Ecclesiastical Insurance Office plc announces results for the year ended 31 December 2023

Ecclesiastical Insurance Office plc ("Ecclesiastical"), the specialist financial services group[1], today announces its 2023 full year results[2]. A copy of the results will be available on the company's website at www.ecclesiastical.com

Financial highlights

- Overall profit before tax of £44.8m (2022: loss of £15.6m), boosted by an investment result of £57.5m profit (2022: £63.4m loss). Our strong capital position and long-term investment approach allows us to withstand short-term volatility in markets.

- Our insurance businesses reported a positive set of results in 2023. Gross written premiums (GWP) [3] rose 10.1% to £615.0m from £558.6m in 2022, driven by new business wins and supported by strong retention and rate strengthening.

- We reported an underwriting profit[3] of £24.5m (2022: £31.5.m), despite our biggest single loss in the UK with the devastating fire at St Mark's Church in London and deterioration in prior year liability claims. This result benefited from strong growth and lower-than-expected claims in the latter part of the year.

- Capital position remains strong with AM Best and Moody's ratings remaining stable. Our Solvency II regulatory capital position remains well above both regulatory requirements and our internal risk appetite.

Key achievements

- In respect of 2023 performance, Ecclesiastical will have donated £24.0m to charity and good causes as part of its continued mission to contribute to the greater good of society. This brings the total amount given to good causes since 2014 to £222.2m. Our immediate parent company, Benefact Group, the UK's third largest corporate giver[4], has set a target to give £250m by the end of 2025.

- Ecclesiastical UK successfully launched into the Leisure sector as part of its growth plans to move into new adjacent sectors, with more sectors planned for 2024. In 2024, it will expand its appetite in Leisure and enter another new and exciting adjacent sector.

- Ecclesiastical UK continues to lead the industry in service with 98% of customers satisfied with the service they receive from Ecclesiastical. For a third year running, independent research consultancy Gracechurch put Ecclesiastical ahead of all other insurers for claims service.

- Ecclesiastical UK was recognised as a world-class employer by Best Companies.

- Our insurance businesses continue to be recognised with prestigious awards including: First Place Gold Ribbon for the eighteenth consecutive time (Fairer Finance); 'Outstanding' Service Quality Marque for the third consecutive year (Gracechurch Claims Monitor); Specialist Insurance Company of the Year (British Insurance Awards); Claims Product Solution of the Year - Insurer (Insurance Times Claims Excellence Awards); and a Top Employer for Greater Toronto for the fifth consecutive year.

Mark Hews, Group Chief Executive Officer of Ecclesiastical, said:

"Despite challenging conditions, we delivered a strong performance in 2023 and we are on track to double our contribution, which will allow us to give even more to good causes. As a Group, we reported a profit before tax of £44.8m, with resilient performances across our three divisions. This compares well with the overall group loss before tax of £15.6m reported for the prior year.

"In General Insurance, we reported an underwriting profit of £24.5m, despite our biggest single loss in the UK with the devastating fire at St Mark's Church in London. This result has benefited from strong growth and lower-than-expected claims in the latter part of the year. Gross written premiums (GWP) rose by over 10% to £615.0m. This is thanks to strong retention across our territories and record new business in the UK as we launched into the Leisure sector. Our combined operating ratio rose to 92.6% due to headwinds from prior year claims.

"In 2023, thanks to the support of our customers, brokers, business partners and colleagues, Benefact Group reached the milestone of giving more than £200m to good causes since 2014. This level of giving means that Benefact Group is the third largest corporate donor to charity in the UK, and we are on track to achieve our ambition of giving £250m by the end of 2025.

"Our ultimate charitable parent company, Benefact Trust, is one of the biggest grant-making charities in the UK, and the Board approved a donation of £21m to them in respect of the Group's 2023 performance, of which £13m was paid in year and the remaining £8m to be paid in due course, to support its work providing transformative funding to charities both in the UK and abroad. We thank them for their outstanding work.

"We wouldn't be able to deliver these results without the hard work of all our teams across the whole Benefact Group. We delivered so much together in 2023 and I would like to thank our colleagues for their efforts last year. Our charitable purpose drives our values, culture, ethics and ethos and inspires us to make a real difference for our brokers, customers, and communities. This was reflected in multiple award wins in 2023, which recognised our businesses as trusted specialists in their markets.

"Our ambition is to build a world-class team and I'm delighted that we continue to achieve market-leading employee engagement scores in our independently run B-heard surveys. I'm proud that Ecclesiastical UK was recognised as a world-class employer and during 2023, was named by Best Companies as "UK Insurance's Number 1 Company to Work For" in their independent league tables. This shows we're making good progress, and we remain focused and committed to building an inclusive culture where each and every colleague feels valued, respected and treated fairly. In short, we aim to provide life changing careers that change lives.

"After a strong 2023, we move into 2024 with renewed ambition and drive to grow the business so we can give even more to good causes. We will continue to invest in our capabilities so that we can strengthen our position as a trusted specialist in our markets, and drive forward our growth plans, through new segments, new methods of distribution and greater efficiency."

[1.] The 'Group' refers to Ecclesiastical Insurance Office plc together with its subsidiaries. The 'Benefact Group' and 'wider group' refers to Benefact Group plc, the immediate parent company of Ecclesiastical Insurance Office plc, together with its subsidiaries. The 'Benefact Trust' and 'the Trust' refers to Benefact Trust Limited, the ultimate parent undertaking of Ecclesiastical Insurance Office plc.

[2.] 2022 comparatives have been restated following the adoption by the Group of IFRS 17 *Insurance Contracts* from 1 January 2023.

[3.] The Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 10 to this announcement.

[4.] Directory of Social Change's The Guide to UK Company Giving 2023/24

ECCLESIASTICAL INSURANCE OFFICE PLC

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Company has now approved its annual report and accounts for 2023.

This Annual Financial Report announcement contains the information required to comply with the Disclosure and Transparency Rules, and extracts of the Strategic Report and Directors' Report forming part of the full financial statements.

The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 December 2023. The annual report and accounts will be available on or before 25 April 2024 on the Company's website at www.ecclesiastical.com. Copies of the audited financial statements are also available from the registered office at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester GL3 4AW.

A copy of the Company's statutory accounts for the year ended 31 December 2023 will be submitted to the National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Chief executive's statement

It has been said that there are two key dates in your life. "The date you were born, and the date you find out why".

Here at Ecclesiastical Insurance, we are crystal clear on our "why". We aim to be a beacon of hope for our communities. Ecclesiastical Insurance is part of Benefact Group. Owned by a charity, Benefact Group is a family of financial services businesses with an inspiring purpose to contribute to the greater good of society. We believe commercial success and social good can sit side by side to transform lives and communities. Guided by this purpose, we are driven to profitably grow the business, so that we may give even more to good causes.

2023 was another challenging year for so many. The world faced a myriad of challenges from rising global tensions, escalating climate concerns and ongoing economic hardship. In these difficult, uncertain times, when it is easy for optimism to be drowned beneath a deluge of negative news, it is even more important that businesses do the right thing and positively contribute to society.

Grow more to give more

Despite challenging conditions, we delivered a strong performance in 2023 and we are on track to double our contribution, which will allow us to give even more to good causes. As a Group, we reported a profit before tax of £44.8m, with resilient performances across our three divisions. This compares well with the overall group loss before tax of £15.6m reported for the prior year.

In General Insurance, we reported an underwriting profit of £24.5m, despite our biggest single loss in the UK with the devastating fire at St Mark's Church in London. This result has benefited from strong growth and lower-than-expected claims in the latter part of the year. Gross written premiums (GWP) rose by over 10% to £615.0m. This is thanks to strong retention across our territories and record new business in the UK as we launched into the Leisure sector. Our combined operating ratio rose to 92.6% due to headwinds from prior year claims.

Delivering for our customers

Our charitable purpose drives our values, culture, ethics and ethos and inspires us to make a real difference for our brokers, customers, and communities. This was reflected in multiple award wins in 2023, which recognised our businesses as trusted specialists in their markets.

Ecclesiastical UK was named Specialist Insurance Company of the Year at the British Insurance Awards and retained its top spot in the Fairer Finance Home Insurance league table and remains the UK's most trusted home insurance provider. Ecclesiastical Canada was named as P&C Insurance Company of the Year, as well as one of Greater Toronto's Top Employers.

Our insurance customers tell us that our expert service and our compassion makes us stand out in the industry. For a third year, independent research consultancy, Gracechurch, put Ecclesiastical UK ahead of all other UK insurers for claims service. The Net Promoter Score, which measures how likely a customer is to recommend a company's products and services, for Ecclesiastical puts us ahead of many well-known and respected brands.

We wouldn't be able to deliver these results without the hard work of all our teams across the whole Benefact Group. We delivered so much together in 2023 and I would like to thank our colleagues for their amazing efforts last year.

Helping to transform lives

In 2023, thanks to the support of our customers, brokers, business partners and colleagues, Benefact Group reached the milestone of giving more than £200m to good causes since 2014. This level of giving means that Benefact Group is the third largest corporate donor to charity in the UK, and we are on track to achieve our ambition of giving £250m by the end of 2025.

Our ultimate charitable parent company, Benefact Trust, is one of the biggest grant-making charities in the UK, and the Board approved a donation of £21.0m to them in respect of the Group's 2023 performance, of which £13m was paid in the year and the remaining £8m to be paid in due course, to support its work providing transformative funding to charities both in the UK and abroad. We thank them enormously for their outstanding work.

The impact of our giving is brought home to me every time I meet one of our beneficiaries and see the change we're making to lives. On a recent trip to Canada, I visited a youth homeless charity called Covenant House, where 16-24 year olds had no place to call home, no regular meals, no warmth or feeling of safety. They had no one that loved or cared for them – other than the remarkable staff at this amazing charity. On this visit I heard words from their director that will stay with me forever. She told us that, "because of your donation, you have undoubtedly saved someone's life today". Her words left no room for doubt, and her emotions mirrored the enormity of this impact.

Covenant House is just one of over 10,000 charities supported by us as Benefact Group across the world. Thank you to everyone that does business with us. I hope you realise the impact you have – not just transforming lives but saving lives.

Building a world class team

Our ambition is to build a world-class team and I'm delighted that we continue to achieve market-leading employee engagement scores in our independently run B-heard surveys. I'm proud that Ecclesiastical UK was recognised as a world-class employer and during 2023, was named by Best Companies as "UK Insurance's Number 1 Company to Work For" in their independent league tables.

This shows we're making good progress, and we remain focused and committed to building an inclusive culture where each and every colleague feels valued, respected and treated fairly. In short, we aim is to provide life changing careers that change lives.

Looking ahead

After a strong 2023, we move into 2024 with renewed ambition and drive to grow the business so we can give even more to good causes. We will continue to invest in our capabilities so that we can strengthen our position as a trusted specialist in our markets, and drive forward our growth plans, through new segments, new methods of distribution and greater efficiency.

We've set stretching targets for our General Insurance teams to achieve profitable gross written premium growth across our territories. It's an exciting year for Ansvar Insurance, which has moved into new offices in Brighton, and we will be reinvigorating the brand.

Join our movement for good

Everything we do at Ecclesiastical Insurance is aimed at helping those in society who need us most. Our giving has helped transform thousands of lives and communities, and the impact of our work inspires us to do even more in the future.

On behalf of the Board and thousands of our beneficiaries, we say a heartfelt, sincere "thank you" to all our customers, business partners and dedicated colleagues for their exceptional support.

As we build momentum for our movement for good, I invite anyone reading this, whether as a potential colleague, customer or business partner, to come and join us and experience a different way of doing business. Together, with your support, we can grow our giving and transform lives for the better.

Chief Financial Officer's Report

The Group reported a profit before tax for 2023 of £44.8m (2022: £15.6m loss). The increase on the prior year was materially driven by the net investment result of £57.5m (2022: £63.4m loss) which reflects the improved market conditions towards the end of the year. There has been good momentum in income across the Group's core businesses and costs have continued to be managed tightly, despite the ongoing inflationary pressures.

The Group's insurance service result of £70.7m (2022: £65.6m) was strong despite the impact from a significant fire claim at the start of the year and adverse development of prior year casualty liability and weather related claims. Gross written premium increased by over 10% to £615.0m (2022: £558.5m) as a result of new business and rate improvements. The Group recognised a net insurance financial loss of £19.5m (2022: £47.9m gain).

The Group's strong credit ratings with both Moody's and AM Best were reaffirmed during the year and our Solvency II regulatory capital position remains well above both regulatory requirements and our internal risk appetite.

Executing our strategy

Ecclesiastical is part of the Benefact Group. Within the wider Benefact Group, we made a number of changes to the legal entity structure to better align our businesses to the way in which we manage and achieve our growth ambitions across our specialist insurance, broking and advisory and asset management divisions. These changes have organised the Benefact Group into its three divisions, to support its strategic objectives and is providing a clearer approach to how the Benefact Group and its businesses operate and are governed.

As a result, on 3 January 2023 two wholly-owned subsidiaries, EdenTree Investment Management Limited and Ecclesiastical Financial Advisory Services Limited were disposed of to an undertaking of the Benefact Group. Their results for the previous year are reported in discontinued operations and assets and liabilities are classified as held for distribution.

During the year, the Group advanced a further £14.1m to the Benefact Group increasing this related party loan to £135.1m, which has been primarily used to fund acquisitions within the Benefact Group as it executes its growth ambitions.

General insurance

The Group's underwriting businesses have performed well across territories, resulting in a Group Combined Operating Ratio (COR) of 92.6% (2022 89.6%). We have delivered growth in insurance revenue, with this increasing by 9.5% to £586.5m (2022: £534.9m) reflecting both increased new business and rate strengthening and an insurance service result of £70.7m (2022: £65.6m). Underwriting has been impacted by larger than expected prior year liability claims in the UK, as well as a major fire claim in January 2023.

Our strategy to focus on profitable growth opportunities has continued to deliver, with sustained growth in premiums and the successful launch into the Leisure sector as part of plans to move into adjacent sectors. The strong growth in insurance revenue reflects targeted rate increases as well as strong retention and excellent service delivered to brokers and customers. Our programme of investment has continued, particularly across our technology platforms and with our colleagues. Our investments in these platforms are an important part of supporting the growth of our business and meeting our customers' needs for the long term.

The Group uses a number of financial performance measures when managing and monitoring the performance of the general and life insurance businesses. These include gross written premium underwriting result and the investment return.

United Kingdom and Ireland

In the UK and Ireland, underwriting profits fell to £16.4m (2022: £23.6m) resulting in a COR of 92.1% (2022: 87.1%) driven by a deterioration in prior year casualty claims. Gross written premium grew by 15.9% to £399.7m (2022: £344.8m). Current year performance was slightly above expectations despite the devasting fire which destroyed St Mark's church in London at the start of 2023. Storms Babet and Ciaran affected many of our customers but our support and the impact on profits was in line with expectations.

