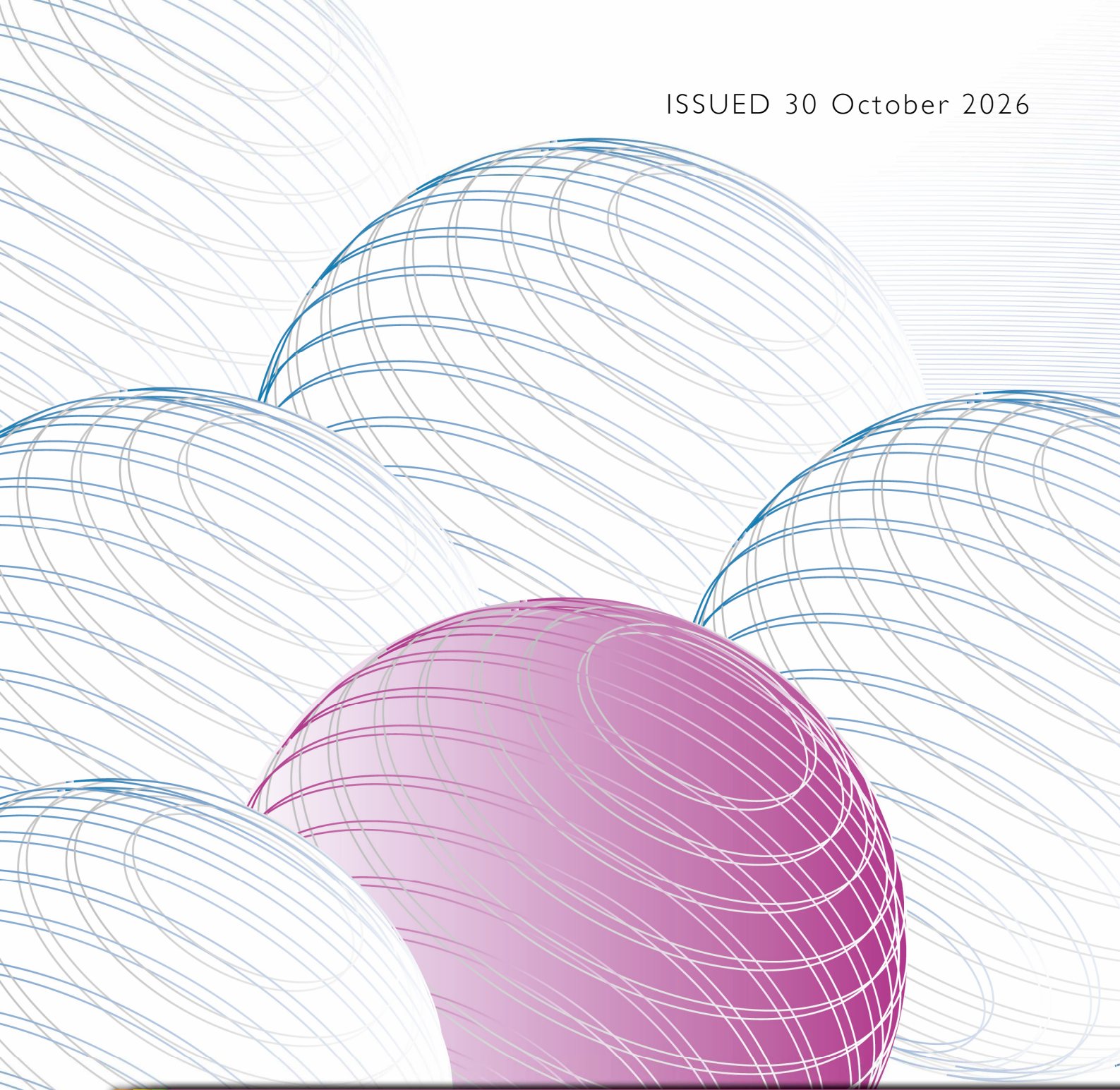
ISSUED 30 October 2026



PROVIDER SECTOR
Royal London

FINANCIAL STRENGTH ASSESSMENT

Analysis by AKG Financial Analytics Ltd
Accessible • Comparative • Independent

ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

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

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

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

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Rating & Assessment Commentary

RATINGS

Overall Financial Strength

AKG A
FINANCIAL STRENGTH RATED
PROVIDER SECTOR SUPERIOR
THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LTD

Supporting Ratings

	Service	Image & Strategy	Business Performance
The Royal London Mutual Insurance Society Ltd	★★★★★	★★★★★	★★★★★

