

Registered number: 04332926

Annual Report and Financial Statements 2023  
**Liverpool Victoria General Insurance  
Group Limited**

# Liverpool Victoria General Insurance Group Limited

---

## Contents

	<b>Page(s)</b>
Company Information	1
Strategic Report	2 to 9
Directors' Report	10 to 21
Statement of Directors' responsibilities in respect of the financial statements	22
Independent Auditors' Report	23 to 26
Statement of Profit and Loss and Other Comprehensive Income	27
Statement of Changes in Equity	28
Statement of Financial Position	29
Statement of Cash Flows	30
Notes to the Financial Statements	31 to 50

# Liverpool Victoria General Insurance Group Limited

---

## Company Information

**Directors**

- O R P Corbett (appointed 1 November 2023)
- C W T Dinesen (resigned 10 April 2023)
- F K Dyson (resigned 29 May 2023)
- P J Evans
- C J Holmes
- U Lange (appointed 30 May 2023)
- D J Larnder
- S C McGinn (resigned 30 April 2023)
- T Robson-Capps
- D A Torrance (resigned 31 March 2024)
- C G Townsend
- S Treloar (resigned 30 June 2023)
- J R Vazquez

**Company secretary** C M Twemlow

**Registered office** 57 Ladymead  
Guildford  
Surrey  
GU1 1DB

**Registered number** 04332926

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

# Liverpool Victoria General Insurance Group Limited

---

## Strategic Report for the Year Ended 31 December 2023

The Directors present their Strategic Report for the year ended 31 December 2023.

### Principal activities

Liverpool Victoria General Insurance Group Limited ("LVGIG", "the Company") is a wholly owned subsidiary within the Allianz Holdings plc ("AzH") Group of companies ("the Group") which is one of the largest general insurers in the United Kingdom. The Company is the intermediate holding company for a group of companies ("LVGIG group"), the principal purpose of which is to carry on general insurance business through both the direct and broker distribution channels. LVGIG also acts as one of the Group's management services companies. The primary sources of income for the Company arise from management charges as well as dividend income from subsidiary undertakings in the LVGIG group.

### Business review

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive income on page 27. The Statement of Profit and Loss and Other Comprehensive income profit after tax for the year amounted to £24,627k (2022: £61,281k). The reduction in the profit before tax in the year was a result of a decrease in dividend income.

### Key performance Indicators ("KPIs")

The financial key performance indicators monitored by the Company are profit before tax and net asset value. The profit before tax for the year amounted to £27,486k (2022: £64,021k), and net assets were £1,136,282k (2022: £951,655k).

A number of non-financial KPIs relating to employees, energy consumption and corporate social responsibility are monitored. The Annual Engagement Survey ("AES") is a valuable feedback platform and an indicator of our corporate culture. Employee engagement and company culture are measured through an Inclusive Meritocracy Index ("IMIX") which covers aspects of leadership, performance, collaboration, trust and respect. The Work Well Index Plus ("WWI+") covers aspects of the quality of the work environment, practices and opportunities.

LVGIG's key non-financial performance indicators during the year were as follows:

### Employees

	2023 %	2022 %
<i>AES results:</i>		
IMIX	87.0	84.0
WWI+	84.0	77.0
Diversity (females in management positions)	41.0	33.0

### Net Promoter Score ("NPS")

The key non-financial performance indicators monitored by LVGIG are:

Net Promoter Score performance:

- Achievement: Achieved Loyalty Leader in 2023.

### Energy consumption

Greenhouse gas ("GHG") emissions per employee	<b>Achievement:</b> 0.7 tonnes per employee	<b>Target:</b> 1.2148 tonnes per employee by 2023
Energy consumption from office buildings per employee	<b>Achievement:</b> 6,030 MJ per employee	<b>Target:</b> 12,203 MJ per employee by 2023
Renewable energy	<b>Achievement:</b> 100% renewable at all sites	<b>Target:</b> 100% renewable energy across all sites by 2023

The targets above have been set for 2020 to 2025 and include a calculation for remote working. The target was linked to 2019 baseline figures prior to the outbreak of the COVID-19 pandemic. Subsequent energy usage has fallen following adoption of the new hybrid working model. The 2024-25 target for GHG per employee has been increased to take into account public cloud emissions.

# Liverpool Victoria General Insurance Group Limited

---

## Strategic Report for the Year Ended 31 December 2023 (continued)

### Key performance Indicators ("KPIs") (continued)

The KPIs listed above have changed from prior year to reflect alignment with the financial statements of other similar entities within the AzH Group.

### Principal risks and uncertainties

The principal risk facing the Company is the performance of its subsidiary undertakings, as referenced in note 13.

### Future outlook

No changes in the principal activities are anticipated in the foreseeable future.

### Going concern

The Directors, having undertaken an assessment, are confident in the Company's ability to continue as a going concern. The business is well placed in managing the principal risks and uncertainties, has a strong financial, trading and capital position and is owned by one of the largest property and casualty insurers in the world.

### Non-Financial and Sustainability Information ("NFSI") statement

The information presented here, including the sections referred to, represent our non-financial and sustainability information statement as required by sections 414CA and 414CB of the Companies Act 2006.

#### Purpose and strategy

The Group's climate strategy is fully aligned with our corporate purpose statement of "We secure your future". The strategy focuses on providing insurance solutions to help customers respond to a changing climate and facilitate the development of the low-carbon economy.

The Group has targeted transitioning to net-zero by 2050, and has interim targets for our business operations by 2030.

The Group is committed to an intermediate target to reduce Greenhouse Gas ("GHG") emissions per employee by 70% as of year-end 2030, against a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions. Key levers for GHG emission reduction will be the areas of Renewable Electricity, Buildings, as well as Fleet, Business Travel, and Procurement. In the area of Renewable Electricity, the Group source 100% renewable electricity from 2023 onwards and implement energy efficiency measures. We aim to achieve a 40% reduction of GHG emissions from travel activities by 2025 compared to a 2019 baseline.

For Procurement, the Group will ask 100% of global framework vendors in its supply chain that provide services globally to establish a public commitment to net-zero GHG emissions in line with the 1.5°C path by 2025.

#### Governance and Board Oversight

The Group's Board ("The Board") is responsible for the climate strategy, targets and determining the risk appetite. The Group's Risk Strategy and Appetite statements covers both underwriting and investments climate risk and is approved by the Board annually. The Board routinely reviews key initiatives, risks, action plans and progress. This includes reviews and monitoring of climate change related risks and opportunities.

The Executive Committee has decision-making responsibility for steering, delivering and embedding the climate strategy, including identified climate risks and opportunities, supported by Governance forums. The Chief Financial Officer is the responsible Executive Committee member for sustainability and leads a sustainability team to manage activity and identify opportunities.

Executive remuneration and performance management processes include climate targets, climate responsibilities and climate risk management. They are included in the Statements of Responsibilities for relevant individuals.

#### Climate Risk Management

The Group is working to fully ensure that management of risks and opportunities resulting from climate change are embedded in our overall business plans and corporate strategy.

Qualitative and quantitative scenario assessments, and horizon-scanning exercises were performed to identify and assess climate-related risks and opportunities, which are reported regularly to the Board. The qualitative assessment identifies low, medium and high risk areas across the business, driven by physical and transitional climate change risk drivers, over a short/ medium term (up to 2030) and long term time horizon (up to 2050). The quantitative assessment considers various scenarios including a net-zero achievement by 2050 as well as delayed transition scenarios. Across all scenarios the Group has been found to be resilient.

## Strategic Report for the Year Ended 31 December 2023 (continued)

### Non-Financial and Sustainability Information ("NFSI") statement (continued)

#### Climate risk management continued

The Group takes sustainability in our own operations seriously and aims to reduce operational carbon footprint and emissions over time. Principal identified climate-related risks, over a short (up to 3 years), medium (3-10 years) to long (ten years plus) time-frame, are extreme weather, water stress and drought, transport difficulties and supply chain interruptions.

In the short to medium-term, occupational heat stress is not assessed as a significant risk for our employees in the UK due to the nature of work, but attention may be required in the longer term.

Climate change may require additional management attention and investment to improve cooling in workspaces and ensure data centres are resilient to increasing frequency and severity of natural disaster and weather events.

