ISSUED 23 September 2025

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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CONTACT INFORMATION

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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

Additional Financial Strength and Supporting Ratings

	Non Profit Financial Strength	Unit Linked Financial Strength	With Profits Financial Strength	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 of £173bn, 8.7 million policies in force and 4,383 employees as at 31 December 2024
- 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), enables trading in the Republic of Ireland and supports over 477,000 policies
- Operating profit before tax rose to £277m in 2024, reflecting increased new business contribution across all main product lines and a growing book of in-force book
- The group Solvency II Regulatory coverage ratio stood at 196%, with strong capital strength also evidenced at solo level (208%)
- ProfitShare with members increased to £181m, bringing total distributions since inception to over £1.8bn
- In July 2024, Royal London completed the acquisition of Aegon's UK protection business, adding over 400,000 customers and increasing presence in the high-net-worth segment
- Strategic developments include continued expansion into the bulk annuity and equity release markets via acquisition of the remaining shares in Responsible Life Ltd and Responsible Funding Ltd and writing of initial Bulk Purchase Annuities (BPA), creating a more diversified business mix
- A 'Digital-First' organisational strategy is at the core of all propositional areas, with investment in mobile platforms and adviser tools continuing alongside the hire of a new Chief Digital Officer

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.

Group operating profit before tax increased by 11% to £277m [2023: £249m], driven by growth in new business contribution across all main product lines and a growing in-force book. This improvement was supported by the benefit of higher investment returns than long-term expectations and favourable economic movements during the year.

The mutual structure and ethos of the business, combined with a strong financial position, continues to support Royal London's ProfitShare programme, which has now distributed over £1.8bn to members since 2007. ProfitShare allocation rates were maintained, in 2024, with a total award of £181m [2023: £163m], and marked the ninth consecutive year of distribution.

On 31 December 2024, the PRA's initial 'Solvency UK' measures came into force. Royal London confirmed that its Partial Internal Model, Matching Adjustment and TMTP permissions were grandfathered, meaning the change has no material effect on the group's Regulatory or Investor View coverage ratios reported for year-end 2024.

Royal London calculates its regulatory capital requirements using a Partial Internal Model (PIM), with over 97% of the group's Solvency Capital Requirement (SCR) assessed on this basis. The Matching Adjustment (MA), approved by the PRA in 2021, contributed 22 percentage points (pps) [2023: 21pps] to the group's Investor View capital coverage ratio and 20pps [2023: 18pps] to the Regulatory View. The Transitional Measure on Technical Provisions (TMTP) supported the group's capital strength, contributing 10pps [2023: 12pps] to the Investor View and 9pps [2023: 11pps] to the Regulatory View.

On a group basis, Own Funds totalled £5.6bn [2023: £5.6bn], and the SCR increased to £2.9bn [2023: £2.7bn], resulting in a group regulatory capital coverage ratio of 196% [2023: 206%]. The group's Investor View ratio, which includes closed funds, stood at 203% [2023: 218%].

Looking forward, Royal London expects that the Investor View ratio is likely to decrease over the next five years as BPA volumes scale up and the group continues to invest in digital capability. This would still be comfortably above the board-set floor and is expected to be supported by ongoing ProfitShare retentions and disciplined capital allocation.

Tier 2 capital remained unchanged at £0.8bn [2023: £0.8bn], and the SCR continues to be more than covered by Tier 1 capital. No new capital instruments were issued in 2024 following the activity in 2023, when Royal London issued a £350m Restricted Tier 1 (RT1) contingent convertible debt instrument and repurchased and cancelled £400m of Tier 2 subordinated debt.

Life underwriting risk and Market risk remain the most significant components of the group's undiversified SCR, contributing 48% and 36% respectively [2023: 50% and 33%].

Royal London writes a mix of with profits, unit linked, and non-profit business. The with profits rating above applies to the Royal London Main Fund, which remains open to new business.

Despite evolving through recent developments such as digital enhancements and strategic acquisitions, Royal London's mutual status and customer-first ethos remain central to its identity. This continues to be positioned as both a strength and a key point of differentiation in the market.

Service Rating

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.

With a development in AI to complement the human customer support aspect, Royal London expects to enhance the service offered with self-service capabilities for more routine requests provided to those that want this, on a 24/7 basis. This 'Digital-First' approach is expected to provide efficiencies for internal teams, enabling time to be focused on more complex customer issues. A new group Chief Digital Officer role was filled with an external appointment in March 2025.

Royal London remains focused on tackling two key challenges in the UK market: customer disengagement with long-term finances and the accessibility of quality financial advice. It supports advisers by tailoring services to different business models and continuing to enhance digital tools such as:

- Drawdown Governance Service, which monitors sustainability of client income
- Adviser Review Service, giving interactive online views of client pension positions
- Improved online dashboards for consolidated client management

Digital adoption continues to build: almost 250,000 protection customers are now registered on the My Royal London portal. Mobile app now has over 393,000 engaged users (41% increase from 2023) and workplace transfers initiated via the mobile app rose 39% in 2024, evidencing momentum behind the group's 'Digital-First' strategy.