SUMMARY

- Royal London is the largest mutual life, pensions and investment company in the UK, with Assets under Management (AuM) of £199bn, 8.5 million policies in force and 5,169 employees as at 31 December 2025
- Pension and protection products are operated under a single Royal London brand, supporting a unified UK adviser proposition
- A subsidiary, Royal London Insurance DAC (RLI DAC), trading as Royal London Ireland, enables the Group to operate in the Republic of Ireland and supports a growing pensions and protection franchise
- Operating profit before tax rose to £327m in 2025, reflecting growth in new business volumes across core product lines and continued momentum across the business
- ProfitShare with members increased to £199m, bringing total distributions since inception to over £2.0bn
- The group Regulatory View capital coverage ratio as at 31 December 2025 stood at 183% [2024: 196%], while the Investor View capital coverage ratio was 188% [203%], supported by a surplus of £2.5bn [£2.7bn]
- The reduction in solvency coverage ratios primarily reflected capital deployment to support bulk purchase annuity (BPA) growth, the acquisition of Dalmore Capital (expanding Royal London's private assets and infrastructure capabilities) and other strategic activity including the impact of the Capita transition agreement.
- A 'Digital-First' organisational strategy remains central to the business, with continued investment in workplace pensions, adviser technology, customer self-service capabilities and digital customer journeys
- Royal London broadened its customer proposition through the launch of a Stocks & Shares ISA and the introduction of Targeted Support services, while continuing to invest in financial resilience and retirement solutions for customers

COMMENTARY

Financial Strength Ratings

The Royal London Mutual Insurance Society Ltd

Royal London remains the largest mutual life insurance, pensions and investment company in the UK. Operating profit before tax increased by 18% to £327m [2024: £277m], supported by growth in new business volumes, increased AuM and continued momentum across the business. Life and pensions new business sales increased to £12.2bn [2024: £10.8bn], reflecting growth across Protection, BPA and Irish operations.

The mutual structure and ethos of the business, combined with a strong financial position, continue to support Royal London's ProfitShare programme. ProfitShare awards increased to £199m in 2025 [2024: £181m], bringing cumulative distributions since inception to more than £2.0bn.

Royal London continues to calculate regulatory capital requirements using a Partial Internal Model (PIM). Capital strength remains robust despite increased deployment of capital to support BPA growth, investment in the business and the acquisition of Dalmore Capital. At 31 December 2025, the group reported a Regulatory View solvency surplus of £2.5bn and a capital coverage ratio of 183% [2024: £2.7bn and 196%]. The Investor View solvency surplus was £2.5bn with a capital coverage ratio of 188% [2024: £2.7bn and 203%]. The business continues to operate within its established capital management framework. In the ordinary course of business, Royal London expect to operate with an investor ratio above 180%, although the ratio may fall below that level for a period as a result of investing for long-term growth or as a result of market events.

Royal London's capital position continues to benefit from strong Own Funds generation, active risk management and an established hedging programme designed to reduce exposure to market volatility. The group maintains significant financial flexibility. The Matching Adjustment (MA) Portfolio continued to expand during 2025, supporting the development of Royal London's BPA proposition. Following PRA approval of the MA Investment Accelerator in 2026, management expects additional flexibility in sourcing assets to support future annuity growth. Royal London completed 18 external BPA transactions during 2025 and 9 transactions in HY26, totalling over £1.7bn in new business sales. Life underwriting risk and market risk remain the most significant components of the group's risk profile. Royal London continues to operate a diversified business mix across with profits, unit-linked and non-profit business, supported by strong governance, risk management and capital oversight arrangements.

Despite continuing strategic development across pensions, protection, BPA, asset management and later-life lending, Royal London's mutual status and customer-first ethos remain central to its identity and continue to represent a key point of differentiation within the UK market.

Service Rating

Royal London continues to focus on customer outcomes and engagement, with service standards remaining strong across both customer and adviser channels. Customer sentiment reached its highest level to date during 2025, with Trust and Ease measures maintained at broadly consistent levels and the Customer Value Statement score (customers rating Royal London 9 or 10 out of 10 across seven key measures) increasing to 44% [2024: 43%]. Royal London reported a Net Promoter Score of +26. Adviser perceptions also remained positive, with Royal London ranked best in class across a number of service-related measures including trust, support, ease of doing business and technical expertise.

The group continued to enhance both customer and adviser servicing through digital and operational improvements. Developments during 2025 included the Centralised Retirement Proposition (CRP) framework, enhanced adviser system connectivity and the introduction of a Personalised Client Review Service capability designed to improve the quality, frequency and efficiency of client review interactions through enhanced customer insights.