Many of our core segments grew by more than 20% including Heritage, Schemes, and Real Estate. The new Leisure product launch has been a success and is a good example of how we are using our specialist knowledge to grow into adjacent segments. Pricing remained robust in many of our core areas although there are early signs of increased competitiveness in some markets. Gross written premium in respect of our Faith business remained in line with prior year, in real terms, reflecting a good result in this market, as we continue to focus on providing service to this sector.

Our strategy over the medium term is to continue to deliver growth, while maintaining our strong underwriting discipline to increase the profit contribution to the Group. Our specialisms will continue to deepen through investment in people, technology and innovation together with the propositions, specialism and excellent service that our customers and broker partners value.

Ansvar Australia

Our Australian business reported an underwriting loss of AUD $9.6m resulting in a COR of 113.4% (2022: AUD $0.1m profit, COR of 99.0%). Premium grew by 8.1% in local currency to AUD $192.2m (2022: AUD $177.8m) driven by strong rate increases and higher new business growth and retention rates compared to prior year, partly offset by lower actual expiring premium.

The earn through of rate increases and continued de-risking of the portfolio has favourably impacted the result of the underlying business. Prior year strengthening in the public liability portfolio has outweighed the favourable impact of lower catastrophe claims in the year and is the main driver behind the underwriting loss for the year. The level of historic physical and sexual abuse (PSA) claims being notified continues to be in line with expectations.

Canada

Our Canadian business continued its track record of premium growth, albeit at a lower pace than prior years, reporting gross written premium of CAD$179.4m (2022: CAD$175.4m), supported by strong rate increases and new business of nearly $7.8m. The premium growth of 2.3% was achieved despite increased competition in some business segments.

Canada reported an excellent underwriting profit of CAD$25.0m resulting in a COR of 80.4% (2022: CAD$14.3m profit, COR of 88.1%). The liability book experienced favourable development on prior year claims.

Investments

The Group's net investment result for the year was £57.5m (2022: £63.4m loss), principally from fair value gains towards the later part of the year as markets improved. The Group remains committed to its long-term investment philosophy and is well-diversified and relatively defensively positioned.

Investment income of £42.9m (2022: £30.7m) was strong, while fair value gains on financial instruments of £19.6m (2022: £72.9m losses) reflect the improved market conditions seen in particular during the last quarter of the year. We recognised fair value losses of £6.6m (2022: £21.2m losses) on our investment properties, driven by a continued fall in the value of industrial sector capital values in the portfolio.

Sustainability and ESG considerations gained more prominence, influencing investor preferences, and has continued to shape our approach to responsible investing. Our responsible and sustainable investment policy plays an important part in how we invest responsibly, and the organisation remains committed to aligning our investments with ESG principles, recognising their significance in the contemporary investment landscape.

In an era marked by growing environmental concerns, responsible business practices have become imperative, and our strategy includes a focus on responsible investment and encompasses action to respond to climate risk and operations, investing in ways that support the transition to a low-carbon economy. The Group continues to focus on a range of Net Zero targets – including committing to Net Zero for all emissions across the entire Group by 2040. More information on the Group's approach to responsible investment including actions we take to mitigate the risks of transitioning to a low carbon economy can be found in our Responsible Business Report within the Benefact Group Annual Report and Accounts.

Long-term business

Our life business, Ecclesiastical Life, provides a product backing policies sold by the wider Group's pre-paid funeral plan business as well as legacy book of life insurance business which remains closed to new business. Profit before tax was £1.2m for the year (2022: £0.1m loss), driven by investment returns due to the improvement in markets in the later part of the year. Assets and liabilities in relation to the life insurance business remain well matched.

Outlook

The continued high cost of living pressures have been challenging for many in 2023 but with further evidence of easing inflationary pressures, this is expected to allow a move towards less restrictive monetary policies in the countries the Group operates within. We expect market conditions will continue to bring change and geo-political uncertainty but this will bring opportunities to help our customers and clients to navigate these challenges. While these global uncertainties persist, the Group continues to take a long-term view of risk, and the underlying resilience of our businesses means we will continue to grow sustainably and invest for the future.

The Board approved a donation of £21m in respect of the Group's 2023 performance, of which £13m was paid in year and the remaining £8m to be paid in due course, surpassing £200m cumulatively given to charitable causes since 2014, as the Benefact Group looks to achieve its ambition of giving £250m by the end of 2025.

Note: The Group adopted IFRS 17 Insurance Contracts that became effective from 1 January 2023. Unless otherwise stated, comparatives figures for prior periods are restated on an IFRS 17 basis. Further details of the impact of the adoption of IFRS 17 are included in note 12 to this announcement.

Directors' Report

Principal activities

The Group operates principally as a provider of general insurance. Details of the subsidiary undertakings of the Company are shown in note 34 to the full financial statements.

Ownership and share capital

At the date of this report, the entire issued Ordinary share capital of the Company was owned by Benefact Group plc. In addition, 4.35% of the issued 8.625% non-cumulative irredeemable preference shares of £1 each ('Preference shares') are owned by Benefact Group plc. In turn, the entire issued ordinary share capital of Benefact Group plc was owned by Benefact Trust Limited, the ultimate parent of the Group.

Dividends

Dividends paid on the preference shares were £9,181,000 (2022: £9,181,000).

The directors do not recommend a final dividend on the ordinary shares (2022: £nil). No interim dividends were paid in 2023 and 2022 except the interim dividend in specie made on 3 January 2023 in relation to the entire issued share capital of EdenTree Investment Management Limited of £4,651,000 and Ecclesiastical Financial Advisory Services Limited of £572,000.

Charitable and political donations

Charitable donations amounted to £24.0million (2022: £22.7million). £21.0million was donated to the ultimate charitable parent company, Benefact Trust Limited, related to the Group's 2023 performance, of which £13.0m was paid in the year and the remaining £8.0m to be paid in due course.

It is the Company's policy not to make political donations. No political donations were made in the year (2022: £nil).

Principal risks and uncertainties

The directors have carried out a robust assessment of the principal risks facing the Group including those that threaten its business model, future performance, solvency and liquidity.

Going concern

The Group has considerable financial resources: financial investments of £941.8m, 82% of which are liquid (2022: financial investments of £870.7m, 84% liquid) and cash and cash equivalents of £112.1m (2022: £104.7m) to withstand economic pressures. Liquid financial investments consist of listed equities and open-ended investment companies, government bonds and listed debt.

The Group has a strong risk management framework and solvency position, is well placed to withstand significant market disruption and has proved resilient to stress testing. The Group has considered its capital position, liquidity and expected performance. The Group and its businesses have sufficient levels of cash and other liquid resources and has expectations it can meet its cash commitments over its planning horizon. The Group and its businesses expect to continue to meet regulatory requirements.

Despite economic pressures and challenges, given the Group's operations, robust capital strength, liquidity and in conjunction with forecast projections and stress testing, the directors have a reasonable expectation that the Group has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

<u>Principal risks</u>

There is an ongoing risk assessment process which has identified the current principal risks for the Group as follows:

Insurance risk

The risk that arises from the fluctuation in the timing, frequency and severity of insured events relative to the expectations of the firm at the time of underwriting.

Risk detail	Key mitigants	Change from last year
Underwriting risk The risk of failure to price insurance products adequately and failure to establish appropriate underwriting disciplines. The premium charged must be appropriate for the nature of the cover provided and the risk presented to the Group. Disciplined underwriting is vital to ensure that only business within the Company's risk appetite and desired niches is written.	• A robust pricing process is in place • The underwriting licencing process has been refreshed • A documented underwriting strategy and risk appetite is in place together with standards and guidance and monitored by SBUs • This is supported by formally documented authority levels for all underwriters which must be adhered to. Local checking procedures ensure compliance • Monitoring of rate strength compared with technical rate is undertaken on a regular basis within SBUs • There are ongoing targeted underwriting training programmes in place • A portfolio management framework is in place to ensure clear understanding and allow targeted actions to be taken	There have not been material changes to this risk during the year.

Reserving risk Reserving risk is the risk of actual claims payments exceeding the amounts we are holding in reserves. This arises primarily from our long-tail liability business. Failure to interpret emerging experience or fully understand the risks written could result in the Group holding insufficient reserves to meet our obligations.	• Claims development and reserving levels are closely monitored by the Group Reserving team • For statutory and financial reporting purposes, uncertainty margins are added to a best estimate outcome to allow for uncertainties • Claims reserves are reviewed and signed-off by the Board acting on the advice and recommendations of the Group Chief Actuary following review by the GI Reserving Executive Meeting.. • An independent review is also conducted by the Group Investments Life and Actuarial Risk Director with reporting to the Board.	This risk is not considered to have changed materially during the year. A rise in numbers of Physical and sexual abuse claims in the UK business over the past year has led to an increase in reserves.
Catastrophe risk The risk of large scale extreme events giving rise to significant insured losses. Through our general insurance business we are exposed to significant natural catastrophes in the territories in which we do business.	• Modelling is undertaken to understand the risk profile and inform the purchase of reinsurance • There is a comprehensive reinsurance programme in place to protect against extreme events. All placements are reviewed and approved by the Group Reinsurance Board • Exposure monitoring is undertaken on a regular basis • A GI Catastrophe Risk Meeting provides oversight and sign off of reinsurance modelling and exposure management across the Group • The Group Risk Appetite specifies the reinsurance purchase levels and retention levels for such events. • Local risk appetite limits have been established to manage concentrations of risk and these are monitored by SBUs	There have been no material changes to this risk, however a single extreme event did occur in the year, with a catastrophic church fire. We continue to monitor our aggregations and exposures to such events and ensure careful management utilising appropriate protections.
Reinsurance risk The risk of failing to access and manage reinsurance capacity at a reasonable price. Reinsurance is a central component of our business model, enabling us to insure a portfolio of large risks in proportion to our capital base.	• We take a long-term view of reinsurance relationships to deliver sustainable capacity • A well-diversified panel of reinsurers is maintained for each element of the programme • A GI Reinsurance Executive Meeting approves all strategic reinsurance decisions	The level of this risk has remained broadly similar since last year, when the environment became more challenging, initially from the Pandemic, and then into global catastrophic events and continued economic volatility. This has continued to tighten the criteria and capacity in certain areas. We continue to take a long-term approach to our reinsurance relationships.

Other financial risks

The risk that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts.

Risk detail	Key mitigants	Change from last year
Market and investment risk The risk of adverse movements in net asset values arising from a change in interest rates, equity and property prices, credit spreads and foreign exchange rates. This principally arises from investments held by the Group. We actively take such risks to seek enhanced returns on these investments. The Group's balance sheet is also exposed to market risk within the defined benefit pension fund.	• An investment strategy is in place which is reviewed at least annually and signed off by the Finance and Investment Committee (F&I). This includes consideration of the Group's liabilities and capital requirements • A Market and Investment Oversight Meeting is in place and provides oversight and challenge of these risks and the agreed actions. There is a formalised escalation process to the Group Management Board and F&I in place • There are risk appetite metrics in place which are agreed by the Board and include limits on asset / liability matching and the management of investment assets • Derivative instruments are used to hedge elements of market risk, notably currency. Their use is monitored to ensure effective management of risk • There is tracking of risk metrics to provide early warning indicators of changes in the market environment The Pension Scheme Trustee Board has an Investment Committee that oversees the market risks in the pension fund. The company, as employer sponsor of the fund maintains regular communication with this committee. Further information on this risk is given in note 4 to this announcement.	Overall the market risk profile has not materially changed and we remain invested for the long term. We continue to monitor market conditions and the socio-political environment.
Credit risk The risk that a counterparty, for example a reinsurer, fails to perform its financial obligations to the company or does not perform them in a timely manner resulting in a loss for the Group. The principal exposure to credit risk arises from reinsurance, which is central to our business model. Other elements are our investment in debt securities, cash deposits and amounts owed to us by intermediaries and policyholders.	• Strict ratings criteria are in place for the reinsurers that we contract with and a GI Reinsurance Security Executive Meeting approves all of our reinsurance partners • Group Reinsurance monitors the market to identify changes in the credit standing of reinsurers • There are risk appetite limits in place in respect of reinsurance counterparties which are agreed by the Board • Strong credit control processes are in place to manage broker and policyholder exposures Further information on this risk is given in note 4 to this announcement.	The level of this risk has remained broadly similar to the previous year where we were cognisant to the continuing challenges of the current cost of living crisis.

Liquidity risk The risk that the Group, although solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. We may need to pay significant amounts of claims at short notice if there is a natural catastrophe or other large event in order to deliver on our promise to our customers.	• The Group holds a high proportion of assets in readily realisable investments to ensure it could respond to such a scenario • Maintains cash balances that are spread over several banks • Arrangements within its reinsurance contracts for reinsurers to pay recoverables on claims in advance of the claim settlement	There have been no material changes to this risk since last year.
Climate change The financial risks arising through climate change. The key impacts for the Company are physical risks (event driven or longer term shifts), the transition risks of moving towards a lower carbon economy and liability risks associated with the potential for litigation arising from an inadequate response.	• Catastrophe risk is managed through reinsurance models • The Group considers flood risk and other weather-related risk factors in insurance risk selection • There is an ESG overlay on the investment strategy • The Group actively manages exposures and is up to date on market development	Whilst there is now more awareness of the challenges faced as a result of climate change, there have been no material changes to this risk since last year. A programme of work continues to fully analyse the impact on the Group and to develop appropriate risk management responses.

Operational risk

The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

Risk detail	Key mitigants	Change from last year
Systems risk The risk of inadequate, ageing or unsupported systems and infrastructure and system failure preventing processing efficiency. Systems are critical to enable us to provide excellent service to our customers.	• A defined IT strategy is in place • Systems monitoring is in place together with regular systems and data backups • A strategic systems programme is underway to deliver improved systems, processes and data • Business recovery plans are in place for all critical systems and are tested according to risk appetite	This level of risk remains stable, as the Group continues to invest in IT infrastructure to maintain and improve future stability.
Cyber risk The risk of criminal or unauthorised use of electronic information, either belonging to the	• A number of security measures are deployed to ensure protected system access • Security reviews and assessments are performed on an ongoing basis	Cyber risk remains a constantly evolving threat, with malicious threat attackers continuing to seek to

Group or its stakeholders for example customers, employees etc. cyber security threats from malicious parties continue to increase in both number and sophistication across all industries.	• There is ongoing maintenance and monitoring of our systems and infrastructure in order to prevent and detect cyber security attacks • There is an ongoing information security training and awareness programme	exploit businesses. Employee awareness and vigilance is therefore highly important at this time, which is continuing to be proactively managed.
Change risk The risk of failing to manage the change needed to transform the business. A number of strategic initiatives are underway under three themes, support and protect, innovate and grow and transform and thrive. These include a transformation of our core system and key processes, which will deliver significant change for the company over the next few years. There are a number of material risks associated with major transformation, not only on the risks to project delivery itself, but the potential disruption to business as usual, or delays to planned benefits.	• The Group has a clearly articulated Group strategic programme, identifying areas of priority across the Group • Ensures that there is adequate resourcing for change projects using internal and external skills where appropriate • A Change Board and change governance processes are in place and operate on an ongoing basis • The Group Management Board undertakes close monitoring and oversight of the delivery of the strategic initiatives and key Group change programmes	The level of this risk has not materially changed. There continues to be a significant volume of change within the business, which is monitored closely, relating to both IT systems and to meet the ever-changing regulatory landscape. Appropriate strengthening of expertise has continued in the year to reflect and meet this volume of change.
Operational resilience The risk that the Group does not prevent, respond to, recover and learn from operational disruptions. The Group provides a wide range of services to a diverse customer base and has a reputation for delivering excellent service. Therefore, we seek to minimise the potential for any such disruption that would impact on the service provided to our customers.	• A recovery and resilience framework is in place aligned to the delivery of customer services • Recovery exercises including IT systems are regularly performed across the company with actions identified addressed within an agreed timescale • All suppliers are subject to ongoing due diligence • There is ongoing maintenance and monitoring of our systems and infrastructure in order to prevent and detect issues	Operational resilience continues to have been successfully tested during the year, with the continued need to meet the needs of our customers. Focus continues from the prior year on meeting the enhanced regulatory requirements around resilience.