Royal London met the FCA's Consumer Duty requirements for all closed-book customers ahead of the 31 July 2024 deadline, underpinned by the creation of a dedicated Long-Standing Customer Proposition team and an enhanced oversight model designed to pre-empt potential customer harm.

In June 2025, Royal London was one of five industry participants that had made a successful connection directly with the Pensions Dashboards Ecosystem. This supports customers to better engage with their pensions and retirement planning by providing a digital view of legacy pensions when the service goes live, and validates a customer first approach.

In 2025, Royal London achieved a 5-star rating in the Corporate Adviser Provider Service Ratings for its Workplace Pensions service for the fifth year running. Royal London also achieved a 5-star rating from Defaqto for its Workplace and Personal Pensions, and Gold rating from Benefits Guru for Workplace Pensions and Auto Enrolment. Royal London was also named 'Provider of the Year' at the Money Marketing Awards.

Also in 2024, Royal London was named a five-star investment provider for the 11th consecutive year at the annual Financial Adviser Service Awards, while its Pensions and Protection products were awarded four stars. The business was also awarded 'Equity Release Lender of the Year' at the MoneyAge Awards. Employee engagement remained high, with an employee engagement score of 86% (up from 83%).

Image & Strategy Rating

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

- Helping build financial resilience
- 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, supported by further M&A alignment.

The acquisition of the Aegon UK protection book in 2023, completing in 2024, strengthened Royal London's position in the UK protection market, bringing additional scale and underwriting capability. Royal London also acquired the remaining shares in Responsible Life Ltd and Responsible Lending Ltd in January 2024, following incremental ownership increases in 2022 and 2023. This gives the group full control over its equity release product range, which was launched under the Royal London brand in July 2023. A full rebrand of Responsible Life Ltd and Responsible Lending Ltd to Royal London Equity Release was completed in August 2024.

Royal London also entered the bulk purchase annuity (BPA) market in 2023, aiming to expand its reach within workplace and institutional pensions. During 2024, the group wrote £535m of BPA premiums, including £187m with external schemes, and by May 2025 had completed ten buy-ins totalling c.£1.35bn, covering more than 12,500 members.

Management have built a compelling bulk purchase annuity offer with staffing, capital and asset origination capability in place to support ambition.

Alongside this, it continues to support financial resilience and launched its Financial Wellbeing Service for Workplace Pension customers which has since been extended wider, using technology from Wealth Wizards.

The Wealth Wizards component of the business, also presents a strategic strength for growth in the context of evolving technology supported direct propositions. With this being particularity relevant in light of Advice/Guidance Boundary evolution, including the potential for 'targeted support'.

The group continues to invest heavily in digital transformation to enhance customer and adviser journeys. This includes self-serve tools, enhanced onboarding journeys, and integrated dashboards. In pensions, it continues to position itself as a leader in drawdown and workplace savings, while the protection business focuses on continuous improvement through analytics, agile operations, and adviser platform integration.

From a brand perspective, Royal London continues to reinforce its mutual values through selective sponsorships and social impact partnerships. Its ongoing sponsorships include the Women's Lions programme and Grassroot rugby grants – championing women and girls rugby across the UK. In 2023, Royal London became a signatory of the Armed Forces Covenant and was awarded a Silver award in 2024 by the armed forces covenant employer recognition scheme, reinforcing its commitment to community and service groups.

The group also maintained its focus on financial resilience and inclusion through partnerships such as with Turn2us, which supports people in financial crisis. Its Financial Wellbeing Hub offers accessible guidance, tools, and educational content.

M&A remains selective and strategic, aligned to Royal London's ambition to grow in core markets and grow its share of these markets.

Royal London published its first group-level Climate Transition Plan in June 2025, building on the Transition Plan Taskforce guidance. The plan lays out interim decarbonisation milestones—covering portfolio emissions, stakeholder engagement, climate-aware investments, and operational emissions—and addresses key external dependencies. Governance is handled through its sustainability oversight structures, underlining Royal London's positioning as a leader in responsible investment.

Business Performance Rating

Royal London continued to benefit from its investment in technology and focus on customer engagement in 2024. Enhancements across digital services and self-serve capabilities supported growth in new business, with a particular boost from a pension consolidation feature which helped increase Workplace Pension transfers.

The higher interest rate environment continued to suppress defined benefit transfer activity, though this was partially offset by increased regular contributions from Individual Pensions customers.

Operating profit before tax increased by 11% to £277m [2023: £249m], supported by new business growth and cost discipline. The group reported an overall profit before tax of £260m [2023: £467m], reflecting improved operating performance and favourable but moderating investment returns. There was a transfer to the fund for future appropriations of £167m [2023: £382m].

The group's capital position remained strong. As at 31 December 2024:

- Investor View solvency coverage was 203% [2023: 218%]
- Regulatory View solvency coverage was 196% [2023: 206%]

These changes reflect ongoing developments in market conditions, investment strategy, and the run-off of TMTP benefit.