Digital adoption continues to build across the business, with a redesigned digital experience launched across My Royal London and its mobile app, introduced new digital chat capabilities, and a strategic contact centre platform was rolled out to approximately 1,400 service colleagues.

In Protection, Royal London paid £771m in claims to more than 57,000 customers and their families and continued to enhance claims, underwriting and online servicing capabilities.

The business continues to support closed-book customers through its Long-Standing Customer proposition, including improved customer communications, digital servicing enhancements and initiatives designed to improve customer understanding and outcomes. During 2025 Royal London also entered into an agreement to bring a significant number of outsourced long-standing customer policies back in-house, supporting greater operational control and service consistency. Royal London remains focused on delivering a digital-first service model whilst maintaining strong human support capabilities. Continued investment in workplace pensions, customer service platforms, adviser technology, operational resilience and artificial intelligence is intended to further improve service delivery and customer experience over the coming years.

Royal London's strategy continues to centre on delivering strong customer outcomes by combining personal service with digital innovation, making it easier to do business for both customers and advisers. Its approach includes case ownership and tools that support adviser decision-making, particularly for complex customer needs. Royal London continues to develop AI capabilities to complement human support, with a focus on improving self-service functionality, customer engagement and service efficiency.

Image & Strategy Rating

Royal London's purpose is 'Protecting today, investing in tomorrow. Together we are mutually responsible' and continues to shape its culture and strategy. The business operates as a modern mutual with a strong capital position and trusted brand in its core markets, guided by three core outcomes:

- Helping build financial resilience
- Playing its part in moving fairly to a sustainable world
- Strengthening the mutual choice for customers

Royal London has reiterated its commitment to being a modern mutual with a clear focus on workplace, later life and protection markets. The acquisition of the Aegon UK individual protection business in 2023 strengthened Royal London's position in the UK protection market and was followed by continued integration activity during 2025. The acquisition of Dalmore Capital in November 2025 further broadened the group's capabilities in infrastructure and private assets, supporting growth across both Royal London Asset Management (RLAM) and customer propositions.

Royal London continues to develop its equity release and later-life lending capabilities following the full acquisition and integration of the Responsible Group. The business has also made significant progress in the BPA market and continues to position BPA as a complementary long-term growth opportunity within a diversified business model.

Alongside this, Royal London continues to support financial resilience through customer guidance, retirement support and investment solutions. During 2025 it broadened its proposition through the launch of a Stocks & Shares ISA and became one of the first providers to introduce Targeted Support services, reflecting developments arising from the Advice Guidance Boundary Review and the increasing importance of technology-enabled customer support. The Wealth Wizards capability continues to represent a strategic strength in supporting guidance, retirement planning and digital engagement.

The group continues to invest heavily in technology and digital transformation to enhance customer and adviser journeys. Royal London has continued to invest in accessible and personalised digital services to enhance its offering to customers and brokers, and to continue to offer compelling products that meet their needs and improve their experiences. Royal London has also announced plans to invest £100m over three years to strengthen its Workplace Pensions proposition and support growing retirement savings needs.

From a brand perspective, Royal London continues to reinforce its mutual values through customer-focused outcomes, responsible investment initiatives and community partnerships. The group remains active in promoting financial resilience, social inclusion and responsible investment, while publishing its first Climate Transition Plan and continuing development of climate-aware investment propositions. Royal London's mutual status, customer focus and strong adviser support remain key differentiators within the UK market.

Business Performance Rating

Royal London continued to benefit from its investment in technology and focus on customer engagement in 2025. Enhancements across digital services, adviser capability and self-service functionality supported growth in new business, whilst continued development of workplace pensions, protection and retirement propositions contributed to strong trading performance. The business also benefited from increasing adoption of digital tools and continued growth in customer engagement.

Operating profit before tax increased by 18% to £327m [2024: £277m], supported by growth in new business volumes across core product lines. The transfer to the fund for future appropriations (FFA) remained at £167m [2024: £167m], whilst ProfitShare awards increased to £199m [2024: £181m]. Other 2025 performance highlights included:

- Operating profit before tax: £327m [2024: £277m]
- AuM: £199bn [2024: £173bn]
- Life and pensions new business sales (PVNBP): £12.2bn [2024: £10.8bn]
- Net inflows: £4.1bn [2024: £(1.0)bn]
- Governed Range AuM: £83bn [2024: £72bn]
- Members: 2.4m [2024: 2.3m]
- Workplace pension members: 2.2m [2024: 2.1m]
- Customer Value Statement score: 44% [2024: 43%]
- Employee engagement score: 85% [2024: 86%]
- Mobile app engaged users: 505,000 [2024: 393,000]

Business growth continued across several key markets. Workplace and Individual Pensions generated combined new business sales of £9.3bn, while protection sales increased by 17% to £991m. BPA activity expanded significantly during the year, generating £1.3bn of premiums across 18 completed transactions and supporting Royal London's emergence as a meaningful participant in the UK de-risking market. Royal London Ireland also reported strong growth, with new business sales increasing to £488m and operating profit rising to £17m.