Data management and governance The risk that the confidentiality, integrity and/or availability of data held across the Group is compromised, or data is misused. The Group holds significant amounts of customer and financial data and there could be significant implications if this is compromised or is found to be inaccurate.	• A Group Data Governance Committee is in place • Group data governance and Group data management and information security policies are in place • A Group data optimisation programme is in place which is responsible for ensuring the delivery of the data strategy and all aspects relating to the governance, management, use and control of the Group's data in line with regulatory requirements	Enhancements continue to be made to the governance, management, use and control of data, in order to meet the evolving requirements. It continues to be monitored and managed within the context of major change programmes.

Regulatory and conduct risk
The risk of regulatory sanction, operational disruption or reputational damage from non-compliance with legal and regulatory requirements or the risk that Ecclesiastical's behaviour may result in poor outcomes for the customer.

Risk detail	Key mitigants	Change from last year
Regulatory risk The risk of regulatory sanction, operational disruption or reputational damage from non-compliance with legal and regulatory requirements. We operate in a highly regulated environment which is experiencing a period of significant change.	• Undertakes close monitoring of regulatory developments and use dedicated project teams supported by in-house and external legal experts to ensure appropriate actions to achieve compliance • An ongoing compliance monitoring programme is in place across all our SBUs • Regular reporting to the Board of regulatory compliance issues and key developments is undertaken	There continues to be a significant volume of regulatory change. We remain focused on the management of regulatory change and therefore the overall risk level is unchanged.
Conduct risk The risk of unfair outcomes arising from the Group's conduct in the relationship with customers, or in performing our duties and obligations to our customers. Customers are placed at the centre of the business, aiming to treat them fairly and ethically, while safeguarding the interests of all other key stakeholders.	• There is ongoing colleagues training to ensure that customer outcomes are fully considered in all business decisions • Customer charters have been implemented in all SBUs • Conduct risk reporting to relevant governing bodies is undertaken on a regular basis • Customer and conduct measures are used to assess remuneration	The Group remains committed to placing customers at the centre of our practices and decision making, demonstrated by our wide-ranging industry awards and customer satisfaction scores. Overall the level of this risk is unchanged from the prior year, with the main focus on meeting the Consumer Duty requirements.

Reputation risk

The risk that our actions lead to reputational damage in the eyes of customers, brokers or other key stakeholders

Risk detail	Key mitigants	Change from last year
Brand and reputation risk The Group aims to be the most trusted specialist insurer and as a consequence this brings with it high expectations from all of our stakeholders, be they consumers, regulators or the wider industry. Whilst we aim to consistently meet and where possible exceed these expectations, increasing consumer awareness and increased regulatory scrutiny across the sector exposes the Group to an increased risk of reputational damage should we fail to meet them, for example as a consequence of poor business practices and behaviours.	• There is ongoing training of core customer facing colleagues to ensure high skill levels in handling sensitive claims • Adopts a values led approach to ensure customer-centric outcomes • There is a dedicated marketing and PR function responsible for the implementation of the marketing and communication strategy • Ongoing monitoring of various media is in place to ensure appropriate responses	Maintaining a positive reputation is critical to the Group's vision of being the most trusted and ethical specialist financial services group. Risks to our brand and reputation are inherently high in an increasingly interconnected environment, with the risks of external threats such as cyber security attacks, and viral campaigns through social media always present. The external environment continues to drive a high inherent probability of reputational issues across all financial services companies. We continued to focus on serving our customers and ensuring fair treatment and clear communication, and are proud of the volume of Industry Awards we continue to win.

Statement of directors' responsibilities in respect of the financial statements

The following statement is extracted from page the Directors' report of the 2023 Annual Report & Accounts, and is repeated here for the purposes of the Disclosure and Transparency Rules. The statement relates solely to the Company's 2023 Annual Report & Accounts and is not connected to the extracted information set out in this announcement. The names and functions of the directors making the responsibility statement are set out in the Governance section of the full Annual Report & Accounts.

The directors consider that the 2023 Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy. Each of the directors, whose names and functions are listed on the Governance section of the full Annual Report and Accounts confirm that, to the best of their knowledge:

The directors confirm to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	2023	*Restated** 2022
	£000	£000
Insurance revenue	**586,484**	534,894
Insurance service expenses	**(408,584)**	(444,472)
Insurance service result before reinsurance contracts held	**177,900**	90,422
Net expense from reinsurance contracts	**(107,174)**	(24,775)
Insurance service result	**70,726**	65,647
Net insurance financial result	**(19,540)**	47,862
Net investment result	**57,469**	(63,439)
Other operating expenses	**(60,751)**	(63,196)
Other finance costs	**(3,151)**	(2,456)
Profit/(loss) before tax	**44,753**	(15,582)
Tax (expense)/credit	**(8,018)**	4,673
Profit/(loss) for the year from continuing operations	**36,735**	(10,909)
Net profit attributable to discontinued operations	**719**	13,696
Profit for the year	**37,454**	2,787

* The comparative financial statements have been restated as detailed in note 12 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023	*Restated** 2022
	£000	£000
Profit for the year	**37,454**	2,787
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Fair value gains on property	**850**	-
Actuarial gains/(losses) on retirement benefit plans	**5,103**	(10,171)
Attributable tax	**(1,492)**	2,543
	4,461	(7,628)
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gains on currency translation differences	**(4,024)**	5,642
Gains/(losses) on net investment hedges	**4,860**	(4,514)
Attributable tax	**(688)**	825
	148	1,953
Net other comprehensive income/(expense)	**4,609**	(5,675)
Total comprehensive income/(expense)	**42,063**	(2,888)

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital £000	Share premium £000	Revaluation reserve £000	Translation and hedging reserve £000	Retained earnings £000	Total £000
At 31 December 2022 (as restated*)	**120,477**	**4,632**	**222**	**19,556**	**466,991**	**611,878**
Adjustment on initial application of IFRS 9	-	-	-	-	*(1,395)*	*(1,395)*
At 1 January 2023	**120,477**	**4,632**	**222**	**19,556**	**465,596**	**610,483**
Profit for the year	-	-	-	-	*37,454*	*37,454*
Other net income	-	-	*635*	*148*	*3,826*	*4,609*
Total comprehensive income	-	-	**635**	**148**	**41,280**	**42,063**
Dividends on ordinary shares	-	-	-	-	**(5,223)**	**(5,223)**
Dividends on preference shares	-	-	-	-	**(9,181)**	**(9,181)**
Gross charitable grant	-	-	-	-	**(13,000)**	**(13,000)**
Tax relief on charitable grant	-	-	-	-	**3,837**	**3,837**
Group tax relief in excess of standard rate	-	-	-	-	**(63)**	**(63)**
At 31 December 2023	**120,477**	**4,632**	**857**	**19,704**	**483,246**	**628,916**
At 31 December 2021 (as reported)	120,477	4,632	268	17,603	491,981	634,961
Adjustment on initial application of IFRS 17	-	-	-	-	*5,186*	*5,186*
At 1 January 2022 (as restated*)	120,477	4,632	268	17,603	497,167	640,147
Profit for the year	-	-	-	-	*2,787*	*2,787*
Other net expense	-	-	-	*1,953*	*(7,628)*	*(5,675)*
Total comprehensive income/(expense)	-	-	-	1,953	(4,841)	(2,888)
Dividends on preference shares	-	-	-	-	(9,181)	(9,181)
Gross charitable grant	-	-	-	-	(20,000)	(20,000)
Tax relief on charitable grant	-	-	-	-	3,800	3,800
Reserve transfers	-	-	(46)	-	46	-
At 31 December 2022 (as restated*)	120,477	4,632	222	19,556	466,991	611,878

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

The revaluation reserve represents cumulative net fair value gains on owner-occupied property. Further details of the translation and hedging reserve are included in note 6 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	31 December 2023 £000	*Restated** 31 December 2022 £000	*Restated** 1 January 2022 £000
Assets			
Cash and cash equivalents	**112,082**	104,664	94,736
Financial investments	**941,755**	870,749	883,770
Current tax recoverable	**5,181**	4,212	5
Reinsurance contract assets	**220,108**	240,124	202,767
Investment property	**130,813**	140,846	163,355
Pension assets	**19,788**	15,338	28,304
Property, plant and equipment	**34,183**	31,405	33,477
Goodwill and other intangible assets	**25,866**	30,255	29,598
Deferred tax assets	**8,483**	9,938	8,857
Other assets	**165,104**	148,349	89,788
Assets classified as held for distribution	**-**	14,999	62,483
Total assets	**1,663,363**	1,610,879	1,597,140
Equity			
Share capital	**120,477**	120,477	120,477
Share premium account	**4,632**	4,632	4,632
Retained earnings and other reserves	**503,807**	486,769	515,038
Total shareholders' equity	**628,916**	611,878	640,147
Liabilities			
Insurance contract liabilities	**781,842**	789,546	769,727
Investment contract liabilities	**95,886**	58,479	15,519
Current tax liabilities	**2,931**	308	819
Lease obligations	**21,687**	19,062	21,440
Retirement benefit obligations	**4,801**	4,960	7,058
Subordinated liabilities	**25,853**	25,818	24,433
Provisions for other liabilities	**6,330**	5,961	6,143
Deferred tax liabilities	**37,838**	37,027	50,024
Other liabilities	**57,279**	47,345	39,750
Liabilities classified as held for distribution	**-**	10,495	22,080
Total liabilities	**1,034,447**	999,001	956,993
Total shareholders' equity and liabilities	**1,663,363**	1,610,879	1,597,140

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023	*Restated** 2022
	£000	£000
Profit/(loss) before tax from continuing operations	**44,753**	(15,582)
Profit before tax from discontinued operations	**719**	14,115
Adjustments for:		
Depreciation of property, plant and equipment	**5,879**	6,261
Revaluation of property, plant and equipment	**(35)**	-
Loss/(profit) on disposal of property, plant and equipment	**2**	(9)
Amortisation and impairment of intangible assets	**5,583**	3,558
Movement in expected credit loss provision	**(1,255)**	-
Profit on disposal of subsidiary	**(718)**	(14,293)
Net fair value (gains)/losses on financial instruments and investment property	**(12,928)**	94,121
Dividend and interest income	**(35,077)**	(22,906)
Finance costs	**3,151**	2,528
Other adjustments for non-cash items	**1,560**	695
Changes in operating assets and liabilities:		
Net decrease/(increase) in reinsurance contract assets	**13,974**	(32,053)
Net increase in investment contract liabilities	**37,407**	42,961
Net increase in insurance contract liabilities	**6,430**	4,879
Net increase in other assets	**(16,857)**	(57,512)
Net increase in other liabilities	**11,615**	1,491
Cash generated/(used) by operations	**64,203**	28,254
Purchases of financial instruments and investment property	**(202,338)**	(208,588)
Sale of financial instruments and investment property	**147,364**	156,110
Dividends received	**10,452**	7,177
Interest received	**23,618**	17,022
Tax paid	**(2,705)**	(6,487)
Net cash from/(used by) operating activities	**40,594**	(6,512)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,358)**	(3,234)
Proceeds from the sale of property, plant and equipment	**296**	28
Purchases of intangible assets	**(1,245)**	(3,900)
Disposal of subsidiary, net of cash disposed	**-**	36,355
Net cash (used by)/from investing activities	**(3,307)**	29,249
Cash flows from financing activities		
Interest paid	**(2,491)**	(2,528)
Payment of lease liabilities	**(3,128)**	(3,267)
Dividends paid to Company's shareholders	**(9,181)**	(9,181)
Charitable grant paid to ultimate parent undertaking	**(13,000)**	(15,000)
Net cash used by financing activities	**(27,800)**	(29,976)
Net increase/(decrease) in cash and cash equivalents	**9,487**	(7,239)
Cash and cash equivalents at beginning of year (as reported)	**104,664**	114,036
Cash classified as held for distribution	**-**	(5,177)
Exchange (losses)/gains on cash and cash equivalents	**(2,069)**	3,044
Cash and cash equivalents at end of year	**112,082**	104,664

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

NOTES TO THIS ANNUAL FINANCIAL REPORT ANNOUNCEMENT OF RESULTS
for the year ended 31 December 2023

1. Accounting policies

The Company has prepared this announcement of its consolidated results using the same accounting policies and methods of computation as the full financial statements for the year ended 31 December 2023 as prepared in accordance with UK adopted IAS applicable at 31 December 2023 issued by the International Accounting Standards Board (IASB).

A number of amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB), and endorsed by the UK, with an effective date of on or after 1 January 2023, and are therefore applicable for the 31 December 2023 financial statements. None had a significant impact on the Group.

2. General Information

Whilst the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. Full financial statements that comply with IFRS were approved by the Board of Directors on 21 March 2024.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022, but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under sections 498(2) and 498(3) of the Companies Act 2006.

This announcement was approved at a meeting of the Board of Directors held on 21 March 2024.

Ecclesiastical Insurance Office plc is a subsidiary of Benefact Group plc which is an investment holding company whose ordinary shares are not listed.

The ordinary shares of Ecclesiastical Insurance Office plc are not listed.

Copies of the audited financial statements are available from the registered office at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom.

The following information is included in this announcement in compliance with the Disclosure and Transparency Rules and has been extracted from the full financial statements for 2022.

3. Insurance Risk

Through its general and life insurance operations, the Group is exposed to a number of risks. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. This subjects the Group to underwriting and pricing risk (the risk of failing to ensure disciplined risk selection and to obtain the appropriate premium), claims reserving risk (the risk of actual claims payments exceeding the amount we are holding in reserves) and reinsurance risk (the risk of failing to access and manage reinsurance capacity at a reasonable price).