Risk management processes are in place for our investment portfolio covering all major asset classes, including analysis of climate scenarios, assessment of risks based on quantitative KPIs and portfolio monitoring.

Product level and underwriting risks are managed continuously, by developing and adjusting financial products and services, updating policies and processes, setting targets and limits, and applying rigorous standards and products assessments to ensure there is no "greenwashing."

The business reviews quarterly accumulation exposure analysis at an individual portfolio and aggregated insurance level, including climate perils. An Accumulation Committee reviews progress against portfolio change expectations. This Committee oversees the geospatial flood exposure and monitoring across the portfolios and recommends actions for change where necessary.

We no longer invest in or underwrite new single-site or stand-alone oil and selected gas risks, oil and gas activities related to the Arctic and the Antarctic or extra-heavy oil and ultra-deep-sea risks.

The Group controls its exposure to individual risks and defines reinsurance requirements based on risk appetite and its capital position.

The Group conducts stress-scenario analysis on NatCat risks like hail or windstorms to be used in risk steering. Nat Cat models are regularly updated with the latest scientific information, and we increasingly include global NatCat hazard information, including climate, in underwriting decisions.

At a Corporate level, opportunities arising from climate change include transitioning the employee fleet to electric vehicles and consolidating the property portfolio in line with remote working possibilities. Climate related product opportunities identified include the growth in the electric vehicle market, growth in renewable energy insurance, development of products for sustainably minded customers and investment in renewable technologies.

#### Climate related KPIs

The Group have identified the following key performance targets to support the overall climate strategy for our operations:

- 65% Greenhouse Gas ("GHG") emissions reduction by 2025 in Own Operations, against a 2019 baseline
- Reduction of 40% GHG emissions deriving from travel activities by 2025 against a 2019 baseline
- Fully electric corporate car fleet by 2030
- Sourcing 100% renewable electricity since 2023

Further information in respect of carbon emissions is included in the Streamlined Energy and Carbon Reporting ("SECR") section on page 11 of the Director's Report.

The Executive Committee is updated quarterly on performance against key KPIs for Investments, Insurance and Business Operations. These include:

#### Business Operations

- GHG emissions in tonnes per employee, year on year reduction measured
- Energy (MJ), water (L), paper usage (Kg) usage per employee, year on year reduction measured
- Travel emissions in tonnes per employee, year on year reduction measured
- Supplier and tender sustainability commitments

## Strategic Report for the Year Ended 31 December 2023 (continued)

### Non-Financial and Sustainability Information ("NFSI") statement (continued)

#### Insurance

- Number of Sustainable Solutions including sustainable solution revenue growth
- Electric vehicle market share, measured in % on motor retail vehicles insured
- Green part usage (second hand or repair part usage), measured in Kg of green part savings and growth in % of use of green parts
- Repair vs. replace target (ratio of number of green parts used compared to new parts), month by month development measured

#### Investments

- GHG emissions in tonnes in corporate bonds, year on year reduction measured

### Section 172 (1) Companies Act 2006 Statement

Section 172 (1) of the Companies Act 2006 requires the Directors of a Company to act in a way that promotes the success of the company for the benefit of its members as a whole. The Directors of the Company are committed to high standards of business conduct, promoting a healthy corporate culture and understand that striving to achieve the Company's strategic aims will ultimately increase the value of the Company, its parent, the Group and the wider Allianz SE Group.

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors have acted in a way that they considered, both individually and collectively, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

The Board is collectively responsible for the long-term success of the Company. The Board is responsible for setting the Company's strategic aims and ensuring that the necessary resources are in place to meet its objectives. The Board sets the Company's purpose, strategy, culture, values and standards and ensures that its obligations to stakeholders and others, as well as other matters set out under section 172 of the Companies Act 2006, are considered when taking decisions and in its discussions.

The Board of the Company meets at least quarterly alongside the board of directors of its immediate shareholder, AzH, and the boards of directors of other key regulated entities and holding companies within the Group (collectively, the "Boards"). The Boards have adopted the same terms of reference by which they operate and the directors of the Boards are the same. The governance framework applied to the key regulated entities and holding companies within the Group, and the combined approach to governance, ensures that the Company's Board also has regard to the overall strategy, interests and direction of the Group as a whole, when taking decisions and in its discussions. This includes considering the impact on the broader stakeholders of the Group, the environment in which the Company and the Group operate and the long-term success of the Company and the Group as a whole.

The Board receives information from across the business in the form of Board reports and presentations when making decisions and these reports include information about how stakeholder interests have been considered. Information is also presented, where relevant, regarding any impact on the Company's or Group's reputation, impact on the environment or on the communities in which the Company or Group operate and other matters set out in section 172 of the Companies Act 2006.

# Liverpool Victoria General Insurance Group Limited

---

## Strategic Report for the Year Ended 31 December 2023 (continued)

### Section 172 (1) Companies Act 2006 Statement (continued)

An independent governance review was carried out by Deloitte LLP in 2023 which included assessing the effectiveness of the Board and its committees within its scope. Recommendations from the review were tracked through to completion with outputs reported to the Board at its quarterly meetings. Further information on the review is set out in the Corporate Governance report on page 13.

### Stakeholder engagement

This section of the Company's report explains the Company's engagement activities in relation to the Group's customers, suppliers, employees, regulators and other stakeholders relevant to the Company.

#### Customers

Customer centricity is fundamental to the Group's growth and development and is one of five important themes underpinning the Allianz SE business strategy, which the Group and the Company have adopted. This is further explained in the Corporate Governance report within the Directors' Report on page 13.

While the Company does not have any customers, the Group's focus is on maintaining high levels of service and supporting its customers. The Group implemented Consumer Duty by the deadline of 31 July 2023. Progress continues to be monitored with regular updates provided to the Customer & Conduct Committee, a sub-committee of the Board.

A key method of engaging with customers across the Group's businesses and ensuring that a customer-centric culture is embedded is the Net Promoter Score. The NPS is explained under Key Performance Indicators on page 2. Feedback is sought from customers and the Group's performance across different brands is benchmarked against competitors. The NPS results are a KPI for the Company and the results are shared with the Board and factored into its decision-making. LV General Insurance is considered a loyalty leader with scores ahead of peers.

In addition, on a day-to-day basis, the Group's customer facing people engage and foster relationships directly with its brokers and customers. Direct and indirect feedback received from customers is collated and reviewed, together with other data such as complaints and number of complaints referred to and upheld by the Financial Ombudsman Service. This information is fed back to the Customer & Conduct Committee for its consideration.

The Customer & Conduct Committee is responsible for overseeing customer conduct matters for the Group. The Customer & Conduct Committee receives reports on a variety of matters including business reports on customer experience and 'voice of customers', conduct risk, product governance including fair value assessment outcomes and new product reviews, and vulnerable customers. The Customer & Conduct Committee reports into the Boards, ensuring that the Directors have sight of customer engagement metrics which are factored into decision making and ensuring good outcomes for customers.

#### Employees

During the year, in addition to staff employed directly by the Company, Allianz Management Services Limited ("AMS"), a subsidiary of AzH, also provided administration services and staff resources to the Company and to other Group companies. LVGIG and AMS have a high level of resources and expertise which benefit the Company and the Group. Employee engagement is led by the Chief People and Culture Officer of the Group, with the People and Culture team.

Throughout 2023 there have been regular townhalls in which senior executives joined the Chief Executive Officer ("CEO") to discuss important topics and answer questions raised by employees. Each year there are a number of leadership conference meetings to further share important messages and facilitate discussion and debate. These messages are then cascaded throughout the organisation.

The Group seeks feedback and measures the engagement of employees in a variety of ways. Engagement methods in 2023 include the Allianz Engagement Survey and additional 'pulse' surveys sent to employees on various topics, virtual townhall presentations and newsletters via the employee intranet. The AES results include the Inclusive Meritocracy Index which covers aspects of leadership, performance, collaboration, trust and respect, and is derived from the responses to a specific set of questions in the annual AES. 'Inclusive Meritocracy' describes the Allianz SE Group target culture. The expected values and behaviours rolled out across the Group in 2023 align to these.



## Strategic Report for the Year Ended 31 December 2023 (continued)

### ***Employees (continued)***

The AES results are collated to give a Group-wide result and are also broken down by division and team. Action plans are then developed based on the feedback received within teams. The results of the survey are directly linked to the performance objectives of the members of the AzH Executive Committee and key leaders within the Group. This approach ensures that employee sentiment and impact on the workforce are carefully considered by the leadership team when making decisions. A Work Well Index plus is also used to measure the quality of the work environment, practices and opportunities.