Key 2024 performance highlights:

- Operating profit before tax: £277m [2023: £249m]
- Profit before tax: £260m [2023: £467m]
- Assets under Management (AuM): £173bn [2023: £162bn]

- Solvency II coverage (Investor View): 203% [2023: 218%]
- Members: 2.3m [2023: 2.2m]
- Policies in force: 8.7 million [2023: 8.6 million]
- Employee engagement score: 86% [2023: 83%]
- Growth in digital engagement continued, with over 800,000 digitally active customers reported by year-end 2024

Royal London maintained ProfitShare allocation rates, distributing £181m to eligible customers [2023: £163m]. Policy enhancements were consistent at 1.2% for pre-2022 With Profits policies, 0.3% for newer With Profits policies, and 0.15% for unit-linked policies.

The UK division reported an operating profit of £368m [2023: £330m] and a PVNBP of £10.5bn [2023: £9.0bn], bolstered by the successful entry into the bulk purchase annuities market with three completed external buy-in transactions and the completion of the Aegon individual protection business.

Group & Parental Context

BACKGROUND

Royal London is the largest mutual life, pensions and investment provider in the UK, with £173bn in AuM, 8.7 million policies in force, and 4,383 employees as at 31 December 2024.

Royal London has evolved significantly from its origins as a traditional home service insurer through a series of strategic acquisitions. These include:

- United Assurance (2000) and Scottish Life (2001)
- Ascentric platform/IFDL (2007) and Phoenix Life Assurance Ltd (2008)
- Royal Liver (2011) and Co-operative Insurance Society (2013)
- Police Mutual (2020) and Wealth Wizards (2021)

Ascentric/IFDL was sold in September 2020, following a strategic review, which concluded that, although Royal London had invested significantly (more than £145m) in it, including a re-platforming, IFDL would be better positioned under different ownership for the next phase of its growth.

In 2021, Royal London acquired a 30% stake in Responsible Life Ltd and Responsible Lending Ltd (the 'Responsible Group'), increased to 40% in 2023, and acquired in full in January 2024, significantly strengthening its later life lending proposition. Responsible Lending Ltd launched the Royal London-branded equity release product range in July 2023, and was rebranded to Royal London Equity Release in August 2024.

The Aegon UK Protection business was acquired in July 2024, further expanding Royal London's position in the protection market. In contrast, the general insurance and healthcare arms of the Police Mutual and Forces Mutual businesses were divested to Bspoke Group in February 2024 as part of a focus on core life and pensions activity.

In May 2025, Royal London announced it had entered into an agreement to acquire Dalmore Capital Ltd (Dalmore Capital), a UK-based infrastructure asset manager which manages approximately £6bn of assets. Subject to regulatory approval, this acquisition is expected to support Royal London's strategy to broaden its private assets capabilities and provide customers with access to a wider range of investment options to support their retirement ambitions.

To ensure continued access to EU markets post-Brexit, Royal London established Royal London Insurance DAC (RLI DAC), an authorised life insurer regulated by the Central Bank of Ireland, with Irish and German policyholders transferred to it in 2019.

The business operates across five core locations: Nether Alderley, Edinburgh, London, Dublin and Glasgow.

Since 2021, Royal London has simplified its internal structure into three core business units:

- UK - providing pensions and protection products, largely via intermediaries
- RLAM - managing investments for internal and external clients
- Royal London Ireland - distributing pension and protection products via brokers in Ireland

Royal London is focused on the UK intermediary market, where it continues to deliver strong performance across pensions, protection, workplace and later-life lending, supported by a long-term mutual ethos and significant investment in digital and customer experience.

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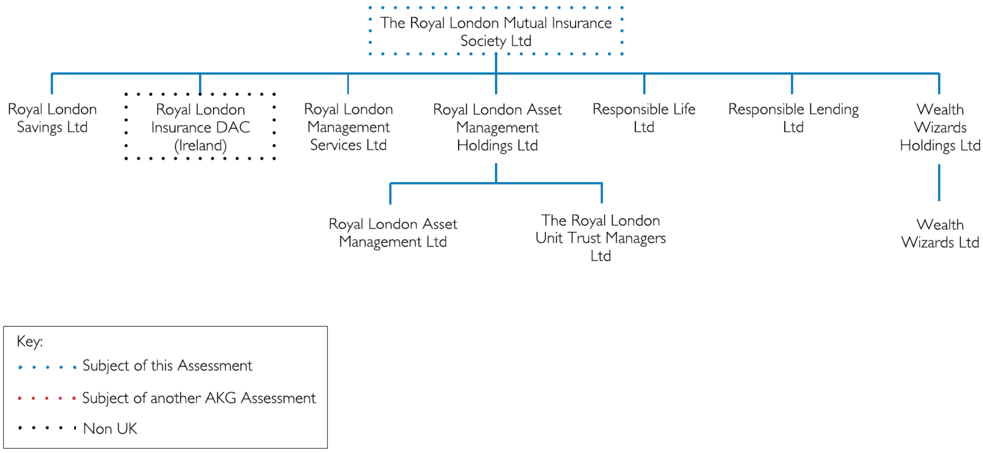
GROUP STRUCTURE (SIMPLIFIED)



Company Analysis: The Royal London Mutual Insurance Society Ltd

BASIC INFORMATION

Company Type
Company limited by guarantee without share capital

Ownership & Control
Members of RLMIS who hold policies that entitle them to participate in the profits of RLMIS, none of whom hold a controlling interest sufficient to qualify them as beneficial owners