The Governed Range proposition continued to perform strongly, attracting net inflows of £2.6bn and increasing AuM to £83bn. RLAM benefited from positive external net inflows and the addition of approximately £6bn of assets through the acquisition of Dalmore Capital, while also continuing to expand its private assets, infrastructure and asset-backed finance capabilities.

Royal London continued to invest in strategic initiatives during 2025, including workplace pensions, adviser capability, technology infrastructure, digital transformation and private asset capabilities. These investments, together with continued development of the BPA business, Stocks & Shares ISA proposition and Targeted Support capability, are intended to support future growth whilst maintaining Royal London's mutual proposition and customer focus.

Company Analysis: The Royal London Mutual Insurance Society Ltd

BASIC INFORMATION

Company and Group Background

The Royal London Mutual Insurance Society Ltd was founded in 1861 as a friendly society and became a mutual life insurance company in 1908. The modern Royal London group has been shaped through a series of acquisitions, business transfers, strategic investments and disposals over the past 25 years. The acquisition of United Assurance Group in 2000 brought Refuge Assurance, United Friendly Insurance, United Friendly Life Assurance, Canterbury Life and Refuge Investments into the group.

Scottish Life, founded in 1881 in Edinburgh as a proprietary company and becoming a mutual company in 1968, demutualised in 2001 and transferred its business to Royal London. Bright Grey was established in 2001 as Royal London's intermediary protection brand. The group expanded further through the acquisition of Investment Funds Direct Ltd (IFDL), provider of the Ascentric adviser platform, in 2007, and the transfer of Phoenix Life Assurance Ltd (PLAL) together with the protection businesses of Scottish Provident and Scottish Mutual in 2008. This was followed by the transfer of Royal Liver in 2011 and the acquisition of the life and protection business of the Co-operative Insurance Society in 2013 through Royal London (CIS) Ltd, with the associated business transfers completing in 2014.

To maintain access to European markets following Brexit, Royal London established Royal London Insurance DAC in Ireland in 2019. In 2020, the Police Mutual business transferred into the group, while Ascentric/IFDL was sold following a strategic review as Royal London refocused on its core life, pensions and protection activities.

Royal London continued to broaden its capabilities through the acquisition of digital advice provider Wealth Wizards in 2021 and the acquisition of a 30% stake in Responsible Life Ltd and Responsible Lending Ltd. This holding increased to 40% in 2023 before the group acquired the remaining shareholding in the wider Responsible Group in January 2024. Responsible Lending Ltd launched the Royal London-branded equity release range in July 2023 and was subsequently rebranded as Royal London Equity Release in August 2024, strengthening Royal London's position in the later-life lending market.

During this period, Royal London simplified the way it was holding capital and merged its separate legacy with profits funds with the Royal London Main Funds. This process saw the Refuge Assurance IB Fund merged in June 2021, with the United Friendly IB, United Friendly OB, and Scottish Life Funds merged in December 2021, followed by Royal Liver and PLAL in December 2022, leaving Royal London (CIS) as the single remaining closed fund.

From December 2022, Royal London therefore has two funds: The Royal London Main Fund and the Royal London (CIS) Fund. The RL Main Fund is the fund into which all the group's new long-term savings and protection business is written. As at FY2025, the RL Main Fund had total assets of c.£130bn and RL (CIS) had total assets of £23.5bn.

In April 2023, Royal London announced an agreement to acquire Aegon's UK protection business, involving over 400,000 customers, strengthening its position in the UK protection market; the transfer completed in July 2024. In February 2024, Royal London divested the general insurance and healthcare operations of Police Mutual and Forces Mutual to Bspoke Group as part of its continued focus on core life, pensions, protection and investment activities.

Royal London continued to expand its infrastructure investment and private assets capabilities through the acquisition of Dalmore Capital, completed in November 2025. Today, Royal London is the UK's largest mutual life, pensions and investment provider, offering pensions, protection, investments, asset management and later-life lending solutions through its UK, Irish and asset management businesses.