Having a strong focus on Diversity and Inclusion enables the Group to understand both its customers and people. The Group has a clear Diversity and Inclusion strategy, which covers 'our people', 'our customers' and 'our brand and reputation'. In 2023, the Group embarked on several initiatives in support of its aim to foster an inclusive environment where a valued and diverse workforce can be heard, contribute, grow and feel a sense of belonging.

The Group is committed to making sure its people are rewarded fairly through regular review of pay levels to ensure they are competitive with market rates. All of the Group's people are paid at least the Living Wage Foundation rates of pay. The Group understands that the needs of its people are different, so through a new flexible benefits platform launched in 2023, the Group gives its people the opportunity to select the benefits most suited to their individual needs and lifestyles. The Group engages regularly with Unite, a trade union for some staff within the Group and also with the Employee Consultative Forum ("ECF"), both of which exist to protect and improve employee interests. Discussions with Unite and the ECF are escalated to the Board and its committees as appropriate. The Group is committed to reducing the gender pay gap, the Compensation & Nomination Committee of the Board approves the Gender Pay Gap report each year and has oversight of the work underway towards reducing the gap.

### ***Suppliers***

Proposed significant supplier contracts, material either strategically or by reason of size and significance to the Company, are considered by Boards on behalf of the Group, following initial meetings and negotiations by procurement and commercial teams and direct engagement with senior management. In 2023, significant supplier contracts, supported by summary documents, were provided to Boards. Suppliers are required to comply with the Group's Vendor Code of Conduct, which ensures standards are met in relation to ethics, labour and environmental sustainability.

In addition, the sourcing process itself is governed across the Group by adherence to requirements laid out in the Procurement Standard. As a consequence, in 2023, the Boards gave due consideration to significant intended supplier arrangements and their suitability and ability to meet the Group's requirements including areas such as information security, data privacy, risk, protection and resilience. Alongside this, work was undertaken in 2023 to support greater oversight and resilience of the Group's third parties, further increasing the governance and control of new and existing relationships.

In line with the Group's Supplier Relationship Management Framework, relevant executives assume responsibility for approving and overseeing procedures to affect significant contracts and for their ongoing monitoring and performance. Regular reports on supplier performance, inclusive of inputs from fellow safeguarding functions such as Information Security, Operational Resilience, and Risk, were made available to the Board and its committees in the course of 2023 to ensure effective oversight and control.

All of these measures come together to form a productive, secure, and mutually beneficial working relationship with each supplier. These strong working relationships with suppliers have enabled the Group to manage costs, mitigate risk, and work collaboratively to support strategic organisational objectives.

### ***Regulators***

While the Company itself is not regulated, some of the principal subsidiaries of AzH are authorised and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA"). Maintaining a good relationship with the regulators is the priority for the Group and regulatory considerations are given close scrutiny when making decisions.

# Liverpool Victoria General Insurance Group Limited

---

## Strategic Report for the Year Ended 31 December 2023 (continued)

### **Shareholder**

The Company has regard to the interests of its immediate shareholder, AzH, and the wider Allianz SE group when making decisions. The Company's strategy is aligned with the Group's strategy and the Allianz SE strategy. Allianz SE nominate a non-executive Director to the Board of the Company. In 2023, the Board received regular updates from the Allianz SE group on key matters being considered within the wider group. Shareholder views have been factored into various decisions made by the Board during the year including those on strategy, budget, investments, distributions and Board appointments.

### **Community and the environment**

The Group aims to be a leader in sustainability and a committed corporate citizen. The Group focus is on promoting the transition to a low-carbon economy, social inclusion and ensuring the integration of Environmental, Social, Governance ("ESG") into all aspects of its business.

The Group has undertaken its own initiatives during the year in the area of ESG. The Board has also reviewed the ESG strategy, analysing the Allianz SE group strategy in relation to ESG and reviewing how that strategy is implemented in the UK. The Group is fully committed to ESG principles and consideration of its impact in these areas is an important part of Company and Group discussions.

### **Community and the environment (continued)**

The Group looks at its environmental impact in areas which include underwriting, claims, procurement, investments and throughout the Group's business operations. A transition plan to consider ways of decarbonising the Group's business was launched during the year.

The Group undertook a range of charitable giving programmes, including partnerships with mental health charities such as Mind, Scottish Action on Mental Health and Family Action. In addition, the Group participated in an activity coordinated by the Allianz SE group to help, following the earthquake in Turkey and Syria and employees also took part in a global initiative, the Allianz World Run.

The Group also undertakes initiatives in its communities, which complement the activities of the Group. Allianz's partnership with the England and Wales Cricket Board ("ECB") provided financial support through #Funds4Runs to help local clubs and communities get back on their feet and support some of the ECB's priorities – promoting ethnic diversity, cricket for women and people with disabilities, as well as grassroots cricket. In 2023, the Group donated £100k bringing the total amount donated to £400k over the four-year programme which has now concluded.

### **Board decision-making**

This part of our section 172 statement describes how the Board has had regard to the Company's stakeholders and other matters to be considered under section 172(1) of the Act in some of the key decisions taken by the Board during the year.

### **Capital injection and issue of shares**

**Section 172 considerations:** *promoting the success of the Company for the benefit of the Company's members, long-term consequences, maintaining a reputation for high standards.*

**Stakeholders:** *Shareholders, customers, regulators*

During the year the Board agreed to two separate allotments of shares to its sole shareholder AzH in return for capital injections totalling £160,000k. In approving the subscriptions for shares and capital injections, the Directors considered the impact on the Company and the views of the shareholder and the regulator as its key stakeholders. The directors considered the regulatory requirements to maintain a sufficiently robust solvency capital ratio with a buffer above the management ratio for the regulated Group entities. The Board also considered the needs and views of the Company's shareholder and its ultimate parent company, Allianz SE, who require Group companies to be sufficiently capitalised to withstand foreseeable stresses and to comply with local regulatory requirements, safeguarding the long-term success and viability of the Allianz SE Group as a whole. The allotment was approved by the Board subject to another Group company obtaining a non-objection confirmation from the regulators on earlier dividend payments. In making the decision, the Board considered the interests of key stakeholders who need the Company and the Group as a whole to maintain a reputation for high standards in decision making and to hold sufficient capital to meet its long-term requirements. After considering these factors, the Directors concluded that the approval of the subscription and allotment of shares to its parent company would promote the success of the Company for the benefit of its members and the Group.

## Strategic Report for the Year Ended 31 December 2023 (continued)

### **System of Governance Annual Review**

**Section 172 considerations:** *maintaining a reputation for high standards, long term consequences of decisions.*

**Stakeholders:** *Customers, regulators, shareholders*

During the year, the Board (together with the Boards) approved the review of the Group's System of Governance ("Review"). The System of Governance is designed to ensure that the Group has sound and prudent management of its business and is based not only on UK and EU regulatory requirements but is necessary to ensure that the Group's business and risk profile aligns with the Allianz SE group. The Review was considered by the AzH Executive Committee and Risk Committee before receiving Board approval and included the approval of a Statement of Accountability executed by the CEO and Chief Financial Officer ("CFO") to confirm that an effective system of governance exists with appropriate processes and controls. The Review set out its findings and introduced activities to further strengthen the Group's governance framework. The Review was considered a key decision in light of the Board's duty to ensure the Company maintains a reputation for high standards of business conduct and assure the Allianz SE Group that the Company and the Group has a sound and prudent system of governance. In overseeing this important matter, the Board had regard to the requirements of the Company's regulators and interests of the shareholder as well as the potential long-term consequences of any decisions made.

### **Allianz UK Target Culture**

**Section 172 considerations:** *maintaining a reputation for high standards, consequences of decisions in the long term, interests of employees, the impact of operations fostering relationships with customers and suppliers.*

**Stakeholders:** *Customers, regulators, employees*

During the year, the Board considered and approved the Group's 2025 Target Culture. This articulated how the Target Culture will look as the Group moves forward on its journey. In reaching the decision to approve the Target Culture, the Board considered the need to create an environment that supports innovation whilst allowing growth, diversification and simplification. The Target Culture is underpinned by a well-defined set of values, which are aligned across the businesses. In setting the Target Culture, the Board considered the needs of a number of stakeholders including the employees and customer, who are at the core of a strong and inclusive people and customer care culture, as well as the regulator, which continues to focus on culture as a key area of regulatory oversight. Measuring progress against embedding the Target Culture continues to be a priority and is subject to regular updates at Board meetings. The culture dashboard is a regular report to the Board on performance against key metrics and has helped the Board maintain oversight of progress in embedding the Target Culture.