Year Established
1861

Country of Registration
UK

Head Office
80 Fenchurch Street, London, EC3M 4BY

Contact
https://adviser.royallondon.com/contact-us/

Key Personnel

Role	Name
Chair	I Hudson
Group Chief Executive Officer	B O'Dwyer
Group Chief Financial Officer	D S Cazeaux
Group Chief Operating Officer	P Josse
Group Chief Risk Officer	J McCourt
Group Chief People Officer	T Kneller
Group Chief Marketing Officer	S Logan
Group Chief Audit Officer	A McGichen
Chief Commercial Officer	J F Scott
Chief Customer Officer	J C Kite
Group General Counsel	J Whitehead
CEO, RLAM	H I Georgeson
CEO, Royal London Insurance DAC	N A Freeley
Chief Actuary	A M Lee
With Profits Actuary	N Welling

Company Background
Royal London as it exists today has developed to encompass a number of other companies and well-known brands, as outlined below.

The Royal London Mutual Insurance Society Ltd (Royal London, RLMIS) was founded in 1861 as a friendly society, becoming a mutual life insurance company in 1908. Royal London acquired the United Assurance Group (UAG) in 2000. The five life businesses of UAG (Refuge Assurance, United Friendly Insurance, United Friendly Life Assurance, Canterbury Life and Refuge Investments) were transferred into Royal London on 1 January 2001. Scottish Life was founded in 1881 in Edinburgh as a proprietary company, becoming a mutual company in 1968. On 1 July 2001, Scottish Life demutualised and transferred its business to Royal London.

Bright Grey was established in September 2001 and launched to the IFA market, with a phased rollout, from the end of March 2003. In 2006, Royal London transferred £1.8bn of annuity business previously sold under the Royal London, Scottish Life and United Assurance brands to Prudential Retirement Income Ltd (PRIL). In 2008, Phoenix Life Assurance Ltd, together with the protection business from Scottish Provident and Scottish Mutual, transferred into Royal London. The business of Royal Liver was transferred-in in July 2011. The transfer-in of business from the Co-operative Insurance Society, acquired in 2013 through the newly established company RLCIS, took place on 30 December 2014, together with the transfer of the business from RLPPC.

The Police Mutual business was transferred into the Royal London IB & OB Fund in October 2020.

Royal London has simplified the way its holds capital and has merged the majority of its separate legacy with profits fund with the Royal London Main Fund. The process has seen 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. Only the Main Fund remains open to new business.

The Royal London Main Fund returned with profits performance of 10.1% in 2024 [2023: 8.3%], equalling the benchmark return of 10.1% [2023: 7.6%].

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.

OPERATIONS

Governance System and Structure

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 Chief Executive Officer, 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 Prudential Regulation Authority'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 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

Key areas of Board focus during 2024 included:

- Evolving the group's purpose and strategy as an insight-led, modern mutual
- Continued investment in customer experience, operating model improvements, and product innovation
- Strategic developments in Workplace and Individual Pensions, Protection, Later Life Lending and Bulk Purchase Annuities
- Review of the Royal London investment philosophy and beliefs
- Oversight of Consumer Duty implementation and its integration into governance processes
- Enhancements to digital capability and technology platforms
- Sustainability planning in support of the group's Purpose-led commitments
- Geopolitical and macroeconomic scenario analysis and business plan approval
- Succession planning and governance appointments across the Board and Committees

Risk Management

The Board considers the implementation of an effective Risk Management System (RMS) to be fundamental to strong governance and the delivery of long-term sustainable success.

Royal London operates a three lines of defence model:

- First line: Business units and group functions have primary responsibility for identifying and managing risks
- Second line: The group Risk and Compliance function operates independently, providing specialist advice, oversight, challenge and assurance
- Third line: Group Internal Audit offers independent assurance across the organisation and reports directly to the Chair of the Audit Committee, maintaining independence from executive management

The group uses the Archer risk management system, implemented in 2016, to monitor, escalate and manage risk exposures across the business. This supports the regular review and enhancement of the RMS to ensure that delivery of strategic objectives is not undermined by unexpected events or reputational risk.

Since the approval of its PIM under Solvency II in 2019, Royal London has embedded further enhancements into its governance, including its Risk Appetite Framework, Own Risk and Solvency Assessment processes, and its Risk Event Reporting methodology.

Administration

Royal London has continued to expand its digital capabilities across pensions and protection, underpinned by significant long-term investment in IT infrastructure and transformation programmes. As at 31 December 2024, over 393,000 pension customers were engaged on the mobile app [2023: 279,000], and more than 241,000 Protection customers were registered for My Royal London [2023: 205,000]. The group's 'Digital-First' initiative continues to promote adoption of online tools, enhancing customer access, wellbeing support, and digital servicing.

Across the business, Royal London is seeking to maximise its investment in technology to drive operational improvements, with platform enhancements also directed towards pension and direct propositions to improve administrative efficiency and maintain service standards. Adviser-facing platforms have been enhanced to improve usability, real-time tracking, and visibility of client progress. Royal London has identified operational efficiency—through targeted technology investment and optimisation of outsourcing arrangements—as a key driver of future margin improvement.