Senior Management Team

Royal London is led by an experienced executive team headed by Group CEO, Barry O'Dwyer. The leadership team reflects the breadth of the group's activities across life and pensions, protection, asset management, workplace savings, later-life lending and Irish operations. As at September 2026, key members include Daniel Cazeaux as Group CFO and Interim CEO of RLAM, Peter Josse as Group COO, Louise Gelling as Group CRO, Noel Freeley as CEO of the Irish business and Tracey Kneller as Group Chief People Officer.

BUSINESS STRUCTURE & OPERATIONS

Governance and Risk

The Board is responsible for promoting the long-term sustainable success of the group, generating value for its members while considering the interests of wider stakeholders, its environmental impact and broader contribution to society. It provides direction and oversight to the Group CEO, ensuring the group's strategy and objectives are aligned with its mutual purpose and values. The Board operates in accordance with its constitution, UK laws and regulations, the UK Corporate Governance Code and the PRA's expectations for Solvency II firms. The Board's key responsibilities include:

- Upholding high standards of business conduct, supported by a prudent and effective risk management framework
- Ensuring decisions preserve adequate capital and mitigate conduct and customer outcomes risk
- Delegating certain responsibilities to Board Committees and Executive Directors while retaining oversight
- Setting the overall strategy and reviewing performance against business plans
- Championing a culture aligned to the group's mutual values, purpose and regulatory expectations
- Overseeing compliance with Solvency II requirements, including the Own Risk and Solvency Assessment (ORSA)
- Setting the group's risk appetite and strategy, and monitoring exposure to significant risks
- Approving the annual declaration of bonuses for with profits policies
- Reviewing the ongoing appropriateness of the group's Internal Model

Royal London continues to operate an established Risk Management System supported by a three lines of defence approach. During 2025 and 2026, the group refreshed elements of its policy framework and Risk Appetite Framework, strengthened control assurance arrangements and adapted governance processes to support new activities including Targeted Support. Enhancements were also made to reflect revised UK Corporate Governance Code requirements and evolving regulatory expectations. Key areas of Board focus over 2025 and 2026 to date include:

- Continued development of the group's strategy as an insight-led, modern mutual
- Oversight of customer experience, operating model improvements and proposition development
- Strategic developments across Workplace and Individual Pensions, Protection, Later Life Lending and Bulk Purchase Annuities
- Oversight of Targeted Support implementation
- Continued investment in technology, digital capability and the application of artificial intelligence
- Sustainability and climate transition planning
- Geopolitical and macroeconomic developments
- Review of capital deployment, including BPA growth and the acquisition of Dalmore Capital
- Succession planning and governance appointments across the Board and Committees

Royal London identifies a range of principal and emerging risks across the business. Key ongoing risk themes include geopolitical uncertainty, evolving regulation, changing adviser and customer behaviour, cyber and information security threats, environmental and climate-related risks, mortality and persistency experience, market consolidation and the increasing adoption of artificial intelligence. These themes are monitored through established governance structures and supported by stress testing, scenario analysis and regular risk reporting.

The group continues to enhance its operational resilience framework, information security capabilities and supplier oversight processes. Important business services are subject to defined impact tolerances, scenario testing and vulnerability assessment, with independent second-line oversight provided by Group Risk & Compliance. Royal London also maintains a comprehensive cyber security framework supported by governance, risk management and ongoing control testing.

Environmental, climate and broader sustainability risks remain embedded within the Risk Management System. During 2026 the Environmental Risk Appetite Statement has been expanded to include wider nature-related risks, reflecting the group's evolving approach to environmental risk management, climate transition and responsible investment oversight. Royal London published its Climate Transition Plan during 2025 and continues to integrate environmental considerations across investment and risk management processes.

Governance arrangements have continued to evolve alongside the expansion of the BPA proposition. Group Risk & Compliance provides oversight of longevity risk, reinsurance strategy, matching adjustment developments, investment capability expansion and buyout readiness, supported by established governance committees and reporting frameworks.

Technology and Administration

Royal London has continued to expand its digital capabilities across pensions, protection and workplace savings, underpinned by significant long-term investment in technology infrastructure, operational resilience and transformation programmes. The group's 'Digital-First' strategy remains central to its operating model and is intended to improve customer engagement, adviser experience and administrative efficiency.

Digital adoption continues to increase across the business. During 2025 more than 1.1 million customers were migrated to the group's strategic identity and access management platform. Customer engagement through digital channels also continued to strengthen, with over 534,000 customers registered for My Royal London and more than 505,000 active users of the mobile app by year-end. The platform continues to support retirement planning, financial wellbeing and self-service functionality, while 532,000 protection customers were registered for online servicing capabilities.