The Company has reported against The Wates Corporate Governance Principles for Large Private Companies which contains further information regarding the governance of the Company, how the Board makes decisions for the long-term success of the Company and its stakeholders. The Corporate Governance Report can be found on pages 13 to 20.

On behalf of the Board



U Lange  
Director

26 June 2024

# Liverpool Victoria General Insurance Group Limited

---

## Directors' Report for the Year Ended 31 December 2023

The Directors present their annual report and the audited financial statements for the year ended 31 December 2023.

As permitted by section 414C (11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Results for the year;
- Customers, suppliers and others statement;
- Principal activities of the Company; and
- Business review and Future prospects.

### Stakeholder engagement

Details of how the Board has had regard to the need to foster the Company's business relationships with suppliers, customers and other stakeholders and the effect of that on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 5 to page 9 of the Strategic Report.

### Directors

The Directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

O R P Corbett (appointed 1 November 2023)

C W T Dinesen (resigned 10 April 2023)

F K Dyson (resigned 29 May 2023)

P J Evans

C J Holmes

U Lange (appointed 30 May 2023)

D J Larnder

S C McGinn (resigned 30 April 2023)

T Robson-Capps

D A Torrance (resigned 31 March 2024)

C G Townsend

S Treloar (resigned 30 June 2023)

J R Vazquez

### Directors' liabilities

A qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

### Results and dividends

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 27. A review of the Company's business activities and any likely future developments can be found in the Strategic Report on pages 2 to 3

No interim dividend was paid for the year ended 31 December 2023 (2022: £65,000k). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

### Future outlook

The future outlook for the Company is outlined in the Strategic Report on page 3.

### Going concern

The going concern assessment for the Company is outlined in the Strategic Report on page 3.

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Employees

#### Equal Opportunities

The Company firmly believes that its employees are at the core of achieving its business success and it ensures that policies and procedures are tailored to ensure it attracts, develops and retains a workforce with the right skills, knowledge and behaviours for the long-term future success of the Company and the Group. The approach of the Company and the Group to equal opportunities are aligned. The Company believes in equality of opportunity and are committed to creating an environment where people can succeed regardless of gender, age, race, disability, religion, sexual orientation or other protected characteristics. The Company champions environments where inclusion is celebrated.

The Group encourages the employment of talent from all backgrounds and abilities. As part of this, it has been granted 'Disability Confident Employer' status by the Department for Work and Pensions. Provided a candidate has made the Group aware that they are disabled and meet the minimum requirements of a vacancy, they will be offered an interview for that position. The Group is dedicated to ensuring it is providing reasonable workplace adjustments to meet specific needs for candidates and employees with disabilities at any point. The Company promotes diversity within its workforce and inclusion of all people. The active participation of employees in staff networks to further improve inclusive working and recognise diversity is promoted.

The Group consults the expertise of membership organisations in the diversity and inclusion field and has signed up publicly to selected initiatives that promote diversity and inclusion. This includes a commitment to the aims of the Race at Work Charter and the Women in Finance Charter across the Group. Employee learning and development opportunities are provided including support for achieving professional qualifications through apprenticeship standards or direct study.

#### Employee engagement and consultation

Employees are offered participation in a range of benefits, including participation in share schemes, which encourages involvement in the Allianz SE group's performance.

Eligible employees also participate in a performance related bonus scheme which is linked to both Group and individual performance to incentivise the achievement of the Company's strategic objectives.

Throughout the Company, consultative procedures are in operation to enable management and staff to discuss matters of mutual interest. Staff are kept informed about the affairs of the Company through departmental channels, team briefings or via consultative bodies and information disseminated electronically including via regular employee newsletters and ongoing intranet news. Under the procedural agreement with the recognised trade union, the Company holds regular meetings on topics raised by both parties; this is in addition to the normal negotiating processes. Information regarding how the Board engages with and has regard to employee interests in decision-making is included in the Section 172 statement on page 6 of the Strategic Report.

### **Streamlined Energy and Carbon Reporting ("SECR")**

The Company fulfils the statutory requirements for SECR which includes disclosure relating to carbon emissions. Under the Companies Act 2006 and SECR Regulations, 'Large' companies are required to report their annual emissions in their Directors' report. It should be noted that the information disclosed relates to several entities within the LVGIG group as this is the lowest level of granularity for which the data is collected. Information relating to the Company alone is not available and identical disclosure has been made by all Companies meeting the reporting requirement.

The SECR statement covers the reporting period 1 January 2023 to 31 December 2023 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the GHG Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location Based' method) and also emissions using supplier specific generation emission factors (the 'Market Based' method).

# Liverpool Victoria General Insurance Group Limited

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Streamlined Energy and Carbon Reporting ("SECR") (continued)

#### 'Location based' Method

The total energy consumption for 2023 was 4,432,537.32 kWh (2022: 5,934,775.67 kWh) equating to 1,094.213 tCO<sub>2e</sub> (2022: 1,209.792 tCO<sub>2e</sub>).

	2023	2022
Emissions from combustion of gas (Scope 1)	254.133 tCO <sub>2e</sub>	129.136 tCO <sub>2e</sub>
Emissions from combustion of fuel for transport purposes (Scope 1)	154.093 tCO <sub>2e</sub>	140.841 tCO <sub>2e</sub>
Emissions from purchased electricity (Scope 2)	548.635 tCO <sub>2e</sub>	585.358 tCO <sub>2e</sub>
Emissions from Transmission and Distribution (Scope 3)	20.769 tCO <sub>2e</sub>	22.725 tCO <sub>2e</sub>
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	116.583 tCO <sub>2e</sub>	175.117 tCO <sub>2e</sub>

Carbon intensity: Emissions of tCO<sub>2e</sub>/full-time equivalent during 2023 was 0.319 tCO<sub>2e</sub> (2022: 0.319 tCO<sub>2e</sub>)

However, the Company's strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2023 total energy consumption, the Company has sourced a total of 2,649,457.56 kWh (2022: 3,026,983.46 kWh) of REGO backed (zero emission) electricity equating to 100% (2022: 100%) of total electricity use.

#### 'Market Based' Method

The total energy consumption for 2023 was 4,432,537.32 kWh (2022: 5,934,775.67 kWh) equating to 524.809 tCO<sub>2e</sub> (2022: 601.709 tCO<sub>2e</sub>).

	2023	2022
Emissions from combustion of gas (Scope 1)	254.133 tCO <sub>2e</sub>	129.136 tCO <sub>2e</sub>
Emissions from combustion of fuel for transport purposes (Scope 1)	154.093 tCO <sub>2e</sub>	140.841 tCO <sub>2e</sub>
Emissions from purchased electricity (Scope 2)	0.000 tCO <sub>2e</sub>	0.000 tCO <sub>2e</sub>
Emissions from Transmission and Distribution (Scope 3)	0.000 tCO <sub>2e</sub>	0.000 tCO <sub>2e</sub>
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	116.583 tCO <sub>2e</sub>	175.117 tCO <sub>2e</sub>

Carbon intensity: Emissions of tCO<sub>2e</sub>/full-time equivalent during 2023 was 0.153 tCO<sub>2e</sub> (2022: 0.159 tCO<sub>2e</sub>).

Energy Efficiency actions taken during 2023:

As the Company consolidates the office portfolio, the "Allianz Buildings Minimum Performance Criteria" has been utilised to select the most energy efficient office space available. Part of this strategy also entails the installation of electric vehicle charging points and donating any excess office furniture to local charities and schools.

- As part of consolidation and refurbishment the following actions were taken across several sites (3 sites in total): Adapted landlord energy efficient LED light fittings and PiR controls (movement sensors) have been updated.