Royal London Management Services Ltd (RLMS), which receives a fee in respect of each policy it administers, remains responsible for the administration of the majority of the group's policies. A similar arrangement exists for asset management services, where fees are based on AuM.

The customer mobile app continues to evolve, with features allowing users to track contributions, access wellbeing tools and view personalised content such as projected pension values. The app has some of the highest user ratings among UK pensions apps. Digital support for advisers has also advanced, with the introduction of an enhanced Adviser Dashboard and additional functionality to manage client applications and data visibility online.

Benchmarks

Royal London continued to earn high levels of professional recognition in 2024:

- Protection Guru Awards: Winner of multiple Best-insurer categories including business protection and rehabilitation service
- LifeSearch Awards: 'Exceptional Customer Outcomes' winner
- Money Marketing Awards: Awarded 'Provider of the Year' and 'Best Protection Provider'
- Corporate Adviser Service Ratings: 5-star for Workplace Pensions (4th year running)
- Benefits Guru Ratings: Gold for Workplace Pensions and Auto Enrolment
- Defaqto Star Ratings: 5-star rankings across Personal Pensions, Workplace Pensions, and Drawdown
- Named the most recommended and preferred Pension Provider by advisers in the Defaqto Pension Service Review 2024
- Financial Adviser Service Awards: 4 stars for Pension service, 4 stars for Protection service
- At group level, RLAM was named UK Fixed Income Manager of the Year at the 2024 PP Investment Awards

And in 2023:

- Money Marketing Awards: Highly commended for Best Protection Provider awards
- LifeSearch Award: Exceptional customer outcomes winner
- Protection Guru Awards: Best insurer for protecting hard to cover clients; Best insurer for protecting business owners; Best rehabilitation support service
- COVER Excellence Awards 2023: Best business protection
- Financial Adviser Service Awards: 5 stars for Pension service (15th year running), 5 stars for Protection service (10th year running)
- Financial Adviser Service Awards: Company of the Year
- Benefits Guru Ratings (formerly F&TRC) awards for Workplace Pensions - Gold, Auto Enrolment - Gold
- Defaqto Star Ratings: 5 star ratings for Personal Pensions, Workplace Pensions, and Drawdown
- Corporate Adviser Provider Service Ratings of 5 star rating for Workplace Pensions (3rd year running)

Outsourcing
The group continues to operate under a Procurement and Third-Party Management (PTPM) policy, which governs the onboarding and oversight of all material suppliers and outsourcers. The group's segmentation tool and tiered risk assessment model remain central to identifying and managing material outsourcing relationships. As at 2024, there have been no significant changes to the list of material outsourcing providers or intra-group outsourcing arrangements. Key intra-group service providers include RLAM (asset management), RLMS (administration), and RLMIS IT (Core technology services).

STRATEGY

Market Positioning
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 'An insight-led, modern mutual growing sustainably by deepening customer relationships'. Royal London is focused on achieving three positive outcomes:

- Helping build financial resilience
- Moving fairly to a sustainable world
- Strengthening the mutual choice for customers

Having previously operated with a number of targeted pension and protection brands and segmented distribution strategies, Royal London now delivers its UK adviser proposition through a single integrated brand and infrastructure, spanning pensions, protection and workplace offerings. In Ireland, the business continues to operate through Royal London Ireland DAC, with distribution focused through financial brokers.

In pensions, Royal London offers a broad range of individual and workplace savings products, alongside income drawdown and retirement solutions. In 2024, net inflows into Workplace Pensions exceeded £3bn, and the Governed Range proposition grew to £72bn of AuM. At 30 June 2025, this had increased to £75bn. The business continues to innovate, with strong adviser support delivering £1.6bn of net inflows into the Governed Range in H1 2025, which provides diversification through assets such as real estate and commodities and will be further enhanced by the acquisition of Dalmore Capital to give customers access to long-term infrastructure investments.

In protection, Royal London has enhanced its proposition through product development, service improvements and pricing refinements. The acquisition of Aegon's UK protection business was completed in July 2024, significantly strengthening Royal London's presence in the market and adding more than 400,000 policies. The business continues to invest in underwriting and adviser-facing technologies, while building business quality controls to support better outcomes.

Elsewhere, Royal London is diversifying its proposition into new and adjacent markets. The acquisition of the Responsible Group was completed in January 2024, consolidating the group's participation in the equity release and later life lending market. This followed the launch of the Royal London-branded equity release range in 2023. The group also entered the external BPA market during 2024, completing its first three external transactions with a combined premium of £187m. A further £560m was delivered by the end of May 2025, over half of its £1bn target for 2025. Further BPA pipeline and integration of later-life lending are seen as strategic growth levers.

Royal London Ireland continues to perform strongly, with new business sales up 29% in 2024 to £297m, supported by protection volumes of £188m and growth in pensions to £109m. This follows the 2022 launch of a new PRSA proposition, which has helped broaden the group's offering in Ireland. Royal London maintains a majority share of the Irish broker-distributed protection market.