(a) Risk mitigation

Statistics demonstrate that the larger and more diversified the portfolio of insurance contracts, the smaller the relative variability in the expected outcome will be. The Group's underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. In all operations pricing controls are in place, underpinned by sound statistical analysis, market expertise and appropriate external consultant advice. Gross and net underwriting exposure is protected through the use of a comprehensive programme of reinsurance using both proportional and non-proportional reinsurance, supported by proactive claims handling. The overall reinsurance structure is regularly reviewed and modelled to ensure that it remains optimum to the Group's needs. The optimal reinsurance structure provides the Group with sustainable, long-term capacity to support its specialist business strategy, with effective balance sheet and profit and loss protection at a reasonable cost.

Catastrophe protection is purchased following an extensive annual modelling exercise of gross and net (of proportional reinsurance) exposures. In conjunction with reinsurance brokers the Group utilises the full range of proprietary catastrophe models and continues to develop bespoke modelling options that better reflect the specialist nature of the portfolio. Reinsurance is purchased in line with the Group's risk appetite.

(b) Concentrations of risk

The core business of the Group is general insurance, with the principal classes of business written being property and liability. The miscellaneous financial loss class of business covers personal accident, fidelity guarantee and loss of money, income and licence. The other class of business includes cover of legal expenses and also a small portfolio of motor policies, but this has been in run-off in the United Kingdom since November 2012. The Group's whole-of-life insurance policies support funeral planning products.

The table below summarises written premiums for the financial year, before and after reinsurance, by territory and by class of business. Further details on the gross and net written premiums, which are alternative performance measures that are not defined under IFRS, are detailed in note 10 to this announcement.

2023		**General insurance**				**Life insurance**	
		Property £000	**Liability £000**	**Miscellaneous financial loss £000**	**Other £000**	**Whole of life £000**	**Total £000**
Territory							
United Kingdom	Gross	**297,481**	**79,966**	**24,668**	**3,287**	**(24)**	**405,378**
and Ireland	Net	**137,933**	**75,916**	**11,816**	**64**	**(24)**	**225,705**
Australia	Gross	**57,703**	**43,194**	**1,337**	**434**	**-**	**102,668**
	Net	**9,182**	**37,275**	**1,313**	**82**	**-**	**47,852**
Canada	Gross	**73,958**	**32,979**	**-**	**-**	**-**	**106,937**
	Net	**48,247**	**29,512**	**-**	**-**	**-**	**77,759**
Total	Gross	**429,142**	**156,139**	**26,005**	**3,721**	**(24)**	**614,983**
	Net	**195,362**	**142,703**	**13,129**	**146**	**(24)**	**351,316**

2022		**General insurance**				**Life insurance**	
		Property £000	**Liability £000**	**Miscellaneous financial loss £000**	**Other £000**	**Whole of life £000**	**Total £000**
Territory							
United Kingdom	Gross	255,418	71,575	20,006	3,086	7	350,092
and Ireland	Net	119,847	68,128	10,259	100	7	198,341
Australia	Gross	55,266	42,978	918	536	-	99,698
	Net	5,886	36,037	868	101	-	42,892
Canada	Gross	73,779	34,982	-	-	-	108,761
	Net	47,335	31,914	-	-	-	79,249
Total	Gross	384,463	149,535	20,924	3,622	7	558,551
	Net	173,068	136,079	11,127	201	7	320,482

(c) General insurance risks

Property classes

Property cover mainly compensates the policyholder for damage suffered to their property or for the value of property lost. Property insurance may also include cover for pecuniary loss through the inability to use damaged insured commercial properties (business interruption).

For property insurance contracts, there can be variability in the nature, number and size of claims made in each period.

The nature of claims may include fire, weather damage, escape of water, explosion (after fire), riot and malicious damage, subsidence, accidental damage, theft and earthquake. Subsidence claims are particularly difficult to predict because the damage is often not apparent for some time. The ultimate settlements can be small or large with a risk of a settled claim being reopened at a later date.

The number of claims made can be affected in particular by weather events, changes in climate, economic environment, and crime rates. Climate change may give rise to more frequent and extreme weather events, such as river flooding, hurricanes and drought, and their consequences, for example, subsidence claims. If a weather event happens near the end of the financial year, the uncertainty about ultimate claims cost in the financial statements is much higher because there is insufficient time for adequate data to be received to assess the final cost of claims.

Individual claims can vary in amount since the risks insured are diverse in both size and nature. The cost of repairing property varies according to the extent of damage, cost of materials and labour charges.

Contracts are underwritten on a reinstatement basis or repair and restoration basis as appropriate. Costs of rebuilding properties, of replacement or indemnity for contents and time taken to bring business operations back to pre-loss levels for business interruption are the key factors that influence the cost of claims. Individual large claims are more likely to arise from fire, storm or flood damage. The greatest likelihood of an aggregation of claims arises from earthquake, weather or major fire spreading events.

Claims payment, on average, occurs within a year of the event that gives rise to the claim. However, there is variability around this average with larger claims typically taking longer to settle and business interruption claims taking much longer depending on the length of the indemnity period involved.

Liability classes

The main exposures are in respect of liability insurance contracts which protect policyholders from the liability to compensate injured employees (employers' liability) and third parties (public liability).

Claims that may arise from the liability portfolios include damage to property, physical injury, disease and psychological trauma. The Group has a different exposure profile to most other commercial lines insurance companies as it has lower exposure to industrial risks. Therefore, claims for industrial diseases are less common for the Group than injury claims such as slips, trips and back injuries.

The frequency and severity of claims arising on liability insurance contracts can be affected by several factors. Most significant are the increasing level of awards for damages suffered, legal costs and the potential for periodic payment awards.

The severity of bodily injury claims can be influenced particularly by the value of loss of earnings and the future cost of care. The settlement value of claims arising under public and employers' liability is particularly difficult to predict. There is often uncertainty as to the extent and type of injury, whether any payments will be made and, if they are, the amount and timing of the payments, including the discount rate applied for assessing lump sums. Key factors driving the high levels of uncertainty include the late notification of possible claim events and the legal process.

Late notification of possible claims necessitates the holding of provisions for incurred claims that may only emerge some years into the future. In particular, the effect of inflation over such a long period can be considerable and is uncertain. A lack of comparable past experience may make it difficult to quantify the number of claims and, for certain types of claims, the amounts for which they will ultimately settle. The legal and legislative framework continues to evolve, which has a consequent impact on the uncertainty as to the length of the claims settlement process and the ultimate settlement amounts.

Claims payment, on average, occurs about three to four years after the event that gives rise to the claim. However, there is significant variability around this average.

Provisions for latent claims

The public and employers’ liability classes can give rise to very late reported claims, which are often referred to as latent claims. These can vary in nature and are difficult to predict. They typically emerge slowly over many years, during which time there can be particular uncertainty as to the number of future potential claims and their cost. The Group has reflected this uncertainty and believes that it holds adequate reserves for latent claims that may result from exposure periods up to the reporting date.

Note 8 to this announcement presents the development of the estimate of ultimate claim cost for public and employers' liability claims occurring in a given year. This gives an indication of the accuracy of the estimation technique for incurred claims.

(d) Life insurance risks

The Group provides whole-of-life insurance policies to support funeral planning products, for most of which the future benefits are linked to inflation and backed by index-linked assets. None of the risks arising from this business are amongst the Group's principal risks and no new policies with insurance risk have been written in the life fund since 2013.

The primary risk on these contracts is the level of future investment returns on the assets backing the liabilities over the life of the policyholders is insufficient to meet future claims payments, particularly if the timing of claims is different from that assumed. The interest rate and inflation risk within this has been largely mitigated by holding index-linked assets of a similar term to the expected liabilities profile. The main residual risk is the spread risk attached to corporate bonds held to match the liabilities.

Uncertainty in the estimation of the timing of future claims arises from the unpredictability of long-term changes in overall levels of mortality. The Group bases these estimates on standard industry and national mortality tables and its own experience. The most significant factors that could alter the expected mortality rates profile are epidemics, widespread changes in lifestyle and continued improvement in medical science and social conditions. This small mortality risk is retained by the Group. The Group holds a reserve to meet the costs of future expenses in running the life business and administration of the policies. There is a risk that this is insufficient to meet the expenses incurred in future periods.

4. Financial risk and capital management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are interest rate risk, credit risk, equity price risk and currency risk.

There has been no change from the prior period in the nature of the financial risks to which the Group is exposed. The continued conflict in Ukraine, Middle East and the cost of living crisis means there is continued uncertainty in relation to the economic risks to which the Group is exposed. This includes equity price volatility, movements in exchange rates and long-term UK growth prospects. The Group's management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques.

(a) Categories of financial instruments

(i) Categories applying IFRS 9

	Financial assets			Financial liabilities				
	Designated as fair value through profit or loss £000	Classified as fair value through profit or loss £000	Amortised cost £000	Fair value through profit or loss £000	Fair value through other comprehensive income £000	Amortised cost £000	Other assets and liabilities £000	Total £000
At 31 December 2023								
Financial investments	**940,897**	**824**	**34**	**-**	**-**	**-**	**-**	**941,755**
Other assets	**-**	**-**	**156,385**	**-**	**-**	**-**	**8,719**	**165,104**
Cash and cash equivalents	**-**	**-**	**112,082**	**-**	**-**	**-**	**-**	**112,082**
Lease obligations	**-**	**-**	**-**	**-**	**-**	**(21,687)**	**-**	**(21,687)**
Subordinated liabilities	**-**	**-**	**-**	**-**	**-**	**(25,853)**	**-**	**(25,853)**
Other liabilities	**-**	**-**	**-**	**-**	**(2,380)**	**(38,806)**	**(16,093)**	**(57,279)**
Inv't contract liabilities	**-**	**-**	**-**	**(95,886)**	**-**	**-**	**-**	**(95,886)**
Net other	**-**	**-**	**-**	**-**	**-**	**-**	**(389,320)**	**(389,320)**
Total	**940,897**	**824**	**268,501**	**(95,886)**	**(2,380)**	**(86,346)**	**(396,694)**	**628,916**
At 31 December 2022 (restated*)								
Financial investments	869,880	755	114	-	-	-	-	870,749
Other assets	-	-	140,246	-	-	-	8,103	148,349
Cash and cash equivalents	-	-	104,664	-	-	-	-	104,664
Lease obligations	-	-	-	-	-	(19,062)	-	(19,062)
Subordinated liabilities	-	-	-	-	-	(25,818)	-	(25,818)
Other liabilities	-	-	-	(2,475)	(759)	(30,720)	(13,391)	(47,345)
Inv't contract liabilities	-	-	-	(58,479)	-	-	-	(58,479)
Net other	-	-	-	-	-	-	(361,180)	(361,180)
Total	869,880	755	245,024	(60,954)	(759)	(75,600)	(366,468)	611,878

*The comparative financial statements have been restated as detailed in note 12 to this announcement

The carrying value of those financial assets and liabilities not carried at fair value in the financial statements is considered to approximate to their fair value.

(b) Fair value hierarchy

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted bid prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Group's functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation, and are recognised at the date of the event or change in circumstances which caused the transfer. During the year there was a transfer from level 1 to level 2 due to a change in the observable inputs.

Analysis of fair value measurement bases	**Fair value measurement at the end of the reporting period based on**			
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
At 31 December 2023				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	**250,106**	**-**	**76,898**	**327,004**
Debt securities	**516,844**	**2,079**	**-**	**518,923**
Structured notes	**-**	**94,970**	**-**	**94,970**
Derivatives	**-**	**824**	**-**	**824**
	766,950	**97,873**	**76,898**	**941,721**
At 31 December 2022 (re-presented*)				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	234,035	-	85,726	319,761
Debt securities	492,682	1,299	-	493,981
Structured notes	-	56,138	-	56,138
Derivatives	-	755	-	755
	726,717	58,192	85,726	870,635

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

Gains and losses on derivative liabilities of the Group and Parent were recognised through other comprehensive income if they were hedge accounted, otherwise were recognised at fair value through profit or loss. Derivative liabilities are categorised as level 2 (see note 5 to this announcement).

Fair value measurements based on level 3

Fair value measurements in level 3 consist of financial assets, analysed as follows:

	Financial assets at fair value through profit and loss		
	Equity securities £000	**Debt securities £000**	**Total £000**
At 31 December 2023			
Opening balance	**85,726**	**-**	**85,726**
Total losses recognised in profit or loss	**(8,780)**	**-**	**(8,780)**
Disposal proceeds	**(48)**	**-**	**(48)**
Closing balance	**76,898**	**-**	**76,946**
Total losses for the period included in profit or loss for assets held at the end of the reporting period	**(8,780)**	**-**	**(8,780)**
At 31 December 2022			
Opening balance	68,947	34	68,981
Total gains/(losses) recognised in profit or loss	16,779	(34)	16,745
Closing balance	85,726	-	85,726
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	16,780	(34)	16,746

All the above gains or losses included in profit or loss for the period are presented in net investment return within the statement of profit or loss.

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Listed debt and equity securities not in active market (level 2)

These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non exchange-traded derivative contracts (level 2)

The Group's derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Structured notes (level 2)

These financial assets are not traded on active markets. Their fair value is linked to an index that reflects the performance of an underlying basket of observable securities, including derivatives, provided by an independent calculation agent.

Unlisted equity securities (level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, normalised for performance measures where appropriate, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-tangible book ratio, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the illiquidity discount or credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£8m (2022: +/-£9m).

Unlisted debt (level 3)

Unlisted debt is valued using an adjusted net asset method whereby management uses a look-through approach to the underlying assets supporting the loan, discounted using observable market interest rates of similar loans with similar risk, and allowing for unobservable future transaction costs.

The valuation is most sensitive to the level of underlying net assets, but it is also sensitive to the interest rate used for discounting and the projected date of disposal of the asset, with the exit costs sensitive to an expected return on capital of any purchaser and estimated transaction costs. Reasonably likely changes in unobservable inputs used in the valuation would not have a significant impact on shareholders' equity or the net result.

(c) Interest rate risk

The Group's exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the Group's assets, subordinated debt which has a fixed interest rate until 2030, and from insurance liabilities discounted at a market interest rate. The Group's investment strategy is set in order to control the impact of interest rate risk on anticipated cash flows and asset and liability values. The fair value of the Group's investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa.

Interest rate risk concentration is reduced by adopting asset-liability duration matching principles where appropriate. Excluding assets held to back the life business, the average duration of the Group's fixed income portfolio is three years (2022: three years), reflecting the relatively short-term average duration of its general insurance liabilities. The mean term of discounted general insurance liabilities is disclosed in note 8(a)(viii) to this announcement.