# Liverpool Victoria General Insurance Group Limited

---

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Streamlined Energy and Carbon Reporting (“SECR”) (continued)

#### 'Market Based' Method (continued)

The Company is committed, via an interim target, that by 2025 we will aim to reduce GHG emissions per employee by 50% versus a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions. For year-end 2030, the Company target GHG emission reductions of 70% and for year-end 2029, -65% versus a 2019 baseline.

Key levers for GHG emission reduction will be the areas of Renewable Electricity, Buildings, as well as Fleet, Business Travel and Procurement. In the area of Renewable Electricity, the Company source 100% renewable electricity from 2023 onwards and implement energy efficiency measures. For Fleet and Business Travel, the Company aims to shift to a fully electric corporate car fleet by 2030 at the latest, achieve a 40% reduction of GHG emissions from travel activities by 2025 compared to a 2019 baseline. For Procurement, the Company will ask 100% of global framework vendors in our supply chain that provide services globally to establish a public commitment to net-zero GHG emissions in line with the 1.5°C path by 2025.

### Corporate Governance Report

For the year ended 31 December 2023, the Company applied the Wates Corporate Governance Principles for Large Private Companies (“Wates Principles”) to its business and this report sets out how the Wates Principles were applied.

The Company is a wholly owned subsidiary of AzH and is the intermediate holding company for the LVGIG group and leverages the governance structure of the Group. The composition of the Company's Board and that of the other key regulated entities and key holding companies are aligned, the same directors sit on these Boards and apply the same Group governance structure.

### Principle One – Purpose and Leadership

#### Purpose and Strategy

The Company's purpose of “We Secure your Future” is aligned with that of the Group and the wider Allianz SE group. The Group's and the Company's ambition is to be the most recommended by customers and partners, to attract and retain the best people and consistently exceed target returns and be recognised as leading the industry in its approach to ESG. This purpose and ambition is implemented through commitment to the Allianz SE Group's business strategy of “Simplicity at Scale”. The Company aims to deliver attractive and consistent returns to its immediate shareholder and consequently to the Group and Allianz SE group.

In line with the Company's purpose, the Board sets its strategy and oversees performance against the strategic objectives. The Company's strategy is approved by the Boards as a part of the Group's strategy as well as being discussed and agreed with the ultimate shareholder, Allianz SE, through the annual Planning and Strategic Dialogue processes. The Chair is responsible for leading Board discussions on strategy matters. The aligned strategy of the Group is then segmented and the Company's Board and senior leadership team focus on the Company's part in the wider strategic plans and how these will be delivered and aligned with the Company's purpose.

The CEO is responsible for delivery of the overall strategy of the Group, along with the AzH Executive Committee, which includes senior leadership from Allianz Commercial, Allianz Personal, Allianz Specialty and central functions which support the Group. The Managing Director of Allianz Commercial is responsible for implementation of the Company's commercial strategy and there is an Allianz Commercial leadership team to support the Managing Director. The personal lines business is the responsibility of the Managing Director of Allianz Personal, supported by the Allianz Personal leadership team. The Managing Director of Allianz Specialty is responsible for implementation of the Company's specialty strategy and there is an Allianz Specialty leadership team to support the Managing Director. In addition, there is continued focus on operating in an ethical, environmentally friendly and sustainable manner and ensuring employees of all backgrounds feel included and able to progress.

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle One – Purpose and Leadership (continued)

##### Values and Culture

The Group's values and behaviours underpin its culture and are embedded in day-to-day operations and decision-making. The Group's people help to shape the culture of the business enabling it to deliver culture outcomes for customers, employees, and society. In line with Allianz SE's purpose, 'we secure your future', LV= General Insurance maintains a strong people care anchor and puts customers at the heart of everything it does. LV= General Insurance's brand promise and leading service is a differentiator.

To strengthen the Group's commitment to culture, the appointment of the Head of Culture and Organisational Development was completed in 2023 to enable focus on the oversight, implementation and embedding of initiatives derived from the culture action plan.

The Board has a strong emphasis on integrity and honesty. During 2023, a programme to roll out a common set of values and align them to the group purpose, 'we secure your future', was completed. The values of Be Brave; Inspire Trust; With Heart and Everyone Counts, alongside the associated expected behaviours, have set expectations for employees and are reinforced through the Group's policies and practices.

The values are used to assess the performance of employees and are embedded into the recognition platform. Furthermore, in 2023 the Group initiated a programme to engage its leadership population on the topic of purposeful leadership to maintain continued focus on delivering to purpose and building a customer-centric culture.

People policies are being aligned across the Group's businesses to provide a consistent approach that explicitly considers supporting the delivery of good customer outcomes across the organisation.

In 2023, there was a review of the independent third-party culture assessment, which was originally done in 2021. This measured progress made against the Group's culture ambitions. Scores improved across the majority of measured archetypes, with customer-centricity remaining the Company's strongest archetype and seeing the most significant improvement. The Boards reviewed the findings and actions are to be integrated into the broader culture action plan.

The Board recognises that Diversity and Inclusion ("D&I") is fundamental to the Group's ability to understand representation within the workforce and measure progress. D&I is a key aspect of culture and therefore a critical measure of success for the Group.

When the Group procures products and services from third parties, it looks to do so in a sustainable and transparent manner within any supply chain. With respect to products and services, they must always be clearly explained and honestly marketed. The Group uses its sustainable procurement charter to encourage its suppliers to adopt and develop sound ESG practices. For tender assessments, Group will apply ESG factors, as a way of prioritising suppliers that have embedded sustainable and ethical practices within their organisation. The Group will also provide support and education to suppliers who are invested in ESG.

The Group's ESG strategy is embedded within the business and has been reviewed by the Board. Under this strategy; the Group believes that its role is to set the tone from the top on governance, culture and purpose and to be collectively responsible for the long-term success of the Company. For the Board, this means not only ensuring that the culture is fully embedded throughout the workplace but ensuring that the Company complies with all relevant laws and regulations, has high standards of internal control and risk management and that the business is run with integrity. The Group knows that by acting responsibly, it can provide products and services that meet its customers' needs, reduce the impact of its operations by being environmentally efficient and help the transition to a low carbon economy.

The Company undertakes its own initiatives in its communities, which complement the activities of the Group. These include LVGIG's partnership with the England and Wales Cricket Board ("ECB") which concluded in 2023, and further details of which are set out on page 8 in the Section 172 statement. In addition, charity and community groups run by employees in each LVGIG regional office supported local community initiatives through fundraising, grants and volunteering events.



# Liverpool Victoria General Insurance Group Limited

---

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle One – Purpose and Leadership (continued)

##### Values and Culture (continued)

The Company also completed a third year working with charity partner, Family Action, who have been building stronger families since 1869. Family Action transforms lives by providing practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation across the country. They do this by working with 60,000 families through 200 community-based services. Thousands more are supported with financial assistance through education and welfare grant programmes. The Company is supporting the FamilyLine service by donating £1 million over the duration of the three-year partnership through corporate donations, fundraising and charity matching.

FamilyLine is a free national helpline that provides support to adult family members on all aspects of family life issues via telephone, text message and email. The impact of the pandemic crisis and the pressures associated with the rise in cost of living has seen a significant surge in families requiring ongoing and additional support and the funding assists Family Action to continue to allow their services to meet the growing demand. In addition, employees have signed up as trained volunteers to support callers through befriending activities.

#### Principle Two - Board Composition

##### Composition, Size and Structure

As of 31 December 2023, the Board of the Company comprised six independent non-executive directors (one performing the role of Chair), a shareholder nominated non-executive director and two executive directors. O R P Corbett was appointed to the Board on 1 November 2023 as an independent non-executive director, whilst C Dinesen stepped down from his role as a non-executive director on 10 April 2023. Following the financial year end, D A Torrance stepped down from his role as a non-executive director on 31 March 2024.

The executive directors include the CEO (C J Holmes), and the CFO (U Lange). U Lange was appointed on 30 May 2023, whilst F K Dyson stepped down from his role as CFO on 29 May 2023. S Treloar and S C McGinn stepped down from their roles as Allianz Personal CEO and Allianz Commercial CEO on 30 June 2023 and 30 April 2023 respectively.

The role of the Chair (being the Chair of the Boards as well as the Company) and the role of CEO are separate and clearly defined. The Chair is responsible for the effectiveness of the Board, including facilitating objective debate to ensure effective decision-making.

The CEO is responsible for executing the strategy of the Company with support from the AzH Executive Committee.