Royal London also continues to review the shape of the group and its participation in specific markets. Recent years have seen a series of strategic transactions, including the disposal of Ascentric (IFDL) and acquisitions such as Police Mutual, Wealth Wizards, the Responsible Group, Aegon's UK protection book and Dalmore Capital (subject to regulatory approval). Consumer business functions have now been embedded within core group divisions, and the group exited the Over 50s direct-to-consumer market in 2022, citing market shrinkage and rising reinsurance costs.

Since 2021, the group has been structured into three business units: UK, Ireland and Asset Management. Within the UK, the business is aligned by customer life stage, allowing Royal London to tailor propositions and support to customers' evolving needs.

Proposition

Royal London continues to deliver a broad and evolving proposition across pensions, protection, and investment, maintaining a strong focus on intermediary distribution and customer outcomes. Its mutual structure remains a key point of differentiation, with ProfitShare awards (typically 0.15% of qualifying retirement savings) reinforcing the benefit of member alignment.

In pensions, flagship propositions include the Pension Portfolio for individual savers and Income Release for drawdown, both supported by adviser tools, digital servicing, and integration with over 160 investment funds, including Governed Portfolios and Target Lifestyle Strategies. Functionality within the pensions app continues to expand, with over 393,000 active users in 2024. Within the Workplace channel, Royal London offers Retirement Solutions for Workplace pensions and continues to build broader capabilities and wellbeing tools for employers via Wealth Wizards.

In 2024, Royal London extended its institutional retirement proposition through further BPA transactions, including three external deals by September and a growing pipeline. This followed two internal BPA transactions: a £246m buy-in with the Liver UK Scheme in November 2023, and a £348m buy-in for the Royal London Group Pension Scheme (RLGPS) in January 2024. The acquisition of the Responsible Group has supported expansion in later-life lending, with the Royal London-branded equity release range now live and backed by a new adviser portal.

In protection, Royal London maintained its position as a leading provider, further strengthened by the acquisition of Aegon's UK protection book. Product enhancements in 2024 included broader underwriting terms and improved digital journeys. The Helping Hand support service was scaled to include wider wellbeing tools and support for specific conditions. Royal London remains on most major panels and continues to actively manage intermediary business quality.

In Ireland, Royal London continued to grow its intermediated proposition, achieving 2024 premiums of £297m. It remains the market leader in protection distribution and expanded its PRSA pensions offering in late 2024.

RLAM supports the proposition through active fund management, with 64% of AuM above median over three years and weighted average rank of 40th. RLAM continues to embed ESG considerations into investment decisions and remains committed to a 2050 net-zero target across all investments.

Digital service enhancements across both pensions and protection—alongside a new equity release adviser portal—support adviser productivity and client engagement, while internal system upgrades have further reduced claims processing times and improved service transparency.

All new business is written into the RL Main Fund or RLI DAC open fund, with the Royal London (CIS) Fund remaining closed and ring-fenced for Solvency II purposes.

KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2024

Assets

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Fixed interest	10,041	10,661	10,348
Equities	6,054	5,463	5,153
Collectives	1,206	1,243	1,427
Property	128	114	80
Linked	70,840	80,158	91,113
Derivatives	1,835	1,637	2,108
Loans and mortgages	92	136	219
Reinsurance recoverables	2,970	3,012	3,009
Cash	432	275	284
Other	17,161	17,101	17,999
Total Assets	110,758	119,798	131,740

Liabilities

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Technical provisions - non-life	0	0	0
Technical provisions - life	96,678	105,869	116,517
Other	7,548	7,439	8,865
Total Liabilities	104,226	113,307	125,382
Excess of assets over liabilities	6,532	6,491	6,358

Total assets increased by 10% to £131.7bn [2023: £119.8bn] in 2024. Within this, linked assets increased by 14%, and remain the dominant part of the business, accounting for 69% of the total [2023: 67%]. Fixed interest assets decreased to £10.3bn [2023: £10.7bn], while "Other" assets increased to £18.0bn [2023: £17.1bn], including £14.0bn [2023: £14.3bn] in participations, primarily holdings in subsidiaries.

With total liabilities increasing by 10% to £125.4bn [2023: £113.3bn], the excess of assets over liabilities remained broadly stable at £6.4bn [2023: £6.5bn].

Group AuM increased by 7% to £173bn [2023: £162bn], supported by net outflow of £1.0bn [2023: inflow of £4.2bn] and positive market movements of approximately £12bn.

Net outflows over the year of £1.0bn [2023: net inflows of £4.2bn] comprised £2.4bn of outflows and £1.4bn of inflows. Net flows were impacted by £4.3bn of external net outflows from Global Equities strategies. External net inflows across other strategies improved to £1.9bn [2023: £0.7bn] reflecting the benefits of diversified capabilities and included net inflows into Property and Sterling Credit.

Internal flows of £1.4bn [2023: £0.9bn] were driven by positive net Workplace Pensions inflows, supported by the bulk purchase annuity buy-in policies transacted with the trustees of the RLGPS in January 2024, and with other external third-party pension schemes throughout the rest of 2024.