The business continues to invest in technology to improve operational effectiveness and customer outcomes. Recent developments have included rollout of a new strategic contact centre platform with artificial intelligence-enabled functionality, enhanced retirement planning tools, adviser integrations, digital chat capability and continued automation of servicing processes. Royal London has also established an AI Centre of Enablement to support the controlled adoption of artificial intelligence technologies across the organisation.

Across the business, Royal London continues to seek efficiencies through technology investment, platform enhancement and optimisation of operational processes. The group has announced plans to invest £100m over three years in its Workplace Pensions proposition, including technology, servicing and customer-facing capability. A significant programme of work is also underway to support the migration and integration of acquired business and to strengthen administration capability across long-standing customer books. Royal London Management Services Ltd (RLMS), which receives a fee in respect of each policy it administers, remains responsible for administration of the majority of the group's policies. A similar arrangement exists for asset management services, where fees are based on AuM.

Digital support for advisers continues to evolve. Recent developments include continued enhancement of adviser dashboards, improved connectivity with adviser back-office systems, introduction of the CRP framework and planned implementation of a Personalised Client Review Service. These developments are intended to improve adviser efficiency and support customer engagement throughout the retirement journey.

Operational resilience, cyber security and data governance remain important priorities. Royal London continues to enhance security controls, identity management, operational resilience capabilities and supplier oversight arrangements, supported by dedicated governance and independent oversight functions. The group continues to invest in resilience and technology modernisation to support future growth and increasing digital adoption.

STRATEGY

Product and Distribution Strategy

Royal London's purpose is "Protecting today, investing in tomorrow. Together we are mutually responsible" and this guides Royal London's culture and strategic direction. Royal London's strategy is to be "Empowering millions of people to take better financial decisions, harnessing technology to make it engaging and easy".

Royal London's strategy remains focused on achieving three positive outcomes:

- Helping build financial resilience
- Playing its part in moving fairly to a sustainable world
- Strengthening the mutual choice for customers

Royal London distributes the majority of its UK propositions through the intermediary market, offering workplace pensions, individual pensions, protection, retirement and later-life solutions to customers, employers and pension scheme trustees. The UK business is organised around Customer Value Streams, supporting customer relationships across savings, protection and retirement needs. In

Ireland, Royal London Ireland distributes exclusively through financial brokers and maintains a leading position in the broker-distributed protection market.

Pensions remain central to the proposition. Workplace and Individual Pensions generated combined new business sales of £9.3bn during 2025, while Governed Range AuM increased to £83bn. Royal London continues to develop the Governed Range through broader access to private assets and infrastructure investments, supported by the acquisition of Dalmore Capital, and has committed £100m of investment over three years to enhance its workplace pensions proposition.

The proposition broadened further during 2025 with the launch of a Stocks & Shares ISA, extending Royal London's long-term savings offering alongside pensions. The group also continues to develop its retirement proposition through investment in guidance, retirement support and Targeted Support capabilities, to help existing customers take better financial decisions.

In protection, Royal London continued to benefit from the integration of the former Aegon UK protection business and delivered further growth during 2025. The proposition continues to evolve through product development, underwriting enhancements and improved digital servicing capabilities.

Royal London also remains active in adjacent retirement markets through its equity release proposition and growing BPA business. The BPA proposition continued to gain momentum during 2025, with 18 external transactions completed and £1.3bn of premiums generated. BPA is viewed by management as a complementary area of growth that benefits from the group's developing private assets expertise and Matching Adjustment portfolio. The acquisition of Dalmore Capital has further strengthened capabilities in infrastructure and private assets, supporting both customer propositions and RLAM.

Overall, Royal London's proposition continues to evolve across pensions, protection, retirement and investment markets, with management focused on sustainable growth, adviser support and delivering long-term value for customers.

KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2025

Assets

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Fixed interest	10,661	10,348	12,119
Equities	5,463	5,153	5,208
Collectives	1,243	1,427	1,364
Property	114	80	40
Linked	80,158	91,113	103,620
Derivatives	1,637	2,108	2,226
Loans and mortgages	136	219	171
Reinsurance recoverables	3,012	3,009	2,694
Cash	275	284	277
Other	17,101	17,999	18,155
Total Assets	**119,798**	**131,740**	**145,874**

Liabilities

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Technical provisions - non-life	0	0	0
Technical provisions - life	105,869	116,517	130,729
Other	7,439	8,865	9,374
Total Liabilities	**113,307**	**125,382**	**140,103**
Excess of assets over liabilities	**6,491**	**6,358**	**5,771**

Total assets increased by 11% to £145.9bn [2024: £131.7bn]. Within this, linked assets increased by 14% and remain the dominant part of the business, accounting for 71% of the total [2024: 69%]. Fixed interest assets increased to £12.1bn [2024: £10.3bn], while "Other" assets increased to £18.2bn [2024: £18.0bn], including holdings in subsidiaries. With total liabilities increasing by 12% to £140.1bn [2024: £125.4bn], the excess of assets over liabilities reduced to £5.8bn [2024: £6.4bn].

Group AuM increased by 15% to £199bn [2024: £173bn], supported by net inflows of £4.1bn [2024: net outflows of £1.0bn], positive market movements and the acquisition of Dalmore Capital, which added approximately £6bn of assets. Royal London returned to positive net flow generation during the year, reflecting strong gross inflows across its pensions and savings businesses and continued growth in Workplace Pensions. Workplace Pensions remained a key contributor, with the Governed Range attracting £2.6bn of net inflows during 2025 and membership increasing to 2.2 million. The Group also benefited from a full year in the BPA market, helping support continued growth in assets and customer numbers.

Life Technical Provisions

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		24,095	24,616
Index-linked and unit-linked insurance		87,980	100,211
Life annuities		3,988	5,624
Non-life annuities		0	0
Other life insurance		719	581
Health insurance		(265)	(302)
Total life and health technical provisions		**116,517**	**130,729**

Life Expenses

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		121	129
Index-linked and unit-linked insurance		335	373
Life annuities		13	32
Non-life annuities		0	0
Other life insurance		246	288
Health insurance		4	5
Other expenses		0	0
Total life and health expenses		**719**	**827**

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

Royal London writes a mix of with profits, linked and non-profit business. In terms of technical provisions, and reflecting assets shown above, linked business is the most significant, representing 77% of the total. There remains a substantial proportion of declining, mostly historic, with profits business, which represents 19% of the total, the balance being non-profit business.

Total life and health expenses increased to £827m [2024: £719m], reflecting higher expenses associated with growth in linked business, protection operations and expanding retirement propositions, including BPA activity. Linked business remains the largest contributor to expenses, broadly reflecting its scale within the overall business mix.

Solvency Capital Requirement (SCR)

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Market risk	1,785	1,940	2,093
Counterparty default risk	186	202	206
Life underwriting risk	2,666	2,512	2,592
Health underwriting risk	0	0	0
Non-life underwriting risk	0	0	0
Diversification	(1,564)	(1,656)	(1,785)
Intangible asset risk	0	0	0
Operational risk	563	525	576
Capital add-ons already set	0	0	0
Other items	(1,094)	(821)	(805)
Solvency capital requirement	**2,543**	**2,701**	**2,877**

Eligible Own Funds

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Tier 1 unrestricted	4,399	4,365	4,273
Tier 1 restricted	375	398	416
Tier 2	846	846	880
Tier 3	0	0	0
Eligible own funds to meet SCR	**5,620**	**5,610**	**5,569**
Excess of own funds over SCR	**3,077**	**2,909**	**2,692**
SCR coverage ratio (%)	**221.0**	**207.7**	**193.6**

Royal London calculates its regulatory capital requirements using a Partial Internal Model (PIM). At RLMIS level, eligible own funds totalled £5.6bn [2024: £5.6bn], while the SCR increased to £2.9bn [2024: £2.7bn], resulting in an SCR coverage ratio of 193.6% [2024: 207.7%]. Excess own funds over SCR reduced to £2.7bn [2024: £2.9bn].

The RL Main Fund (Investor View) reported Own Funds of £5.4bn [2024: £5.4bn], an SCR of £2.7bn [2024: £2.5bn], a surplus of £2.7bn [2024: £2.9bn], and a capital coverage ratio of 199% [2024: 216%]. On a Regulatory View basis (excluding closed fund surplus), RLMIS reported Own Funds of £5.6bn [2024: £5.6bn] and an SCR of £2.9bn [2024: £2.7bn], resulting in a capital coverage ratio of 194% [2024: 208%].

Matching Adjustment (MA) contributed 31pps [2024: 22pps] to the group Investor View capital coverage ratio and 29pps [2024: 20pps] to the Regulatory View ratio. The Transitional Measure on Technical Provisions (TMTP) supported capital strength, contributing 9pps [2024: 10pps] to the Investor View and 8pps [2024: 9pps] to the Regulatory View.