The current composition of the Board is considered appropriate for the size and nature of the business, and provides the appropriate combination of skills, experience and knowledge required for the Board to carry out its responsibilities.

##### Balance and Diversity

The Board remains committed to increasing diversity across the business and the Group operates a diversity policy to encourage a more diverse and inclusive environment at all levels of the business. Diversity and inclusion is an important topic within the Group and is fully supported by the Board and the AzH Executive Committee.

Within the Group, a diversity and inclusion forum sponsored by the CEO develops the diversity and inclusion action plan. During the year, a member of the AzH Executive Committee was also on the Allianz SE group Global Inclusion Council that develops and drives the global strategy. The Group further developed a range of employee-led networks across the business which specialise in and promote aspects of diversity and inclusion. These include working parents and carers, intergenerational working, gender balance, LBGTQIA+, cultural and ethnic diversity, armed services, disability and long-term health conditions and mental health. Further details on Gender Pay Gap reporting by AzH are provided within Principle Five of the Corporate Governance report.

In relation to the Board, as at 31 December 2023, two of the nine members (22%) of the Board were female. New appointments to the Board are recommended by the Compensation & Nomination Committee after consideration of the Board's composition in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. The Board recognises that its own membership is not as diverse as it should be and this will be taken into account as and when new directors are appointed to the Board, including when existing non-executive directors come to the end of their term in office.

# Liverpool Victoria General Insurance Group Limited

---

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle Two - Board Composition (continued)

##### Balance and Diversity (continued)

The non-executive directors bring a broad range of experience and skills to the Board which are highly relevant to the insurance sector and therefore they provide objective and constructive challenge to the executive directors.

##### Effectiveness

An external provider is engaged to carry out a Board effectiveness review every three years and in the intervening years there are annual Board self-assessment effectiveness reviews undertaken. The effectiveness reviews cover the Company and other entities within the Group.

During 2023, an externally facilitated governance review (the "2023 Review") was carried out by Deloitte LLP.

The 2023 Review covered Board and committee effectiveness in all respects and also considered specific areas such as ensuring that customer outcomes and conduct risks were fully considered in all major decisions. The methodology used included documentation reviews, Board and senior management interviews, observation of Board and committee meetings and workshops. Reports from the 2023 Review were considered at Board and committee meetings. The 2023 Review concluded that there have been material improvements in the effectiveness of the Board and its committees relative to the outcomes from the 2021 review.

Opportunities for improvement were identified from the 2023 Review and action plans drawn up with progress against the embedding of actions considered by the Board and relevant committees at quarterly intervals. Since the Review many improvements have been made and all actions have been closed.

The Directors are provided with a comprehensive and tailored induction on joining the Board and regularly meet with senior managers across the business. During the year, O R P Corbett was appointed as an independent non-executive director and received a full induction, spending time getting to know the business and key individuals within it.

A Board on-site day was organised in 2023 when directors had the opportunity to visit the Group's Specialty business and meet key management personnel operating within that location. Board on-site days have also been scheduled in 2024 to build greater awareness amongst directors around the cultural feel, situational context and office climate as well providing an opportunity for direct engagement with employees.

A schedule of Board training and deep dive topics is maintained by the Company Secretary which evolves based on the Board's development and training requirements. External advisors are invited for deep dive and training sessions on various topics as required (see further below) in order to support the ongoing professional development of Directors. Non-executive Directors have access to the Company Secretary and can take independent professional advice at the Company's expense.

During the year, the Directors received training by participating in quarterly deep dive sessions with management. These sessions are structured to enable updates and in-depth discussion on certain topics. The deep dive sessions held during the year covered varied topics including: Diversity & Inclusion; the IT service improvement plan; change portfolio; non-financial risk management framework (aimed at enhancing the Group's risk and control framework for non-financial risks which meets the requirement of Allianz SE group and the needs of the Group); model governance and machine learning (Business and Technology based transformation programme for the Commercial Business); IFRS 9/17 transition; commercial transformation; and Solvency II reforms.

#### Principle Three – Directors Responsibilities

##### Accountability

The Board operates under a corporate governance framework that provides the required structure to enable prudent yet entrepreneurial management. The Board held quarterly meetings during 2023 as well as a strategy session with members of the AzH Executive Committee. There were also a number of ad-hoc meetings during the year.

The agenda for each Board meeting is considered by the Chair, CEO and the Company Secretary to ensure that all regulatory and governance matters are considered appropriately. This ensures that the Board can effectively carry out its responsibilities.

# Liverpool Victoria General Insurance Group Limited

---

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle Three – Directors Responsibilities (continued)

##### Accountability (continued)

The Group policies, including those concerned with Solvency II requirements, are applied to the operation of the Company's Board and its function, as well as to the wider business. Group Solvency II policies, in particular the Governance and Control Policy, are reviewed and approved annually to ensure continued relevance and effectiveness.

Individually, each Director is required to perform their role in accordance with prescribed role profiles and competency requirements. Annual Board Fit and Proper assessments as part of the Senior Manager and Certification Regime processes help to ensure the directors remain "fit and proper" to undertake their duties (both fiduciary and regulatory) and responsibilities to the Company.

All Directors are expected to report any interests they have including any potential conflicts of interest as they arise. The Directors note interests at each Board meeting (including Board committee meetings). Where required, appropriate mitigations to actual or potential conflicts are put in place, including where necessary a member excusing themselves from a particular agenda item or decision to ensure the interests of the Company are not compromised.

##### Board Committees

The composition of the Company's Board and that of the other key regulated entities and holding companies within the Group are aligned, so the same Directors sit on these Boards, with each company discussing matters relevant to it and the Directors considering matters from the perspective of each relevant company for each item on the agenda. The Boards and the Company's Board delegate certain activities to committees; the Audit Committee, the Risk Committee, the Customer & Conduct Committee, the Compensation & Nomination Committee and the Finance & Investment Committee. All of these committees are chaired by a non-executive Director who provides constructive challenge and oversight across the work carried out by those committees. During 2023, the Finance & Investment Committee had one non-executive Director member and was chaired by the CEO. Following the financial year end, the Finance and Investment Committee's governance was changed making it a sub-committee of the AzH Executive Committee. Rolling forward agendas for all the Board committees are reviewed at quarterly committee meetings and updated as required, to ensure members have an advanced view of the key matters for consideration throughout the year.

The implementation of the Company's strategy is delegated by the Board to the CEO who is supported in this by the AzH Executive Committee and its sub-committees which consist of the accountable executives for the Group.

The Board committees consider matters for the Group as a whole and matters which pertain to a particular division or Group company, as required. During the year, the terms of reference of the Board committees were reviewed and updated to ensure that duties and authorities delegated to the committees were clearly set out and defined and the allocation of responsibilities between the committees was clear. However, the Board retains ultimate responsibility for decisions in relation to matters reserved under its terms of reference and where relevant each Board committee recommends matters put to it to the Board for approval.

##### Integrity of Information

The provision of clear, precise and relevant management information and reports to the Board is fundamental to achieving good corporate governance and efficient decision-making and operations.

There are formal and robust internal processes to ensure that the systems and controls in place are operating effectively, and that the Board receives accurate, regular and timely information about the performance of the business. Board reporting templates ensure consistency of reporting across the Board and committee meetings. Internally facilitated training for paper authors and chairs was held during the year to reinforce best practice in relation to the provision of management information and meeting processes. Appropriate service level agreements are in place to ensure Board and committee packs are delivered to agreed timescales allowing sufficient time for directors to review ahead of meetings and facilitate useful debate and challenge at meetings. The efficacy of the processes is reviewed by the Board as part of the Board Governance Effectiveness review undertaken annually in addition to interim feedback provided by the Directors on processes and management information.

Information provided to the Board is wide-ranging including financial information, review of actual performance against plan, strategy updates, project updates, certain metrics and data and market developments.

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle Three – Directors Responsibilities (continued)

##### Integrity of Information (continued)

The internal audit function prepares an annual risk-based plan of audits, derived from an audit universe, defined and revised annually, covering the complete system of governance. This includes the controls surrounding the processes for collecting and reporting data. The annual plan is approved by the Audit Committee with quarterly reporting on progress to the Audit Committee and the Boards. The Company's Board is therefore aware of and has oversight of these matters as appropriate and relevant to the Company and its activities. A consolidated assurance plan is also considered by the Risk Committee annually providing a summary of assurance coverage from the three-line assessments of controls and governance.