Life Technical Provisions

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Insurance with profit participation			24,095
Index-linked and unit-linked insurance			87,980
Life annuities			3,988
Non-life annuities			0
Other life insurance			719
Health insurance			(265)
Total life and health technical provisions			116,517

Life Expenses

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Insurance with profit participation			121
Index-linked and unit-linked insurance			335
Life annuities			13
Non-life annuities			0
Other life insurance			246
Health insurance			4
Other expenses			0
Total life and health expenses			719

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 76% [2023: 73%] of the total. There remains a substantial proportion of declining, mostly historic, with profits business, which represents 21% of the total (down from 23% in 2023), the balance being non profit business.

Total life expenses decreased by 10% to £719m [2023: £790m].

Solvency Capital Requirement (SCR)

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Market risk	1,787	1,785	1,940
Counterparty default risk	233	186	202
Life underwriting risk	2,632	2,666	2,512
Health underwriting risk	0	0	0
Non-life underwriting risk	0	0	0
Diversification	(1,584)	(1,564)	(1,656)
Intangible asset risk	0	0	0
Operational risk	516	563	525
Capital add-ons already set	0	0	0
Other items	(1,424)	(1,094)	(821)
Solvency capital requirement	2,160	2,543	2,701

Eligible Own Funds

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Tier 1 unrestricted	3,773	4,399	4,365
Tier 1 restricted	0	375	398
Tier 2	1,080	846	846
Tier 3	0	0	0
Eligible own funds to meet SCR	4,853	5,620	5,610
Excess of own funds over SCR	2,693	3,077	2,909
SCR coverage ratio (%)	224.7	221.0	207.7

Royal London calculates its regulatory capital requirements using a Partial Internal Model (PIM), with over 97% of the group's SCR assessed on this basis. On a group basis, adjusted own Funds totalled £5.6bn, and the Solvency Capital Requirement was £2.9bn, resulting in a capital cover ratio of 196% [2023: 206%]. The Investor View ratio decreased to 203% [2023: 218%].

At RLMIS level, the RL Main Fund (Investor View) reported Own Funds of £5.4bn [2023: £5.4bn], a SCR of £2.5bn [2023: £2.3bn], a surplus of £2.9bn [2023: £3.1bn], and a capital coverage ratio of 216% [2023: 235%].

On a Regulatory View basis (excluding closed fund surplus), RLMIS reported Own Funds of £5.6bn [2023: £5.6bn] and an SCR of £2.7bn [2023: £2.5bn], resulting in a capital coverage ratio of 208% [2023: 221%].

The Matching Adjustment (MA) contributed 24pps [2023: 24pps] to RLMIS' Investor View coverage ratio and 22pps [2023: 21pps] to the Regulatory View. The Transitional Measure on Technical Provisions (TMTP) also supported capital strength, adding 10pps [2023: 12pps] to the Investor View and 9pps [2023: 11pps] to the Regulatory View.

Royal London's solo SCR remains more than covered by Tier 1 capital [2024: 176%, 2023: 188%], with Tier 2 capital unchanged at £0.8bn. No new issuance or repurchase of subordinated or RT1 instruments took place in 2024, following the issuance and buyback activity completed in 2023.

Gross Life Premiums Written By Line of Business

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Insurance with profit participation			141
Index-linked and unit-linked insurance			11,185
Life annuities			685
Non-life annuities			0
Other life insurance			771
Health insurance			66
Total gross life premiums written			12,848

Gross Life Premiums Written By Country

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Home country	10,582	11,164	12,833
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	10,582	11,164	12,848

Premiums shown in the table above are those written by Royal London and increased by 15% in 2024 to £12.8bn [2023: £11.2bn].

New life and pensions business sales on a PVNBP basis increased by 17% in 2024 to £10.8bn [2023: £9.3bn], with growth across all products, including a 19% increase in Workplace Pensions due to a rise in both transfer volumes and new schemes won.

Individual Pensions new business sales increased by 12% to £4.9bn [2023: £4.3bn], driven by increased volumes in its non-advised Income Release proposition, with non-defined benefit single premium transfers performing well..

Workplace Pensions new business sales increased 19% to £4.5bn [2023: £3.8bn], due to increased transfer volumes, partly due to an increasing number of customer requests through its mobile app, combined with growth in the number of new schemes won during the year by 4%.

Protection sales increased by 11% to £0.8bn [2023: £0.8bn], with higher volumes across whole of life, menu and funeral plan propositions, with increased volumes within its large case proposition.

Bulk Purchase Annuities delivered £187m of sales in the second half of 2024, its first period of reporting following the entry into this market.

Individual Annuities and other new business sales were largely unchanged at £165m [2023: £164m].

New business sales in Ireland grew to £297m [2023: £230m], primarily through increased Pension sales of £109m [2023: £51m] following the product launch in September 2022, and partially helped by an increase in Protection sales of £188m [2023: £179m].

Profit

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Profit (loss) before taxation	(389)	467	260
Taxation	227	(85)	(93)
Profit (loss) after taxation	(162)	382	167
Other comprehensive income	(96)	(27)	(17)
Dividends	0	0	0
Retained profit (loss)	(258)	355	150

Life Business Flows

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Net life premiums written	10,258	10,840	12,432
Net life claims incurred	(7,681)	(9,107)	(10,597)
Net flow of business	2,578	1,733	1,835

The Profit table above is presented at a consolidated level.

