6,685
		Gross reinsurance accepted	R0170							0
		Gross	R0180		6,685					6,685
		Reinsurers' share	R0190		6,674					6,674
		Net	R0200		11					11
	Other expenses		R0300							47,929
	Transfers and dividends	Dividends paid	R0440							0

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.12.01.02 Life and Health SLT Technical Provisions

			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
Best Estimate	Gross Best Estimate (direct business)	R0025		1,863,548			-21,719		**1,841,829**
	Gross Best Estimate (reinsurance accepted)	R0026							**0**
	Gross Best Estimate	R0030		**1,863,548**			**-21,719**		**1,841,829**
	Recoverables from Finite Re before adjustment for expected losses	R0080		1,863,548			-22,062		**1,841,486**
	Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090					**343**		**343**
Risk Margin		R0100					661		**661**
Amount of the transitional on Technical Provisions	TMTP - risk margin	R0140							**0**
	TMTP - best estimate dynamic component	R0150							**0**
	TMTP - best estimate non-dynamic component	R0160							**0**
	TMTP - amortisation adjustment	R0170							**0**
	Transitional Measure on Technical Provisions	R0180							**0**
Technical provisions - total		R0200		**1,863,548**			**-21,058**		**1,842,490**

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.23.01.01 Own Funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds	Ordinary share capital (gross of own shares)	R0010	12,010	12,010			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	6,073	6,073			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160	44,739				44,739
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
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		R0220					
Total basic own funds		**R0290**	**62,822**	**18,083**			**44,739**

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300					
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
	Letters of credit and guarantees	R0340					
	Letters of credit and guarantees other	R0350					
	Supplementary members calls	R0360					
	Supplementary members calls - other	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		**R0400**					

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds	**Total available own funds to meet the SCR**	**R0500**	**62,822**	**18,083**			**44,739**
	Total available own funds to meet the MCR	**R0510**	**18,083**	**18,083**			
	Total eligible own funds to meet the SCR	**R0540**	**18,733**	**18,083**			**650**
	Total eligible own funds to meet the MCR	**R0550**	**18,083**	**18,083**			
SCR		**R0580**	**4,334**				
MCR		**R0600**	**3,500**				
Ratio of Eligible own funds to SCR		**R0620**	**432.20%**				
Ratio of Eligible own funds to MCR		**R0640**	**516.67%**				

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	**62,822**
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Deductions for participations in financial and credit institutions	R0725	
	Other basic own fund items	R0730	**56,749**
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve		R0760	**6,073**

MetLife

Year: 2024
Currency: GBP - Pound Sterling
MetLife UK Limited
Disclosed in £'000s

IR.25.04.21 Solvency Capital Requirement

				C0010
Net of loss-absorbing capacity of technical provisions	Market risk		R0140	**907**
		Interest rate risk	R0070	450
		Equity risk	R0080	673
		Property risk	R0090	
		Spread risk	R0100	100
		Concentration risk	R0110	
		Currency risk	R0120	81
		Other market risk	R0125	
		Diversification within market risk	R0130	-397
	Counterparty default risk		R0180	**821**
		Type 1 exposures	R0150	660
		Type 2 exposures	R0160	201
		Other counterparty risk	R0165	
		Diversification within counterparty default risk	R0170	-40
	Life underwriting risk		R0270	**291**
		Mortality risk	R0190	
		Longevity risk	R0200	94
		Disability-Morbidity risk	R0210	
		Life-expense risk	R0220	108
		Revision risk	R0230	
		Lapse risk	R0240	178
		Life catastrophe risk	R0250	
		Other life underwriting risk	R0255	
		Diversification within life underwriting risk	R0260	-89
	Total health underwriting risk		R0320	
		Health SLT risk	R0280	
		Health non SLT risk	R0290	
		Health catastrophe risk	R0300	
		Other health underwriting risk	R0305	
		Diversification within health underwriting risk	R0310	
	Non-life underwriting risk		R0370	
		Non-life premium and reserve risk (ex catastrophe risk)	R0330	
		Non-life catastrophe risk	R0340	
		Lapse risk	R0350	
		Other non-life underwriting risk	R0355	
		Diversification within non-life underwriting risk	R0360	
Intangible asset risk			R0400	
Operational and other risks			R0430	**2,849**
	Operational risk		R0422	2,849
	Other risks		R0424	
Total before all diversification			R0432	**5,394**
Total before diversification between risk modules			R0434	**4,869**
Diversification between risk modules			R0436	-535
Total after diversification			R0438	4,334
Loss-absorbing capacity of technical provisions			R0440	
Loss-absorbing capacity of deferred taxes			R0450	
Other adjustments			R0455	
Solvency capital requirement excluding capital add-on			R0460	4,334
Disclosed capital add-on - excluding residual model limitation			R0472	
Disclosed capital add-on - residual model limitation			R0474	
Solvency capital requirement including capital add-on			R0480	**4,334**
Biting interest rate scenario			R0490	Increase
Biting life lapse scenario			R0495	Decrease

MetLife

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IR.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance activity

Background information

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life		Non-life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Non-life activities: Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities: Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Life activities: Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	344	
Total capital at risk for all life (re)insurance obligations	R0250		

MCR components

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010		
MCRL Result	R0200		7

Overall MCR calculation

		C0070
Linear MCR	R0300	**7**
SCR	R0310	4,334
MCR cap	R0320	**1,951**
MCR floor	R0330	**1,084**
Combined MCR	R0340	**1,084**
Absolute floor of the MCR	R0350	3,500

		C0070
Minimum Capital Requirement	**R0400**	**3,500**