#### Principle Four – Opportunity and Risk

##### Opportunity

The Board actively considers and approves strategic opportunities as these are key drivers of the strategy to outperform the Group's chosen markets. This incorporates the appropriate regulatory, customer and commercial considerations to review opportunities and to ensure successful delivery. The AzH Executive Committee meets monthly to review the opportunities pipeline, set priorities and to provide oversight with required escalations to the Board. Strong alignment exists with Allianz SE group's purpose and strategy.

The Board reviews and approves strategy through the Strategic Dialogue process and, as part of this exercise, considers threats and opportunities (including the Group's risk appetite). Further information on the strategy setting process is provided under Principle One.

##### Risk

An enterprise risk management ("ERM") framework forms the overarching framework for management to deal with the various risks the Company may encounter, as well as their tracking and monitoring. This also ensures that the Group has processes in place by which it assesses the risks that the Company is exposed to, both on a current and forward-looking basis.

All businesses face uncertainty, and the challenge for management is to determine the nature and extent of uncertainty the Company is prepared to accept, in pursuit of its strategic objectives, as it strives to grow stakeholder and customer value. Uncertainty presents both risk and opportunity, with the potential to either erode or enhance value.

The ERM framework forms the overarching framework for management to deal with the various risks the Company may encounter, as well as for how they are monitored and reported. This also ensures that the Group has processes in place by which it assesses the risks to which it is exposed, both on a current and forward-looking basis.

The Board delegates oversight of risk management to the Risk Committee and the CEO. The Chief Risk Officer ("CRO") is a member of the AzH Executive Committee and the Executive Risk Committee and a standing attendee at the Risk Committee and the Board. The CRO is supported by the Risk function which is made up of qualitative and quantitative risk experts. However, managers within business units remain collectively and individually responsible for managing risk in their own areas.

To ensure that the Company is as well prepared as possible to identify and manage risks in a rapidly changing environment, there are a number of key risk management processes and policies in place. These processes are enabled by an appropriate governance structure to support effective risk management processes and the appropriate risk culture.

The Group has an Internal Control Framework, which is articulated in the Group's Governance and Control Policy. The Board is able to make informed and robust decisions based on information delivered via risk management systems described in the Risk Policy. The Risk Committee monitors risk management performance and the evolution of the risk profile through the quarterly Own Risk and Solvency Assessment ("ORSA") process. Any significant deviations from the policy or other issues identified are communicated to the Board by the Risk Committee.

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle Four – Opportunity and Risk (continued)

##### Risk (continued)

The Corporate Governance team, overseen by the Chief Legal Officer and Company Secretary, supports the Board and AzH Executive Committee in fulfilling their responsibilities in respect of the effectiveness of the Company's System of Governance. The AzH Executive Committee consists of senior leadership within the Company who oversee the Company's system of governance and seek assurance that the governance framework is appropriate and effective. The System of Governance is subject to annual review to ensure it continues to facilitate sound and prudent management of the business of the Company (with a Statement of Accountability being signed by the CEO and CFO and provided to the Allianz SE group as part of its own governance review).

##### Responsibilities

The Board's responsibilities include approving the strategy, strategic asset allocation, establishment and maintenance of the system of internal control, approval of new appointments to FCA/PRA Controlled Functions and oversight of the overall operation of the Company.

The Board is responsible for setting and reviewing the Company's risk appetite. The Company has a written statement confirming the degree of uncertainty (or risk) that the Company is willing to accept in the pursuit of its goals. The Company has a conservative and controlled risk appetite that is aligned to achieving corporate objectives and meeting regulatory requirements.

In relation to the objectives in the annual corporate plan, the Company aims to ensure that it is not unduly exposed to any event or combination of events that could cause a variance in result inconsistent with the stated risk appetite. The Risk Committee is responsible for oversight of risks, both current and emerging. Mitigation activities are agreed by the Risk Committee and issues, such as reputational risk events, are escalated and acted upon as appropriate. Risks are monitored by the Risk function via the risk management systems in place.

The Company has established clear communication channels. Internally, risks are discussed and escalated to relevant committees including the Risk Committee. Externally the Company's risk profile is outlined in the Annual Report and Financial Statements and the Solvency and Financial Condition Report.

#### Principle Five – Remuneration

The Compensation & Nomination Committee of the Boards is responsible for oversight of the Group's compensation strategy and making recommendations to the Boards on matters concerning the remuneration of the directors and senior executives.

The Group Remuneration Strategy and policies ensure that remuneration of all Group employees is aligned to the performance of the business and adheres to its values and behaviours. The Remuneration Policy also ensures that reputational and behavioural risks to the Company and Group from inappropriate incentives or arrangements are carefully considered.

During the year, the Compensation & Nomination Committee met the requirements of its clearly defined terms of reference, which included reviewing and publishing the Gender Pay Gap Report for 2022 (published in 2023). The Gender Pay Gap Report emphasises the approach of the Board to being an active and equal opportunities employer who promotes a workplace where everyone receives equal treatment regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. The reports can be found on the LV website.

The remuneration of employees below Senior Executive level is overseen by the AzH Executive Committee, as appropriate.

## Directors' Report for the Year Ended 31 December 2023 (continued)

### Corporate Governance Report (continued)

#### Principle Five – Remuneration (continued)

##### Remuneration Decisions

The Compensation & Nomination Committee consists of independent non-executive directors only. The Compensation & Nomination Committee is responsible for reviewing compensation strategy and applying it to Senior Executive positions to attract and retain quality people and enable the delivery of the Company's strategy. There is a robust process in place to assess how material risk takers have managed material risk events and risks therein, including conduct related risks, and influenced the risk profile of the business, requiring adjustments to their remuneration. The process of reviewing risk takers performance is considered with input from Compliance, Audit, Risk and HR as part of the Risk Adjustment Review and their findings are presented to the Compensation & Nomination Committee for consideration. External benchmarking of remuneration is undertaken and is used when setting the remuneration of the Group's Senior Executive population. The Committee also oversees the design and operation of the performance management framework in meeting the Group's objectives and local regulatory requirements and suggests changes to it.

##### Setting Remuneration

Compensation is set with reference to the Group's Remuneration Policy (which contains malus arrangements) and to the compensation framework set up by Allianz SE group's Compensation Committee. The Compensation & Nomination Committee determines total remuneration in relation to directors (executive and non-executive) with approval by the Board. The Compensation & Nomination Committee seeks external input from specialist advisors on, for example, market trends and benchmarking. Different stakeholder groups such as customers and the shareholder are considered, including the Committee being satisfied that customers had been protected, when determining appropriate levels of bonus/performance related payments. The Compensation & Nomination Committee also takes into account relevant UK regulatory guidance on remuneration. Directors and senior management who sit on subsidiary Boards are remunerated at Group level and are not remunerated separately for their subsidiary Board positions. The directors' remuneration is disclosed in note 10.

Salaries of all Group employees are aligned to the performance of the business and market conditions, with bonus (and long-term incentives for senior management) driven by a combination of personal and business performance. The approach is aligned for employees of all levels and remuneration, particularly bonuses, with the Group's purpose and values and achievement of strategy.

#### Principle Six – Stakeholder Relationships and Engagement

##### External Impacts

Good and effective governance underpins and drives a number of key business objectives including: growth and profitability, product performance, customer satisfaction, co-operative arrangements with third party stakeholders and suppliers, and sustainability.

The Group and the Company are acutely aware of the broader impact the business has on its various environments, its customers, suppliers and society in general, and adheres to and participates in the Group's corporate social responsibility policies and practices. In addition, sustainability is a key objective of the business, informing what it does and in particular the goods and services it procures.

Throughout 2023, the Company focused a significant amount of time on creating an environment where employees of all backgrounds felt included and were able to succeed, and also ensuring that, as a organisation, the Company continues to operate in an ethical, environmentally friendly and sustainable manner.

## **Liverpool Victoria General Insurance Group Limited**

---

### **Directors' Report for the Year Ended 31 December 2023 (continued)**

#### **Independent Auditors**

Pursuant to section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will have been deemed to be re-appointed as auditors at the end of 28 days beginning with the day on which copies of these report and financial statements are sent to the member.