Operating profit before tax increased by 11% to £277m [2023: £249m], driven by increased new business contribution across all main product lines and a growing book of in-force business.

There was an overall profit before tax of £260m [2023: £467m], reflecting the improvement in operating profit and higher investment returns than long-term expectations. Economic movements contributed £179m [2023: £391m], mainly driven by changes to economic assumptions used to value liabilities, primarily due to the increase in risk-free rates over the year of between 70 and 90bps depending on duration, partially offset by investment returns being slightly below longer-term expected return assumptions. There was also an increased total ProfitShare payment of £181m [2023: £163m].

With net premiums increasing to £12.4bn [2023: £10.8bn] and net claims also increasing to £10.6bn [2023: £9.1bn] there was an increased net inflow of £1.8bn [2023: £1.7bn].

Guide

INTRODUCTION

For over 30 years AKG has particularly focused on the financial strength requirements of financial advisers, who when acting on behalf of their clients, need to ascertain a company's ability to deliver sustained provision.

From this customer perspective, the financial strength of companies needs to be focused at an operational level, 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 (not some higher corporate entity) 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.

It is also important to understand the sector approach (comparative peer groups) that is adopted in financial strength assessment and rating process.

At AKG, this is again driven by the end customer perspective and the fact that assessment is designed solely for this purpose, i.e. as a component in helping customers' advisers to select between comparable companies competing to deliver relevant products or services.

AKG's focus and approach has remained consistent over the years since it commenced assessment and rating support for the market. However, coverage, format and presentation has rightly evolved over this period, in line with the needs and expectations of assessment and rating users in the market. And AKG considers further changes on a continual basis.

Further details including an explanation of what is included in the assessment reports and coverage can be found online at https://www.akg.co.uk/information/reports.

AKG's process for assessment and rating is to use a balanced scorecard of measures and comparative information, relevant to the companies contained within each peer group. This is gathered via Public Information only for non-participatory assessments and public information plus company interactions with companies for participatory assessments. Further details on AKG's process can be found at https://www.akg.co.uk/information/reports.

This includes further information on the different participatory and non-participatory basis and for companies wishing to learn more about participatory assessment AKG is pleased to outline this and welcomes contact.

This is a participatory assessment.

RATING DEFINITIONS

Overall Financial Strength Rating
The objective is to provide a simple indication of the general financial strength of a company from the perspective of those financial advisers who when acting on behalf of their clients need to ascertain a company's ability to deliver sustained operational provision of products or services.

The overall rating inherently reflects the mix of business within the company, since different types of customer or policyholder have different requirements and expectations, and the company may have particular strengths and weaknesses in respect of its key product or service areas. However, it also takes account of comparison across the sector in which it is assessed.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

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

With Profits Financial Strength Rating

The objective is to provide a simple indication of the with profits financial strength of a company, where it currently offers with profits business or has existing with profits business within it.

This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of with profits funds, products or propositions. Its comparison is with other companies within the assessment sector that offer or have with profits business.

The main criteria taken into account are: capital and asset position, expense position and profitability, the amount of with profits business in-force, parental strength (and likely attitude towards supporting the company), and image and strategy.

NOTE: More detailed analysis of with profits companies is included in AKG's UK Life Office With Profits Reports.

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

Unit Linked Financial Strength Rating

The objective is to provide a simple indication of the unit linked financial strength of a company, where it currently offers unit linked business or has existing unit linked business within it. This is from the perspective of those financial advisers who when acting on behalf of their clients, for this product type, need to ascertain a company's ability to deliver sustained operational provision of unit linked products or propositions. Its comparison is with other companies within the assessment sector that offer or have unit linked business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

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

Non Profit Financial Strength Rating

The objective is to provide a simple indication of the non profit financial strength of a company, where it currently offers or has existing products and propositions such as term assurance and annuities. This focuses on the company's ability to deliver sustained operational provision of such non profit products or propositions. Its comparison is with other companies within the assessment sector that offer or have non profit business.

The main criteria taken into account are: capital and asset position, expense position and profitability, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position and rationale, brand and image, product / service features, its operating environment and ability to withstand external forces.

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

Service Rating
The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

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

Image & Strategy Rating
The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

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

Business Performance Rating
This review is an assessment of how the company and the brand has fared against its peers, and how it is perceived externally. Effectively this is how it has performed recently in the market. Whilst it will include performance indicators from the most recent available statutory reporting (report and accounts and SFCRs in the case of insurance companies, for example) it will also draw on other recent key performance elements before and after such disclosure, up to the point at which the assessment is undertaken.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity good or bad, press or market commentary, regulatory fines, and competitive position.

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

ABOUT AKG

AKG is an independent organisation. Originally established as an actuarial consultancy AKG has, for over 30 years, specialised in the provision of assessment, ratings, information and market assistance to the financial services industry.

As the market has evolved over this period, the range of entities considered by AKG has expanded. Consequently, AKG has brought additional skill sets into its operations. This has meant the inclusion of accounting, corporate finance, IT and market intelligence experience, alongside actuarial resources, to deliver an expanded professional capability.

Today AKG's core purpose is in the provision of financial analysis and review services to support the wider financial services sector and its customers.

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