For the Group's life insurance business, consisting of policies to support funeral planning products, benefits payable to policyholders are independent of the returns generated by interest-bearing assets. Therefore, the interest rate risk on the invested assets supporting these liabilities is borne by the Group. This risk is mitigated by purchasing fixed interest investments with durations that match the profile of the liabilities. For funeral plan insurance policies, benefits are linked to the Retail Prices Index (RPI). Assets backing these liabilities are also linked to the RPI, and include index-linked gilts and corporate bonds. For practical purposes it is not possible to exactly match the durations due to the uncertain profile of liabilities (for example mortality risk) and the availability of suitable assets, therefore some interest rate risk will persist. The Group monitors its exposure by comparing projected cash flows for these assets and liabilities and making appropriate adjustments to its investment portfolio.

The table below summarises the maturities of life business assets and liabilities that are exposed to interest rate risk.

	Maturity			
Group life business	**Within 1 year £000**	**Between 1 & 5 years £000**	**After 5 years £000**	**Total £000**
At 31 December 2023				
Assets				
Debt securities	**14,004**	**21,312**	**49,879**	**85,195**
Cash and cash equivalents	**8,727**	**-**	**-**	**8,727**
	22,731	**21,312**	**49,879**	**93,922**
Liabilities (discounted)				
Life insurance contract liabilities for remaining coverage	**5,870**	**18,408**	**31,751**	**56,029**
At 31 December 2022 (re-presented*)				
Assets				
Debt securities	14,827	22,815	45,678	83,320
Cash and cash equivalents	11,854	-	-	11,854
	26,681	22,815	45,678	95,174
Liabilities (discounted)				
Life insurance contract liabilities for remaining coverage	5,339	17,322	36,602	59,263

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

Group financial investments with variable interest rates, including cash and cash equivalents, and insurance instalment receivables are subject to cash flow interest rate risk. This risk is not significant to the Group.

(d) Credit risk

The Group has exposure to credit risk, which is the risk of non-payment of their obligations by counterparties and financial markets borrowers. Areas where the Group is exposed to credit risk are:

- counterparty default on loans and debt securities;
- deposits held with banks;
- reinsurers' share of insurance liabilities (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid; and
- amounts due from insurance intermediaries and policyholders.

The Group is exposed to minimal credit risk in relation to all other financial assets.

The carrying amount of financial and reinsurance assets represents the Group's maximum exposure to credit risk. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Limits on the level of credit risk are regularly reviewed. Where available the Group also manages its exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range of AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not rated' assets capture assets not rated by external ratings agencies.

The following table provides information regarding the credit risk exposure of financial assets with external credit ratings from Standard & Poors or an equivalent rating from a similar agency. This includes financial assets that meet the definition of 'solely payments of principal and interest' (SPPI).

	SPPI			Non-SPPI
	Cash and cash equivalents[1]	Reinsurance debtors	Total SPPI	Debt securities
	£000	£000	£000	£000
At 31 December 2023				
AAA	**-**	**-**	**-**	**207,068**
AA	**72,191**	**5,902**	**78,093**	**152,744**
A	**25,423**	**17,435**	**42,858**	**88,810**
BBB	**14,464**	**-**	**14,464**	**52,646**
Below BBB	**-**	**-**	**-**	**8,567**
Not rated	**4**	**3,500**	**3,504**	**9,088**
	112,082	**26,837**	**138,919**	**518,923**
At 31 December 2022 (re-presented*)				
AAA	-	-	-	189,721
AA	42,616	3,608	46,224	124,057
A	18,114	10,653	28,767	102,779
BBB	43,930	-	43,930	62,049
Below BBB	-	-	-	6,878
Not rated	4	3,866	3,870	8,497
	104,664	18,127	122,791	493,981

[1] Cash includes amounts held on deposit classified within financial investments and disclosed in note 23 to the full financial statements. Cash balances which are not rated relate to cash amounts in hand.

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

For financial assets meeting the SPPI test that do not have low credit risk, the carrying amount disclosed above is an approximation of their fair value.

Group cash balances are regularly reviewed to identify the quality of the counterparty bank and to monitor and limit concentrations of risk.

The debt securities portfolio consists of a range of mainly fixed interest instruments including government securities, local authority issues, corporate loans and bonds, overseas bonds, preference shares and other interest-bearing securities. Limits are imposed on the credit ratings of the corporate bond portfolio and exposures regularly monitored. Group investments in unlisted securities represent 0% of this category in the current year and less than 1% prior year.

The Group’s exposure to counterparty default on debt securities is spread across a variety of geographical and economic territories, as follows:

	2023		2022 (re-presented*)
	£000		£000
UK	**209,369**	UK	211,011
Canada	**147,364**	Australia	131,232
Australia	**132,622**	Canada	125,225
Europe	**29,568**	Europe	26,513
Total	**518,923**	Total	493,981

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on a regular basis through the year by reviewing their financial strength. The Group Reinsurance Security Committee assesses, monitors and approves the creditworthiness of all reinsurers, reviewing relevant credit ratings provided by the recognised credit rating agencies, as well as other publicly available data and market information. The Group Reinsurance Security Committee also monitors the balances outstanding from reinsurers and maintains an approved list of reinsurers.

The Group's credit risk policy details prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports. These reports are scrutinised to assess exposure by geographical region and counterparty of aged or outstanding balances. Any such balances are likely to be major international brokers that are in turn monitored via credit reference agencies and considered to pose minimal risk of default. The Group has no material concentration of credit risk in respect of amounts due from insurance intermediaries and policyholders.

The table below provides an analysis of the gross carrying amounts of groups of insurance debtors and groups of reinsurance debtors by past due status:

	2023	2022
	£000	£000
Insurance debtors		
Current	**134,790**	125,532
0 to 30 days	**17,262**	12,860
30 days to 90 days	**6,629**	9,068
More than 90 days	**10,068**	1,980
	168,749	149,440
Reinsurance debtors		
Current	**20,845**	7,721
0 to 30 days	**1,271**	1,388
30 days to 90 days	**1,637**	6,824
More than 90 days	**3,084**	2,194
	26,837	18,127

Amounts arising from expected credit losses on financial assets are as follows:

	2023	2022
	£000	£000
Balance at 1 January	**1,899**	-
Movement in the year	**(1,607)**	-
Balance at 31 December	**292**	-

(e) Equity price risk

The Group is exposed to equity price risk because of financial investments held by the Group which are stated at fair value through profit or loss. The Group mitigates this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets.

The concentration of equity price risk by geographical listing, before the mitigating effect of derivatives, to which the Group is exposed is as follows:

	2023		2022 (re-presented*)
	£000		£000
UK	**236,335**	UK	234,361
Europe	**76,898**	Europe	85,400
US	**13,771**	US	-
Total	**327,004**	Total	319,761

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

(f) Currency risk

The Group operates internationally and its main exposures to foreign exchange risk are noted below. The Group's foreign operations generally invest in assets and purchase reinsurance denominated in the same currencies as their insurance liabilities, which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. The Group mitigates this risk through the use of derivatives when considered necessary.

The Group exposure to foreign currency risk within the investment portfolios arises from purchased investments that are denominated in currencies other than sterling.

The Group's foreign operations create two sources of foreign currency risk:

- the operating results of the Group's foreign branches and subsidiaries in the Group financial statements are translated at the average exchange rates prevailing during the period; and
- the equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 5 to this announcement. The Group has designated certain derivatives as a hedge of its net investments in Canada and Australia, which have Canadian and Australian dollars respectively as their functional currency.

The largest currency exposures, before the mitigating effect of derivatives, with reference to net assets/liabilities are shown below, representing effective diversification of resources.

	2023		2022
	£000		£000
Can $	**67,554**	Aus $	61,768
Aus $	**61,784**	Can $	57,710
Euro	**39,752**	Euro	25,287
USD $	**11,189**	USD $	2,653
HKD $	**185**	HKD $	15

The figures in the table above, for the current and prior years, do not include currency risk that the Group is exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The Group enters into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the Group at the year end to hedge currency exposure are detailed in note 5 to this announcement.

(g) Liquidity risk

Liquidity risk is the risk that funds may not be available to pay obligations when due. The Group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. An estimate of the timing of the net cash outflows resulting from insurance contracts is provided in note 8 to this announcement. The Group has robust processes in place to manage liquidity risk and has available cash balances, other readily marketable assets and access to funding in case of exceptional need. This is not considered to be a significant risk to the Group.

Non-derivative financial liabilities consist of lease liabilities, for which a maturity analysis is included in note 32 to the full financial statements, and other liabilities for which a maturity analysis is included in note 29 to the full financial statements, and subordinated debt for which a maturity analysis is included in note 30 to the full financial statements.

(h) Market risk sensitivity analysis

The sensitivity of profit and other equity reserves to movements on market risk variables (comprising interest rate, currency and equity price risk), each considered in isolation and before the mitigating effect of derivatives, is shown in the table below. This table does not include the impact of variables on retirement benefit schemes. Financial risk sensitivities for retirement benefit schemes are disclosed separately in note 17 to the full financial statements.

		Potential increase / (decrease) in profit		**Potential increase / (decrease) in other equity reserves**	
			*Re-presented**		
Variable	**Change in variable**	**2022**	2021	**2022**	2021
		£000	£000	**£000**	£000
Interest rate risk	-100 basis points	**814**	(3,618)	**(4)**	(8)
	+100 basis points	**906**	4,786	**3**	7
Currency risk	-10%	**2,956**	2,154	**16,070**	13,123
	+10%	**(2,418)**	(1,763)	**(13,148)**	(10,737)
Equity price risk	+/-10%	**24,525**	25,901	**-**	-

* Prior year comparatives have been re-presented to reflect the current year disclosures for composition of OEICs. OEICs previously included in equity securities but relating to bond OEICs have been re-presented in debt securities to better reflect the nature of the assets and requirements of IFRS 7.

The following assumptions have been made in preparing the above sensitivity analysis:

- the value of fixed income investments will vary inversely with changes in interest rates, and all territories experience the same interest rate movement;

- currency gains and losses will arise from a change in the value of sterling against all other currencies moving in parallel;

- equity prices will move by the same percentage across all territories; and
- change in profit is stated net of tax at the standard rate applicable in each of the Group's territories.

(i) Capital management

The Group's primary objectives when managing capital are to:

- Comply with the regulators' capital requirements of the markets in which the Group operates; and
- Safeguard the Group's ability to continue to meet stakeholders' expectations in accordance with its corporate mission, vision and values.

The Group is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and capital is managed and evaluated on the basis of both regulatory and economic capital, at a group and parent entity level.

In the UK, the Group and its UK regulated entities are required to comply with rules issued by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

The PRA expects a firm, at all times, to hold Solvency II Own Funds in excess of its calculated Solvency Capital Requirement (SCR). Group solvency is assessed at the level of Ecclesiastical Insurance Office plc (EIO)'s parent, Benefact Group plc. Consequently, there is no directly comparable solvency measure for EIO group. Quantitative returns are submitted to the PRA, in addition to an annual narrative report, the Solvency and Financial Condition Report (SFCR) which is also published on the company's website. A further report, the Regular Supervisory Report (RSR) is periodically submitted to the PRA.

EIO's Solvency II Own Funds will be subject to a separate independent audit, as part of the Group's process for Solvency II reporting to the PRA. The Group's regulated entities, EIO and ELL, expect to meet the deadline for submission to the PRA of 6 April 2023 and their respective SFCRs will be made available on the Group's website shortly thereafter. Benefact Group is also expected to meet its deadline for submission to the PRA of 20 May 2023, with its SFCR also being made available on the Group's website shortly after.

	2023		2023	
	Ecclesiastical Insurance Office plc Parent £000	**Ecclesiastical Life Limited £000**	Ecclesiastical Insurance Office plc Parent £000	Ecclesiastical Life Limited £000
Solvency II Own Funds	**639,158**	**59,813**	630,058	54,172

Economic capital is the Group's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward-looking assessment of own risk, as required as part of the Solvency II regime. Risk appetite is set such that the target level of economic capital is always higher than the regulatory SCR.

5. Derivative financial instruments

The Group utilises derivatives to mitigate equity price risk arising from investments held at fair value, foreign exchange risk arising from investments denominated in foreign currencies, and foreign exchange risk arising from investments denominated in Sterling that contain underlying foreign currency exposure. These 'non-hedge' derivatives either do not qualify for hedge accounting or the option to hedge account has not been taken.

The Group has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A gain of £4,860,000 (2022: loss of £4,514,000) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within shareholders' equity, as disclosed in note 6 to this announcement. The Group has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with IFRS 9, *Financial Instruments*.

	2023			2022		
	Contract / notional amount £000	**Fair value asset £000**	**Fair value liability £000**	Contract / notional amount £000	Fair value asset £000	Fair value liability £000
Non-hedge derivatives						
Equity/Index contracts						
Options	**-**	**-**	**-**	100	100	-
Foreign exchange contracts						
Forwards (Euro)	**120,115**	**824**	**-**	93,712	-	2,475
Hedge derivatives						
Foreign exchange contracts						
Forwards (Australian dollar)	**54,584**	**-**	**1,155**	55,742	-	759
Forwards (Canadian dollar)	**52,960**	**-**	**1,225**	48,442	655	-
	227,659	**824**	**2,380**	197,996	755	3,234

All derivatives in the current and prior period expire within one year.

All contracts designated as hedging instruments were fully effective in the current and prior year.

The notional amounts above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transactions. They do not reflect current market values of the open positions.

Derivative fair value assets are recognised within financial investments (note 20 of the full financial statements) and derivative fair value liabilities are recognised within other liabilities (note 29 of the full financial statements).

6. Translation and hedging reserve

	Translation reserve £000	**Hedging reserve £000**	**Total £000**
At 1 January 2023	**18,838**	**718**	**19,556**
Losses on currency translation differences	**(4,024)**	**-**	**(4,024)**
Gains on net investment hedges	**-**	**4,860**	**4,860**
Attributable tax	**-**	**(688)**	**(688)**
At 31 December 2023	**14,814**	**4,890**	**19,704**
At 1 January 2022	13,196	4,407	17,603
Gains on currency translation differences	5,642	-	5,642
Losses on net investment hedges	-	(4,514)	(4,514)
Attributable tax	-	825	825
At 31 December 2022 (as restated*)	18,838	718	19,556

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

The translation reserve arises on consolidation of the Group's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of net investments in foreign operations.

7. Segment information

(a) Operating segments

The Group’s primary operating segments are based on geography and are engaged in providing general insurance and life insurance services. The Group also considers investments a separate reporting segment, also based on geography. Expenses relating to Group management activities are included within 'Corporate costs'. The Group’s life insurance business is carried out within the United Kingdom.

The Group’s chief operating decision maker is considered to be the Group Management Board whose members include the company’s executive directors.

The activities of each operating segment are described below.

- **General business**

United Kingdom and Ireland

The Group's principal general insurance business operation is in the UK, where it operates under the Ecclesiastical and Ansvar brands. The Group also operates an Ecclesiastical branch in the Republic of Ireland underwriting general business across the whole of Ireland.

Australia

The Group has a wholly-owned subsidiary in Australia underwriting general insurance business under the Ansvar brand.