Royal London's SCR remains more than covered by Tier 1 capital, with Tier 1 unrestricted capital increasing to £5.8bn [2024: £5.4bn]. Tier 2 capital increased modestly to £0.9bn [2024: £0.8bn] and Tier 1 restricted capital increased marginally to just over £0.4bn [2024: £0.4bn]. No capital issuance activity took place during 2025. The reduction in capital coverage ratios during the year reflected continued investment in the business, including the acquisition of Dalmore Capital, BPA new business strain and costs associated with the planned transition of longstanding customer administration services from Capita. Royal London continues to operate within its established capital management framework, and in the ordinary course of business expects to operate with an investor ratio above 180%, although the ratio may fall below that level for a period as a result of investing for long-term growth or as a result of market events.

Gross Life Premiums Written By Line of Business

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Insurance with profit participation		141	116
Index-linked and unit-linked insurance		11,185	11,845
Life annuities		685	1,801
Non-life annuities		0	0
Other life insurance		771	814
Health insurance		66	66
Total gross life premiums written		**12,848**	**14,642**

Gross Life Premiums Written By Country

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Home country	11,164	12,833	14,625
Country 1	0	0	0
Country 2	0	0	0
Country 3	0	0	0
Country 4	0	0	0
Country 5	0	0	0
Other countries	0	0	0
Total gross life premiums written	**11,164**	**12,833**	**14,625**

Gross life premiums written increased by 14% to £14.6bn [2024: £12.8bn]. Index-linked and unit-linked business remained the largest contributor to premium income, increasing to £11.8bn [2024: £11.2bn]. Life annuity premiums increased materially to £1.8bn [2024: £0.7bn], reflecting the continued development of Royal London's BPA proposition. Other life insurance premiums increased to £0.8bn [2024: £0.7bn], while health insurance premiums increased to £66m [2024: £60m].

Individual Pensions new business sales remained a significant contributor to overall volumes, supported by retirement and decumulation activity and continued adviser demand. Workplace Pensions continued to perform strongly, benefiting from higher contributions, transfers and scheme activity. The Governed Range proposition continued to attract inflows and increased Assets under Management to £83bn by the end of 2025.

Protection sales benefited from continued momentum across core propositions and the first full year following the acquisition of Aegon's UK protection business. BPA activity increased significantly during the year, with £1.3bn of sales written across 18 completed external transactions, compared with £187m during 2024. Individual annuities and later-life propositions continued to complement Royal London's broader retirement offering.

Premiums are written predominantly in the home market, reflecting Royal London's continued focus on UK pensions, protection and retirement business.

Profit

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Profit (loss) before taxation	**467**	**260**	**261**
Taxation	(85)	(93)	(94)
Profit (loss) after taxation	**382**	**167**	**167**
Other comprehensive income	(27)	(17)	(15)
Dividends	0	0	0
Retained profit (loss)	**355**	**150**	**152**

Life Business Flows

	Dec 23 £m	Dec 24 £m	Dec 25 £m
Net life premiums written	10,840	12,432	14,145
Net life claims incurred	(9,107)	(10,597)	(12,279)
Net flow of business	**1,733**	**1,835**	**1,865**

The Profit table above is presented at a consolidated level. Operating profit before tax increased by 18% to £327m [2024: £277m], supported by increased new business contribution across major product lines, growth in Protection business and the first full year of trading from the BPA proposition. AuM also increased to a record £199bn, supported by positive market movements and the acquisition of Dalmore Capital.

There was an overall PBT of £261m [2024: £260m], reflecting the improvement in operating profit together with positive economic movements during the year. Economic movements contributed £176m [2024: £179m], mainly driven by changes to economic assumptions used to value liabilities. There was also an increased total ProfitShare payment of £199m [2024: £181m]. The transfer to the FFA was in line with the prior year at £167m [2024: £167m].

With net premiums increasing to £14.1bn [2024: £12.4bn] and net claims increasing to £12.3bn [2024: £10.6bn], net business flows remained positive at £1.9bn [2024: £1.8bn]. Growth in net premiums was supported by strong Workplace and Individual Pensions activity, continued protection momentum and increased BPA volumes, while higher claims principally reflected the larger scale of the in-force book and increasing retirement-related liabilities.

Guide

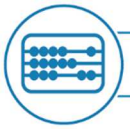


INTRODUCTION

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

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

This is a participatory assessment.



RATING DEFINITIONS

Overall Financial Strength Rating

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

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

Supporting Ratings

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

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

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

All ratings utilise the following scale:

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

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