Canada

The Group operates a general insurance Ecclesiastical branch in Canada.

Other insurance operations

This includes the Group's internal reinsurance function, adverse development cover and operations that are in run-off or not reportable due to their immateriality.

- **Life business**

Ecclesiastical Life Limited provides long-term policies to support funeral planning products. The business reopened to new investment business in 2021 but it is closed to new insurance business.

Inter-segment and inter-territory transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

(b) Segment performance

The Group uses the following key measures to assess the performance of its operating segments:

- Gross written premium
- Underwriting result
- Investment return

Gross written premium is the measure used in internal reporting for turnover of the general and life insurance business segments. The underwriting result is used as a measure of profitability of the insurance business segments. The investment return is used as a profitability measure of the Group’s investments. Gross written premium and underwriting result are attributed to the geographical region in which the customer is based.

The Group also uses the industry standard net combined operating ratio (COR) as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. Further details on the gross written premiums, underwriting profit or loss and COR, which are alternative performance measures, are detailed in note 10 to this announcement.

The life business segment result comprises the profit or loss on insurance contracts (including return on assets backing liabilities in the long-term fund), investment return comprising profit or loss on funeral plan investment business and shareholder investment return, and other expenses.

All other segment results consist of the profit or loss before tax measured in accordance with IFRS.

Segment gross written premiums

	2023 £000	2022 £000
General business		
United Kingdom and Ireland	**399,716**	344,788
Australia	**102,668**	99,698
Canada	**106,937**	108,761
Other insurance operations	**5,686**	5,297
Total	**615,007**	558,544
Life business	**(24)**	7
Group revenue	**614,983**	558,551

Group revenues are not materially concentrated on any single external customer.

Segment results

2023	**Combined operating ratio**	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	**92.1%**	**16,371**	**30,751**	**(2,640)**	**44,482**
Australia	**113.4%**	**(5,120)**	**6,031**	**(377)**	**534**
Canada	**80.4%**	**14,924**	**6,500**	**(134)**	**21,290**
Other insurance operations		**(1,655)**	**(1,027)**	**87**	**(2,595)**
	92.6%	**24,520**	**42,255**	**(3,064)**	**63,711**
Life business		**1,240**	**3,881**	**-**	**5,121**
Corporate costs		**-**	**-**	**(24,079)**	**(24,079)**
Profit/(loss) before tax		**25,760**	**46,136**	**(27,143)**	**44,753**

2022 (as restated*)	**Combined operating ratio**	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	87.1%	23,618	(13,301)	(1,962)	8,355
Australia	99.0%	409	1,441	(131)	1,719
Canada	88.1%	8,886	(764)	(146)	7,976
Other insurance operations		(1,395)	648	-	(747)
	89.6%	31,518	(11,976)	(2,239)	17,303
Life business		49	(7,191)	-	(7,142)
Corporate costs		-	-	(25,743)	(25,743)
Profit/(loss) before tax		31,567	(19,167)	(27,982)	(15,582)

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

(c) Geographical information

Gross written premiums from external customers and non-current assets, as attributed to individual countries in which the Group operates, are as follows:

	2023		2022	
	Gross written premiums £000	**Non-current assets £000**	Gross written premiums £000	Non-current assets £000
United Kingdom and Ireland	**405,378**	**320,026**	350,092	317,338
Australia	**102,668**	**5,869**	99,698	3,052
Canada	**106,937**	**5,401**	108,761	5,601
	614,983	**331,296**	558,551	325,991

Gross written premiums are allocated based on the country in which the insurance contracts are issued. Non-current assets exclude rights arising under insurance contracts, deferred tax assets, pension assets and financial instruments and are allocated based on where the assets are located.

8. Insurance liabilities and reinsurance assets

	2023 £000	*Restated** 2022 £000
Gross		
General insurance contract liabilities for incurred claims	**634,819**	636,638
General insurance contract liabilities for remaining coverage	**90,994**	93,645
Life insurance contract liabilities for remaining coverage	**56,029**	59,263
Total gross insurance contract liabilities	**781,842**	789,546
Recoverable from reinsurers		
General reinsurance contract assets for incurred claims	**179,928**	202,474
General reinsurance contract assets for remaining coverage	**40,180**	37,650
Total reinsurers' share of insurance liabilities	**220,108**	240,124
Net		
General insurance contract liabilities for incurred claims	**454,891**	434,164
General insurance contract liabilities for remaining coverage	**50,814**	55,995
Life insurance contract liabilities for remaining coverage	**56,029**	59,263
Total net insurance liabilities	**561,734**	549,422
Gross insurance liabilities		
Current	**312,171**	411,687
Non-current	**469,671**	377,859
Reinsurance assets		
Current	**127,365**	161,411
Non-current	**92,743**	78,713

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

	Insurance contract liabilities			Reinsurance contract assets		
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	Life liabilities for remaining coverage £000	General assets for remaining coverage £000	General assets for incurred claims £000	Total £000
At 1 January 2022	89,713	604,297	75,718	(39,633)	(163,133)	566,962
Insurance revenue	(528,583)	-	(6,311)	-	-	(534,894)
Incurred claims and other insurance service expenses	-	347,500	-	-	-	347,500
Changes that relate to current service	-	-	5,266	-	-	5,266
Changes that relate to past service	-	(18,331)	-	-	-	(18,331)
Losses on onerous contracts and reversal of those losses	781	-	-	-	-	781
Insurance acquisition cash flows amortisation	109,256	-	-	-	-	109,256
Insurance service expenses	110,037	329,169	5,266	-	-	444,472
Insurance service result before reinsurance contracts held	(418,546)	329,169	(1,045)	-	-	(90,422)
Allocation of reinsurance premiums	-	-	-	130,675	-	130,675
Recoveries of incurred claims and other insurance service expenses	-	-	-	6,800	(117,492)	(110,692)
Changes that relate to past service	-	-	-	-	5,606	5,606
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	(814)	-	(814)
Net expense/(income) from reinsurance contracts	-	-	-	136,661	(111,886)	24,775
Finance income from insurance contracts issued	-	(44,370)	(10,196)	-	-	(54,566)
Finance expense from reinsurance contracts held	-	-	-	-	6,704	6,704
Net insurance financial result	-	(44,370)	(10,196)	-	6,704	(47,862)
Total amounts recognised in statement of profit or loss	(418,546)	284,799	(11,241)	136,661	(105,182)	(113,509)
Exchange differences	2,129	14,185	-	(1,043)	(4,497)	10,774
Premiums received	537,656	-	-	-	-	537,656
Insurance acquisition cash flows	(117,307)	-	-	-	-	(117,307)
Claims and other directly attributable expenses paid	-	(266,643)	(5,214)	-	-	(271,857)
Premiums paid	-	-	-	(133,635)	-	(133,635)
Amounts received	-	-	-	-	70,338	70,338
Total cash flows	420,349	(266,643)	(5,214)	(133,635)	70,338	85,195
At 31 December 2022	93,645	636,638	59,263	(37,650)	(202,474)	549,422

	Insurance contract liabilities			Reinsurance contract assets		
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	Life liabilities for remaining coverage £000	General assets for remaining coverage £000	General assets for incurred claims £000	Total £000
At 31 December 2022	**93,645**	**636,638**	**59,263**	**(37,650)**	**(202,474)**	**549,422**
Adjustment on initial application of IFRS 9	*(505)*	*-*	*-*	*-*	*-*	*(505)*
At 1 January 2023	**93,140**	**636,638**	**59,263**	**(37,650)**	**(202,474)**	**548,917**
Insurance revenue	**(579,975)**	**-**	**(6,509)**	**-**	**-**	**(586,484)**
Incurred claims and other insurance service expenses	**-**	**308,069**	**-**	**-**	**-**	**308,069**
Changes that relate to current service	**-**	**-**	**5,702**	**-**	**-**	**5,702**
Changes that relate to past service	**-**	**(24,547)**	**-**	**-**	**-**	**(24,547)**
Losses on onerous contracts and reversal of those losses	**155**	**-**	**-**	**-**	**-**	**155**
Insurance acquisition cash flows amortisation	**119,205**	**-**	**-**	**-**	**-**	**119,205**
Insurance service expenses	**119,360**	**283,522**	**5,702**	**-**	**-**	**408,584**
Insurance service result before reinsurance contracts held	**(460,615)**	**283,522**	**(807)**	**-**	**-**	**(177,900)**
Allocation of reinsurance premiums	**-**	**-**	**-**	**148,094**	**-**	**148,094**
Recoveries of incurred claims and other insurance service expenses	**-**	**-**	**-**	**5,013**	**(77,048)**	**(72,035)**
Changes that relate to past service	**-**	**-**	**-**	**-**	**31,024**	**31,024**
Recoveries of losses on onerous contracts and reversal of those losses	**-**	**-**	**-**	**91**	**-**	**91**
Net expense/(income) from reinsurance contracts	**-**	**-**	**-**	**153,198**	**(46,024)**	**107,174**
Finance expense from insurance contracts issued	**-**	**24,102**	**2,628**	**-**	**-**	**26,730**
Finance income from reinsurance contracts held	**-**	**-**	**-**	**-**	**(7,190)**	**(7,190)**
Net insurance financial result	**-**	**24,102**	**2,628**	**-**	**(7,190)**	**19,540**
Total amounts recognised in statement of profit or loss	**(460,615)**	**307,624**	**1,821**	**153,198**	**(53,214)**	**(51,186)**
Exchange differences	**(1,661)**	**(13,309)**	**-**	**929**	**5,220**	**(8,821)**
Premiums received	**596,793**	**-**	**-**	**-**	**-**	**596,793**
Insurance acquisition cash flows	**(136,663)**	**-**	**-**	**-**	**-**	**(136,663)**
Claims and other directly attributable expenses paid	**-**	**(296,134)**	**(5,055)**	**-**	**-**	**(301,189)**
Premiums paid	**-**	**-**	**-**	**(156,657)**	**-**	**(156,657)**
Amounts received	**-**	**-**	**-**	**-**	**70,540**	**70,540**
Total cash flows	**460,130**	**(296,134)**	**(5,055)**	**(156,657)**	**70,540**	**72,824**
At 31 December 2023	**90,994**	**634,819**	**56,029**	**(40,180)**	**(179,928)**	**561,734**

(a) General business insurance contracts

(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	**PAA**		**GMM**	
	Excluding loss component £000	**Loss component £000**	**Liability for remaining coverage £000**	**Total £000**
At 1 January 2022	87,181	1,782	750	89,713
Insurance revenue	(528,558)	-	(25)	(528,583)
Losses on onerous contracts and reversal of those losses	-	806	(25)	781
Insurance acquisition cash flows amortisation	109,256	-	-	109,256
Insurance service expenses	109,256	806	(25)	110,037
Total amounts recognised in statement of profit or loss	(419,302)	806	(50)	(418,546)
Exchange differences	2,050	79	-	2,129
Premiums received	537,656	-	-	537,656
Insurance acquisition cash flows	(117,307)	-	-	(117,307)
Total cash flows	420,349	-	-	420,349
At 31 December 2022	90,278	2,667	700	93,645
Adjustment on initial application of IFRS 9	(505)	-	-	(505)
At 1 January 2023	89,773	2,667	700	93,140
Insurance revenue	**(579,975)**	**-**	**-**	**(579,975)**
Losses on onerous contracts and reversal of those losses	**-**	**155**	**-**	**155**
Insurance acquisition cash flows amortisation	**119,205**	**-**	**-**	**119,205**
Insurance service expenses	**119,205**	**155**	**-**	**119,360**
Total amounts recognised in statement of profit or loss	**(460,770)**	**155**	**-**	**(460,615)**
Exchange differences	**(1,531)**	**(130)**	**-**	**(1,661)**
Premiums received	**596,793**	**-**	**-**	**596,793**
Insurance acquisition cash flows	**(136,663)**	**-**	**-**	**(136,663)**
Total cash flows	**460,130**	**-**	**-**	**460,130**
At 31 December 2023	**87,602**	**2,692**	**700**	**90,994**

Reconciliation of insurance acquisition cash flows asset

	2023 £000	**2022 £000**
At 1 January	**56,435**	50,194
Cash flows recognised as an asset during the year	**35,372**	28,833
Amounts derecognised on initial recognition of groups of insurance contracts	**(24,927)**	(23,753)
Exchange differences	**(963)**	1,161
At 31 December	**65,917**	56,435

(ii) Reconciliation of the liability for incurred claims

Insurance contracts issued	**Estimates of present value of future cash flows £000**	**Risk adjustment for non-financial risk £000**	**Total £000**
At 1 January 2022	496,941	107,356	604,297
Incurred claims and other insurance service expenses	329,842	17,658	347,500
Changes that relate to past service	21,054	(39,385)	(18,331)
Insurance service expenses	350,896	(21,727)	329,169
Insurance service result before reinsurance contracts held	350,896	(21,727)	329,169
Finance income from insurance contracts issued	(44,370)	-	(44,370)
Net insurance financial result	(44,370)	-	(44,370)
Total amounts recognised in statement of profit or loss	306,526	(21,727)	284,799
Exchange differences	11,681	2,504	14,185
Claims and other directly attributable expenses paid	(266,643)	-	(266,643)
Total cash flows	(266,643)	-	(266,643)
At 31 December 2022	548,505	88,133	636,638
Incurred claims and other insurance service expenses	**293,641**	**14,542**	**308,183**
Changes that relate to past service	**(3,659)**	**(20,888)**	**(24,547)**
Insurance service expenses	**289,982**	**(6,346)**	**283,636**
Insurance service result before reinsurance contracts held	**289,982**	**(6,346)**	**283,636**
Finance expense from insurance contracts issued	**24,102**	**-**	**24,102**
Net insurance financial result	**24,102**	**-**	**24,102**
Total amounts recognised in statement of profit or loss	**314,084**	**(6,346)**	**307,738**
Exchange differences	**(11,362)**	**(1,947)**	**(13,309)**
Claims and other directly attributable expenses paid	**(296,248)**	**-**	**(296,248)**
Total cash flows	**(296,248)**	**-**	**(296,248)**
At 31 December 2023	**554,979**	**79,840**	**634,819**

(iii) Reconciliation of the asset for remaining coverage

Reinsurance contracts held	Excluding loss recovery component £000	Loss recovery component £000	Total £000
At 1 January 2022	38,157	1,476	39,633
Allocation of reinsurance premiums	(130,675)	-	(130,675)
Recoveries of incurred claims and other insurance service expenses	(6,800)	-	(6,800)
Recoveries of losses on onerous contracts and reversal of those losses	-	814	814
Net (expense)/income from reinsurance contracts	(137,475)	814	(136,661)
Total amounts recognised in statement of profit or loss	(137,475)	814	(136,661)
Exchange differences	972	71	1,043
Premiums paid	133,635	-	133,635
Total cash flows	133,635	-	133,635
At 31 December 2022	35,289	2,361	37,650
Allocation of reinsurance premiums	**(148,094)**	**-**	**(148,094)**
Recoveries of incurred claims and other insurance service expenses	**(5,013)**	**-**	**(5,013)**
Recoveries of losses on onerous contracts and reversal of those losses	**-**	**(91)**	**(91)**
Net expense from reinsurance contracts	**(153,107)**	**(91)**	**(153,198)**
Total amounts recognised in statement of profit or loss	**(153,107)**	**(91)**	**(153,198)**
Exchange differences	**(812)**	**(117)**	**(929)**
Premiums paid	**156,657**	**-**	**156,657**
Total cash flows	**156,657**	**-**	**156,657**
At 31 December 2023	**38,027**	**2,153**	**40,180**

(v) Reserving methodology

Reserving for non-life insurance claims is a complex process and the Group adopts recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates) and the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made or other methods such as Bornhuetter-Ferguson or average cost are used. The Bornhuetter-Ferguson method places more credibility on expected loss ratios for the most recent loss years. For smaller portfolios the materiality of the business and data available may also shape the methods used in reviewing reserve adequacy.

The selection of results for each accident year and for each portfolio depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used. The average weighted term to payment is calculated separately by class of business and is based on historical settlement patterns.

(vi) Risk Adjustment for non-financial risk

The Risk Adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as it fulfils insurance contracts. Uncertainty is assessed using actuarial methods to quantify the variability in undiscounted net outcomes on an ultimate horizon.

The Group's risk appetite is to hold claims reserves, including a net Risk Adjustment, equating to at least a 75% probability of sufficiency. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years.

Overall, it is estimated that the booked net Risk Adjustment provides for a confidence level of approximately 90% (2022: 90%), which is established by comparing the uplift for the booked net Risk Adjustment to the uncertainty distribution. Percentile estimates for loss distributions are highly uncertain as they contain a large number of judgements on possible future outcomes. This means that the percentile may see some fluctuation year on year due to inherent volatility.

(vii) Calculation of provisions for latent claims

The Group adopts commonly used industry methods including those based on claims frequency and severity and benchmarking.

(iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held	Estimates of present value of future cash flows £000	Risk adjustment for non-financial risk £000	Total £000
At 1 January 2022	135,229	27,904	163,133
Recoveries of incurred claims and other insurance service expenses	108,571	8,921	117,492
Changes that relate to past service	6,404	(12,010)	(5,606)
Net income/(expense) from reinsurance contracts	114,975	(3,089)	111,886
Finance expense from reinsurance contracts held	(6,704)	-	(6,704)
Net insurance financial result	(6,704)	-	(6,704)
Total amounts recognised in statement of profit or loss	108,271	(3,089)	105,182
Exchange differences	3,558	939	4,497
Amounts received	(70,338)	-	(70,338)
Total cash flows	(70,338)	-	(70,338)
At 31 December 2022	176,720	25,754	202,474
Recoveries of incurred claims and other insurance service expenses	**71,621**	**5,427**	**77,048**
Changes that relate to past service	**(19,275)**	**(11,749)**	**(31,024)**
Net income/(expense) from reinsurance contracts	**52,346**	**(6,322)**	**46,024**
Finance income from reinsurance contracts held	**7,190**	**-**	**7,190**
Net insurance financial result	**7,190**	**-**	**7,190**
Total amounts recognised in statement of profit or loss	**59,536**	**(6,322)**	**53,214**
Exchange differences	**(4,385)**	**(835)**	**(5,220)**
Amounts received	**(70,540)**	**-**	**(70,540)**
Total cash flows	**(70,540)**	**-**	**(70,540)**
At 31 December 2023	**161,331**	**18,597**	**179,928**

(viii) Discounting

General insurance outstanding claims provisions have been discounted by applying currency and term specific discount rates in the following territories:

Geographical territory	**Discount rate**		**Mean term of liabilities (years)**	
		*Restated**		*Restated**
	2023	2022	**2023**	2022
UK and Ireland	4.0% to 5.3%	3.6% to 5.4%	7.5	7.5
Canada	3.5% to 4.7%	4.5% to 5.2%	4.3	4.3
Australia	3.9%	3.8%	3.6	3.9

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect the illiquidity of the liabilities. At the year end the undiscounted gross outstanding claims liability was £738,352,000 for the Group (2022 restated: £734,839,000), and £580,205,000 for the Parent (2022 restated: £547,182,000).

The impact of discount rate changes on the outstanding claims liability is presented within the net insurance financial result (note 8 to the full financial statements).

The sensitivity of Group profit or loss and other equity reserves to interest rate risk, taking into account the mitigating effect on asset values is provided in note 4(h) to this announcement.

(ix) Assumptions

The Group follows a process of reviewing its reserves for outstanding claims on a regular basis. This involves an appraisal of each reserving class with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining the undiscounted general insurance reserves are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

(x) Changes in assumptions

There are no significant changes in approach but we continue to evolve estimates in light of underlying experience.

(xi) Sensitivity of results

The sensitivity of profit before tax to reasonably possible final settlement assumptions used to calculate the general insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

Variable	Change in variable	Potential increase/ (decrease) in the result			
		2023		2022	
		Gross £000	**Net £000**	Gross £000	Net £000
Deterioration in loss ratio	+1%	**(5,791)**	**(3,301)**	(5,280)	(3,040)
Improvement in loss ratio	-1%	**5,791**	**3,301**	5,280	3,040
Increase in net liability for incurred claims excluding risk adjustment	+10%	**(55,498)**	**(39,365)**	(54,851)	(37,179)
Decrease in net liability for incurred claims excluding risk adjustment	-10%	**55,498**	**39,365**	54,851	37,179
Increase in risk adjustment*	+1%	**(6,590)**	**(4,842)**	(6,531)	(4,642)
Decrease in risk adjustment*	-1%	**6,590**	**4,842**	6,531	4,642

* Calculated on undiscounted present value of future cash flows

At 31 December 2023, it is estimated that a fall of 1% in the discount rates used would increase the Group's net outstanding claims liabilities and decrease profit before tax and equity by £14,314,000 (2022 restated: £16,444,000).

(xii) Claims development tables

The nature of liability classes of business is that claims may take a number of years to settle and before the final liability is known. The table below shows the development of the undiscounted estimate of ultimate net claims cost for these classes across all territories.

Estimate of ultimate net claims

	2014 £000	**2015 £000**	**2016 £000**	**2017 £000**	**2018 £000**	**2019 £000**	**2020 £000**	**2021 £000**	**2022 £000**	**2023 £000**	**Total £000**
At end of year	76,729	59,633	42,739	47,402	45,920	44,053	44,230	45,459	47,289	52,252	
One year later	66,475	47,690	40,397	41,631	41,706	37,456	39,842	37,509	45,575		
Two years later	60,075	47,428	37,740	37,740	37,797	32,867	37,243	45,079			
Three years later	55,710	41,494	32,297	36,337	34,818	31,647	37,579				
Four years later	51,482	35,164	28,506	35,217	36,431	39,248					
Five years later	49,196	33,233	27,418	32,993	31,722						
Six years later	47,518	33,309	30,544	38,618							
Seven years later	47,443	34,245	34,297								
Eight years later	47,338	29,231									
Nine years later	34,173										
Current estimate of ultimate claims	34,173	29,231	34,297	38,618	31,722	39,248	37,579	45,079	45,575	52,252	387,774
Cumulative payments to date	(28,362)	(22,255)	(24,486)	(25,187)	(17,612)	(19,729)	(13,594)	(8,214)	(4,468)	(1,553)	(165,460)
Outstanding liability	5,811	6,976	9,811	13,431	14,110	19,519	23,985	36,865	41,107	50,699	222,314
Effect of discounting											(53,593)
Present value											168,721
Discounted liability in respect of earlier years											108,849
Total discounted net liability for liability classes											277,570
Total discounted gross liability for non-liability classes and all expenses											177,321
Total discounted net liability included in insurance liabilities in the statement of financial position											454,891

(b) Life business insurance contracts

(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	**Estimates of present value of future cash flows £000**	**Risk adjustment for non-financial risk £000**	**Contractual service margin £000**	**Total £000**
At 1 January 2022	68,675	1,618	5,425	75,718
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(542)	(542)
Change in the risk adjustment for non-financial risk for the risk expired	-	1,101	-	1,101
Experience adjustments	(1,604)	-	-	(1,604)
	(1,604)	1,101	(542)	(1,045)
Changes that relate to future service				
Changes in estimates that adjust the CSM	380	(1,224)	844	-
Changes in estimates that result in onerous contract losses or reversal of losses	-	-	-	-
Contracts initially recognised in the period	-	-	-	-
	380	(1,224)	844	-
Insurance service result	(1,224)	(123)	302	(1,045)
Finance income from insurance contracts issued	(10,219)	-	23	(10,196)
Net insurance financial result	(10,219)	-	23	(10,196)
Total amounts recognised in statement of profit or loss	(11,443)	(123)	325	(11,241)
Claims and other directly attributable expenses paid	(3,990)	(1,224)	-	(5,214)
Total cash flows	(3,990)	(1,224)	-	(5,214)
At 31 December 2022	53,242	271	5,750	59,263
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	**-**	**-**	**(717)**	**(717)**
Change in the risk adjustment for non-financial risk for the risk expired	**-**	**-**	**-**	**-**
Experience adjustments	**(90)**	**-**	**-**	**(90)**
	(90)	**-**	**(717)**	**(807)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	**(1,700)**	**(20)**	**1,720**	**-**
Changes in estimates that result in onerous contract losses or reversal of losses	**-**	**-**	**-**	**-**
Contracts initially recognised in the period	**-**	**-**	**-**	**-**
	(1,700)	**(20)**	**1,720**	**-**
Insurance service result	**(1,790)**	**(20)**	**1,003**	**(807)**
Finance expense from insurance contracts issued	**2,581**	**-**	**47**	**2,628**
Net insurance financial result	**2,581**	**-**	**47**	**2,628**
Total amounts recognised in statement of profit or loss	**791**	**(20)**	**1,050**	**1,821**
Claims and other directly attributable expenses paid	**(5,035)**	**(20)**	**-**	**(5,055)**
Total cash flows	**(5,035)**	**(20)**	**-**	**(5,055)**
At 31 December 2023	**48,998**	**231**	**6,800**	**56,029**

(ii) Assumptions

The most significant assumptions in determining life reserves are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data. For both 2023 and 2022 the base tables used were ELF16F and ELT16M with a 1% improvement applied each year.

Discounting

The nominal discount rate curve is calculated on a bottom up basis. The risk free curve is based on the UK government bond yield curve. A liquidity premium based on the return on a notional index of fixed interest assets, including gilts and corporate bonds, is added to the risk free curve. The liquidity premium is adjusted for credit risk and differences in liquidity between the notional assets and the liabilities.

		*Restated**
	2023	2022
Non-Profit Life Business	**3.2% to 5.1%**	2.8% to 4.8%

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

Funeral plans renewal expense level and inflation

Numbers of policies in force and both projected and actual expenses have been considered when setting the base renewal expense level. The unit renewal expense assumption for in-force business is £14.27 per annum (2022: £17.94 per annum).

Expense and benefit inflation curves are set with reference to GBP inflation swaps of various terms, and using linear interpolation between available swap terms.

Tax

It has been assumed that current tax legislation and rates enacted at 1 January 2024 will continue to apply. All in-force business is classed as protection business and is expected to be taxed on a profits basis.

(iii) Changes in assumptions

Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have increased by £0.4m (2022: £15.0m decrease).

The assumed future expenses of running the business have been revised based on expenses that are expected to be incurred by the company. The effect on insurance liabilities of the changes to renewal expense assumptions (described above) was a £0.5m decrease (2022: £0.3m decrease).

(iv) Sensitivity analysis

The sensitivity of profit before tax to changes in the key assumptions used to calculate the life insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

	Change in variable	**Potential increase/ (decrease) in the result**	
			*Restated**
		2023	2022
Variable		**£000**	£000
Deterioration in mortality	+10%	**(820)**	(890)
Improvement in mortality	-10%	**960**	1,040
Increase in fixed interest/cash yields	+1% pa	**(340)**	(260)
Decrease in fixed interest/cash yields	-1% pa	**360**	230
Worsening of base renewal expense level	+10%	**20**	30
Improvement in base renewal expense level	-10%	**(20)**	(30)
Increase in expense inflation	+1% pa	**50**	80
Decrease in expense inflation	-1% pa	**(40)**	(60)

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

(v) Maturity analysis

	Within 1 year £000	Between 1 and 5 years £000	After 5 years £000	Total £000
At 31 December 2023				
CSM release after accretion	**591**	**1,947**	**4,263**	**6,801**
At 31 December 2022 (restated*)				
CSM release after accretion	475	1,614	3,662	5,751

*The comparative financial statements have been restated as detailed in note 12 to this announcement.

9. Disposal of subsidiaries and discontinued operations

On 3 January 2023 the Company approved a dividend in specie and distributed its entire holdings in EdenTree Investment Management Limited and Ecclesiastical Financial Advisory Services Limited to the Group's immediate parent company, Benefact Group plc. The results of these subsidiaries are reported in the prior year as a discontinued operations and the associated assets and liabilities are presented as held for distribution in the prior year statement of financial position.

On 30 December 2022 the Group disposed of South Essex Insurance Holdings Limited and its wholly owned subsidiary, SEIB Insurance Brokers Limited, to a related party. The related party was an associate of the Company's immediate parent company, Benefact Group plc. The results of the disposed subsidiaries are reported in the prior year as discontinued operations.

Discontinued operations includes both the subsidiaries sold in the current and prior year and the assets held for distribution at the prior year balance sheet date.

(a) Disposal of subsidiaries

	2023 £000	2022 £000
Consideration received or receivable	**5,223**	45,197
Carrying amount of net assets sold	**(4,504)**	(30,904)
Gain on disposal before and after tax	**719**	14,293

The gain on disposal has been presented within profit attributable to discontinued operations in the consolidated statement of profit or loss.

	2023 £000	2022 £000
Goodwill and other intangible assets	**-**	22,707
Property, plant and equipment	**-**	1,666
Other assets	**9,822**	7,466
Cash and cash equivalents	**5,177**	8,842
Total assets	**14,999**	40,681
Lease obligations	**-**	(1,215)
Provisions for other liabilities	**-**	(263)
Current tax liabilities	**-**	(1,010)
Deferred income	**(261)**	(512)
Other liabilities	**(10,234)**	(6,777)
Total liabilities	**(10,495)**	(9,777)
Net assets	**4,504**	30,904

(b) Assets and liabilities of disposal group classified as held for distribution

The following assets and liabilities were classified as held for distribution in relation to the discontinued operation at 31 December 2022:

	2023	2022
	£000	£000
Other assets	**-**	9,822
Cash and cash equivalents	**-**	5,177
Total assets of disposal groups held for distribution	**-**	14,999
Deferred income	**-**	261
Other liabilities	**-**	10,234
Total liabilities of disposal groups held for distribution	**-**	10,495

(c) Financial performance of discontinued operations

	2023	2022
	£000	£000
Revenue	**-**	23,695
Expenses	**-**	(23,801)
Finance costs	**-**	(72)
Loss before tax of discontinued operations	**-**	(178)
Tax expense	**-**	(419)
Loss after tax of discontinued operations	**-**	(597)
Gain on disposal of subsidiaries after tax	**719**	14,293
Profit from discontinued operations	**719**	13,696

(d) Cash flow information for discontinued operations

	2023	2022
	£000	£000
Net cash outflow from operating activities	**-**	(397)
Net cash outflow from investing activities	**(5,177)**	(8,987)
Net cash outflow from financing activities	**-**	(239)
Net decrease in cash generated by discontinued operations	**(5,177)**	(9,623)

Net cash outflow from investing activities includes an outflow of £5,177,000 from the disposal of EdenTree Investment Management Limited and Ecclesiastical Financial Advisory Services Limited (2022: outflow of £8,842,000 from the disposal of South Essex Insurance Holdings Limited.)

10. Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APMs) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include gross written premiums and the combined operating ratio (COR). These measures are commonly used in the industries we operate in and we believe they provide useful information and enhance the understanding of our results.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

The tables below provide a reconciliation of the gross written premiums, net written premiums and the combined operating ratio to their most directly reconcilable line items in the financial statements.

General insurance		2023 £000
Gross written premiums		615,007
Change in the gross unearned premium provision		(35,861)
Insurance revenue	[1]	579,146
Net written premiums		351,340
Outward reinsurance premiums written		263,667
Change in the gross unearned premium provision		(35,861)
Insurance revenue	[1]	579,146

		2023					
		Insurance		Inv'mnt return	Corporate cost	Other income and charges	Total
		General £000	Life £000	£000	£000	£000	£000
Insurance revenue	[1]	579,146	6,509	832	-	(3)	586,484
Insurance service expenses		(415,686)	(5,702)	12,801	-	3	(408,584)
Insurance service result before reinsurance contracts held		163,460	807	13,633	-	-	177,900
Net expense from reinsurance contracts		(107,174)	-	-	-	-	(107,174)
Insurance service result		56,286	807	13,633	-	-	70,726
Net insurance financial result		-	(2,628)	(16,912)	-	-	(19,540)
Net investment result		-	4,274	53,195	-	-	57,469
Other operating expenses		(31,766)	(1,213)	(3,780)	(24,079)	87	(60,751)
Other finance costs		-	-	-	-	(3,151)	(3,151)
Profit/(loss) before tax	[2]	24,520	1,240	46,136	(24,079)	(3,064)	44,753

Reconciliation to net earned premiums

Insurance revenue	[1]	579,146
Outward reinsurance premiums earned		(249,091)
Net earned premiums	[3]	330,055
Combined operating ratio = ([3] - [2]) / [3]		92.6%

The underwriting profit of the Group is defined as the profit/(loss) before tax of the general insurance business.

The Group uses the industry standard net combined operating ratio as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. It is calculated as ([3] - [2]) / [3].

General insurance		2022 £000
Gross written premiums		558,544
Change in the gross unearned premium provision		(30,619)
General Measurement Model insurance revenue		25
Insurance revenue	[1]	527,950
Net written premiums		320,475
Outward reinsurance premiums written		238,069
Change in the gross unearned premium provision		(30,619)
General Measurement Model insurance revenue		25
Insurance revenue	[1]	527,950

Restated* **2022**

		Insurance		Inv'mnt return	Corporate cost	Other income and charges	Total
		General £000	Life £000	£000	£000	£000	£000
Insurance revenue	[1]	527,950	6,311	642	-	(9)	534,894
Insurance service expenses		(437,738)	(5,267)	(1,693)	-	226	(444,472)
Insurance service result before reinsurance contracts held		90,212	1,044	(1,051)	-	217	90,422
Net expense from reinsurance contracts		(24,775)	-	-	-	-	(24,775)
Insurance service result		65,437	1,044	(1,051)	-	217	65,647
Net insurance financial result		-	10,196	37,666	-	-	47,862
Net investment result		-	(10,737)	(52,702)	-	-	(63,439)
Other operating expenses		(33,919)	(454)	(3,080)	(25,743)	-	(63,196)
Other finance costs		-	-	-	-	(2,456)	(2,456)
Profit/(loss) before tax	[2]	31,518	49	(19,167)	(25,743)	(2,239)	(15,582)

Reconciliation to net earned premiums		
Insurance revenue	[1]	527,950
Outward reinsurance premiums earned		(223,955)
General Measurement Model insurance revenue		(25)
Net earned premiums	[3]	303,970
Combined operating ratio = ([3] - [2]) / [3]		89.6%

*The comparatives have been restated as a result of adoption to IFRS 17 *Insurance Contracts*, as detailed in note 12 to this announcement.

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Charitable grants paid to the ultimate parent undertaking are disclosed in note 14 to the full financial statements.

Full disclosure of related party transactions is included in note 35 to the full financial statements.

12. Prior year restatement

IFRS 17 *Insurance Contracts*

IFRS 17 *Insurance Contracts* replaces IFRS 4 *Insurance Contracts*. The Group adopted IFRS 17 from 1 January 2023 and has restated 2022 comparatives. The transitional provisions within IFRS 17 have been applied. The effect of changes to accounting policies as a result of adopting IFRS 17 are set out below.

(i) Transition

For general insurance (non-life) business in scope of the PAA the Group has used the fully retrospective approach (FRA). On 1 January 2022, the transition date to IFRS 17, the Group identified, recognised and measured each group of non-life insurance contracts as if IFRS 17 had always applied, derecognised any existing balances that would not exist had IFRS 17 always applied and recognised any resulting net difference in equity.

For the Group's life business, the Group has applied judgement when determining whether the FRA is practicable and whether reasonable and supportable information exists. The Group concluded the FRA was impracticable primarily due to the lack of certain data and certain assumptions and calculations would not be possible without the use of hindsight. Therefore, the Group has applied the fair value approach (FVA).

Where the Group has applied the FVA, fair value has been determined in accordance with IFRS 13 Fair Value Measurement, except for applying the provisions of paragraph 47 of IFRS 13 relating to demand features. The methodology used by the Group to calculate the fair value was based on market consistent embedded value principles. The existing 31/12/2021 Solvency II technical provision calculations were leveraged to calculate the fair value at transition to IFRS 17. The assumptions used in the 31/12/2021 best estimate liabilities were concluded to be appropriate for use by a typical market participant in assessing fair value.

As such this fair value calculation is sensitive to the targeted level of the capital requirement coverage assumed and level of diversification allowed for in the capital requirement calculation. Another material assumption was the cost of capital rate assumed in the cost of the capital element of the fair value calculation. These assumptions were all set to be consistent with an average market participant's expectations.

On transition to IFRS 17 on 1 January 2022, the Group's equity was positively impacted by £5.2m after tax, primarily due to changes that apply IFRS 17 principles to reserving for general insurance liabilities and the application of revised expense allocation models, offset by the establishment of a contractual service margin (CSM) in the life business.

The following shows the impact of IFRS 17 on the Group's consolidated balance sheet on transition:

	As reported 31 December 2022 £000	Impact of IFRS 17 £000	As restated 31 December 2022 £000
Assets			
Goodwill and other intangible assets	30,255	-	30,255
Deferred acquisition costs	52,526	(52,526)	-
Deferred tax assets	8,565	1,373	9,938
Pension surplus	15,338	-	15,338
Property, plant and equipment	31,405	-	31,405
Investment property	140,846	-	140,846
Financial investments	870,749	-	870,749
Reinsurers' share of contract liabilities	306,962	(66,838)	240,124
Current tax recoverable	4,212	-	4,212
Other assets	310,788	(162,439)	148,349
Cash and cash equivalents	104,664	-	104,664
Assets classified as held for distribution	14,999	-	14,999
Total assets	1,891,309	(280,430)	1,610,879
Equity			
Share capital	120,477	-	120,477
Share premium account	4,632	-	4,632
Retained earnings and other reserves	490,484	(3,715)	486,769
Total shareholders' equity	615,593	(3,715)	611,878
Liabilities			
Insurance contract liabilities	979,300	(189,754)	789,546
Investment contract liabilities	58,479	-	58,479
Lease obligations	19,062	-	19,062
Provisions for other liabilities	5,961	-	5,961
Retirement benefit obligations	4,960	-	4,960
Deferred tax liabilities	36,723	304	37,027
Current tax liabilities	308	-	308
Deferred income	33,167	(33,167)	-
Subordinated liabilities	25,818	-	25,818
Other liabilities	101,443	(54,098)	47,345
Liabilities classified as held for distribution	10,495	-	10,495
Total liabilities	1,275,716	(276,715)	999,001
Total shareholders' equity and liabilities	1,891,309	(280,430)	1,610,879

	As reported 1 January 2022 £000	Held for distribution reclassification £000	Impact of IFRS 17 £000	As restated 1 January 2022 £000
Assets				
Goodwill and other intangible assets	52,512	(22,914)	-	29,598
Deferred acquisition costs	46,027	-	(46,027)	-
Deferred tax assets	8,480	-	377	8,857
Pension surplus	28,304	-	-	28,304
Property, plant and equipment	35,245	(1,768)	-	33,477
Investment property	163,355	-	-	163,355
Financial investments	883,770	-	-	883,770
Reinsurers' share of contract liabilities	253,436	-	(50,669)	202,767
Current tax recoverable	5	-	-	5
Other assets	240,910	(18,501)	(132,621)	89,788
Cash and cash equivalents	114,036	(19,300)	-	94,736
Assets classified as held for distribution	-	62,483	-	62,483
Total assets	1,826,080	-	(228,940)	1,597,140
Equity				
Share capital	120,477	-	-	120,477
Share premium account	4,632	-	-	4,632
Retained earnings and other reserves	509,852	-	5,186	515,038
Total shareholders' equity	634,961	-	5,186	640,147
Liabilities				
Insurance contract liabilities	939,069	-	(169,342)	769,727
Investment contract liabilities	15,519	-	-	15,519
Lease obligations	22,738	(1,298)	-	21,440
Provisions for other liabilities	6,373	(230)	-	6,143
Retirement benefit obligations	7,058	-	-	7,058
Deferred tax liabilities	48,965	93	966	50,024
Current tax liabilities	1,232	(413)	-	819
Deferred income	28,385	-	(28,385)	-
Subordinated liabilities	24,433	-	-	24,433
Other liabilities	97,347	(20,232)	(37,365)	39,750
Liabilities classified as held for distribution	-	22,080	-	22,080
Total liabilities	1,191,119	-	(234,126)	956,993
Total shareholders' equity and liabilities	1,826,080	-	(228,940)	1,597,140

(ii) Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance and reinsurance contracts. IFRS 17 introduces a GMM that bases the measurement of a group of contracts on the present value of future cash flows with a risk adjustment for non-financial risk and a CSM representing unearned profit recognised in profit or loss over the period insurance service is provided (the coverage period). Entities have the option to use a simplified measurement model, the PAA, for short-duration contracts; this model is applicable to all the Group's general insurance and reinsurance contracts except in limited circumstances where the GMM is required.

IFRS 17 accounting under the PAA is similar to IFRS 4, but differs as follows:

- The identification of groups of onerous contracts is done at a more granular level than liability adequacy tests performed under IFRS 4. Under IFRS 17, the loss component of onerous contracts measured based on projected profitability is recognised immediately in profit or loss, potentially resulting in earlier recognition compared to IFRS 4.

- The liability for incurred claims includes an explicit risk adjustment. The Group's approach to IFRS 4 risk margins reflected reserving risk appetite considering the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment more explicitly requires consideration of the compensation required for bearing the uncertainty that arises from non-financial risk. As with risk margins, the risk adjustment includes any benefit of diversification considered by the entity.

(iii) Changes to presentation and disclosure

IFRS 17 provides specific guidance for the presentation and disclosures of insurance and reinsurance contracts. Groups of insurance contracts issued that are either asset or liabilities, and groups of reinsurance contracts held that are either assets or liabilities are presented separately in the statement of financial position. The presentation of insurance revenue and expenses within the consolidated statement of profit of loss is based on the concepts of insurance services being provided during the period.

Consolidated statements of profit or loss

Changes introduced by IFRS 17 require separate presentation of insurance revenue, insurance service expenses and net insurance financial result. Gross written premiums, outward reinsurance premiums, net change in provision for unearned premium, net earned premiums, claims and change in insurance liabilities and reinsurance recoveries are no longer disclosed.

Consolidated statement of financial position

IFRS 17 introduces changes to the statement of financial position. Previous line items insurance contract liabilities, deferred acquisition costs and insurance debtors and creditors included within other assets and liabilities are now presented together within insurance contract liabilities. Previously reported reinsurers' share of contract liabilities and reinsurance debtors and creditors within other assets and liabilities are presented together within reinsurance contract assets.

IFRS 9 *Financial instruments*

The Group adopted IFRS 9 Financial instruments on 1 January 2023. The comparative information was not restated and continues to be reported under IAS 39 Financial instruments. The reclassifications and adjustments arising from the new expected credit loss provisions are therefore not reflected in the restated balance sheet as at 31 December 2022, but are recognised in the opening balance sheet on 1 January 2023. The net impact to retained earnings as a result of the adoption of IFRS 9 at 1 January 2023 was a reduction of £1.4m on amortised cost loans and receivables resulting from the replacement of credit loss provisions measured under IAS 39 to expected credit loss provisions in accordance with the IFRS 9 credit loss model.

The following table summarises the classification and measurement impacts of IFRS 9 on transition:

	Measurement category		Carrying amount		
Financial assets	**Original (IAS 39)**	**New (IFRS 9)**	**As previously reported (IAS 39) £000**	**Impact of IFRS 9 [2] £000**	**IFRS 9 £000**
Equity securities	FVTPL	FVTPL	354,023	-	354,023
Debt securities	FVTPL	FVTPL	459,719	-	459,719
Structured notes	FVTPL	FVTPL	56,138	-	56,138
Derivatives[1]	Hedge accounted derivatives	FVOCI	655	-	655
	FVTPL	FVTPL	100	-	100
Other loans	Loans and receivables	Amortised cost	114	-	114
Other assets	Loans and receivables	Amortised cost	140,246	(1,395)	138,851
Cash and cash equivalents	Loans and receivables	Amortised cost	104,664	-	104,664

[1] Derivatives accounted for as a hedge of a net investment in a foreign operation (net investment hedge) were, and continue to be measured at FVOCI. Derivatives not accounted for as a net investment hedge or acquired principally for the purpose of selling in the near term are measured at FVTPL.

[2] The impact on adoption of IFRS 9 is from the application of the Group's IFRS 9 expected credit loss model accounting policy. The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements. No changes have arisen from the more principles-based hedge accounting requirements.