By order of the Board



C M Twemlow  
Company secretary

26 June 2024

### Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.


The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



U Lange  
Director

26 June 2024



# Independent auditors' report to the members of Liverpool Victoria General Insurance Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Liverpool Victoria General Insurance Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

### Conclusions relating to going concern

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

- Obtaining the Directors' going concern assessment and challenging the material assumptions made using our knowledge of the business and obtaining further corroborative evidence;
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict the assessment of going concern; and
- Assessing the disclosures made in respect of going concern.

## **Liverpool Victoria General Insurance Group Limited**

---

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Liverpool Victoria General Insurance Group Limited

---

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in the accounting estimates and judgemental areas of the financial statements such as the • Valuation of investments in subsidiaries. Audit procedures performed by the engagement team included:

- Discussions in consideration of known or suspected fraud with the Board of Directors, management, internal audit, senior management involved in the Risk and Compliance functions and the Legal function;
- Obtaining management's impairment analysis and challenging the assumptions made;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries that are determined to demonstrate fraud characteristics; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or

## **Liverpool Victoria General Insurance Group Limited**

---

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sue Morling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 June 2024

## Liverpool Victoria General Insurance Group Limited

---

### Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	3	356,057	349,245
Investment income	4	<u>30,480</u>	<u>65,080</u>
<b>Total income</b>		<b>386,537</b>	<b>414,325</b>
Administrative expenses	5	(358,833)	(348,863)
Impairment of investment in group undertakings	13	<u>-</u>	<u>(1,059)</u>
<b>Operating profit</b>		<b>27,704</b>	<b>64,403</b>
Finance costs	7	<u>(218)</u>	<u>(382)</u>
<b>Profit before tax</b>		<b>27,486</b>	<b>64,021</b>
Income tax expense	9.1	<u>(2,859)</u>	<u>(2,740)</u>
<b>Profit for the year wholly attributable to the equity holder</b>		<b><u>24,627</u></b>	<b><u>61,281</u></b>

There has been no other comprehensive income in the year ended 31 December 2023 (2022: £ nil).

The accounting policies and notes on pages 31 to 50 are an integral part of these financial statements.

## Liverpool Victoria General Insurance Group Limited

---

### Statement of Changes in Equity For the Year Ended 31 December 2023

		<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 January 2022		896,254	59,120	955,374
Profit for the year		-	61,281	61,281
Dividend paid		-	(65,000)	(65,000)
<b>At 31 December 2022</b>		<b>896,254</b>	<b>55,401</b>	<b>951,655</b>
		<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 January 2023	<b>Note</b>	896,254	55,401	951,655
Profit for the year		-	24,627	24,627
Capital injection	13	160,000	-	160,000
<b>At 31 December 2023</b>		<b>1,056,254</b>	<b>80,028</b>	<b>1,136,282</b>

The accounting policies and notes on pages 31 to 50 are an integral part of these financial statements.

## Liverpool Victoria General Insurance Group Limited

### Statement of Financial Position As at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Assets</b>			
Intangible assets	11	32,496	19,488
Property, plant and equipment	12	181	262
Right of use assets	16	2,570	9,546
Investments in group undertakings	13	1,155,536	965,536
Deferred tax assets	9.4	1,229	150
Accrued income and prepayments	14	11,676	17,551
Trade and other receivables	17	29,159	27,383
Current tax assets	9.3	5,054	659
Cash and cash equivalents	18	1,355	5,707
<b>Total assets</b>		<b>1,239,256</b>	<b>1,046,282</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	(1,056,254)	(896,254)
Retained earnings		(80,028)	(55,401)
<b>Total equity</b>		<b>(1,136,282)</b>	<b>(951,655)</b>
<b>Liabilities</b>			
Provisions for other liabilities and charges	21	(3,864)	(5,864)
Deferred tax liabilities	9.4	(7,699)	-
Lease liabilities	16	(2,764)	(10,054)
Trade and other payables	20	(85,113)	(78,709)
Loans and borrowings	15	(3,534)	-
<b>Total liabilities</b>		<b>(102,974)</b>	<b>(94,627)</b>
<b>Total equity and liabilities</b>		<b>(1,239,256)</b>	<b>(1,046,282)</b>

These financial statements on pages 27 to 50 were approved by the Board of Directors on 19 June 2024 and signed on its behalf by:



U Lange  
Director  
26 June 2024

Liverpool Victoria General Insurance Group Limited  
Registered Number: 04332926

The accounting policies and notes on pages 31 to 50 are an integral part of these financial statements.

## Liverpool Victoria General Insurance Group Limited

### Statement of Cash Flows For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>27,486</b>	<b>64,021</b>
<b>Adjusted for non-cash items</b>			
Depreciation of property, plant and equipment	12	81	81
Depreciation of right of use assets	16	2,279	2,555
Disposal of right of use assets	16	4,697	-
Amortisation of intangible assets	11	4,230	3,825
Impairment of investment in group undertakings	13	-	1,059
Interest income received	4	(480)	(80)
Dividend income received	4	(30,000)	(65,000)
Finance costs	7	218	382
Short term lease payments	16	(469)	(447)
		<b>8,042</b>	<b>6,396</b>
<b>Changes in working capital</b>			
Decrease/(increase) in accrued income and prepayments	14	5,875	(6,107)
(Increase)/decrease in trade and other receivables	17	(1,776)	10,340
Increase in trade and other payables	20	6,404	19,913
Decrease in provisions	21	(2,000)	(723)
Short term lease payments		469	447
		<b>17,014</b>	<b>30,266</b>
<b>Cash generated from operations</b>		<b>17,014</b>	<b>30,266</b>
Interest paid	7	480	80
Income tax paid	9.2	(634)	(9,810)
		<b>16,860</b>	<b>20,536</b>
<b>Net cash flow generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Investment in subsidiaries		(190,000)	-
Acquisition of intangible assets	11	(17,238)	(10,689)
Dividend income	7	30,000	65,000
		<b>(177,238)</b>	<b>54,311</b>
<b>Net cash flow (used in)/generated from investing activities</b>			
<b>Cash flows from financing activities</b>			
Interest expense on leases		(218)	(382)
Capital injection	13	160,000	-
Movement in lease liabilities		(7,290)	(2,717)
Dividends paid	26	-	(65,000)
		<b>152,492</b>	<b>(68,099)</b>
<b>Net cash flows generated from/(used in) financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,886)</b>	<b>6,748</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18</b>	<b>5,707</b>	<b>(1,041)</b>
<b>Cash and cash equivalents at end of year</b>		<b>(2,179)</b>	<b>5,707</b>

The accounting policies and notes on pages 31 to 50 are an integral part of these financial statements.



## Notes to the Financial Statements for the Year Ended 31 December 2023

### 1 ACCOUNTING POLICIES

#### 1.1 Company and its operations

Liverpool Victoria General Insurance Group Limited is a private limited company incorporated in England and Wales and domiciled in the United Kingdom.

#### 1.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

#### 1.3 Basis of preparation

The Company is exempt from the obligation to prepare and deliver group financial statements by virtue of the Companies Act 2006 (Section 401 1a) as it is a subsidiary undertaking of an EU parent (Allianz SE) (see note 23). The financial statements present information about the Company as an individual undertaking and not about its Group.

The financial statements have been prepared on the historical cost basis except for the following:

- Lease liability - please refer to accounting policy 1.4d.

The functional and presentational currency is British Pounds.

#### Going concern

The financial statements have been prepared on a going concern basis. For more information on the going concern assessment please refer to Going Concern within the Strategic Report on page 3.

#### New standards and interpretations adopted by the Company

There are no new standards and interpretations affecting the Company that are mandatorily effective from 1 January 2023. The accounting policies have been consistently applied unless a new policy has been implemented.

#### New standards and interpretations not yet adopted by the Company

New standards and interpretations which are not mandatorily effective have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead it will apply the standards from the effective date as determined by the date of UK Endorsement Board ("UKEB").

#### Amendments to IAS 1 'Presentation of Financial Statements'

Amendments to the classification of liabilities as either current or non-current, and non-current liabilities with covenants, clarify that the classification of liabilities as either current or non-current is based solely on the Company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The amendments also aim to improve the quality of information the Company provides related to liabilities subject to these conditions. These amendments are not expected to have any impact on the Company.

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of significant accounting policies

The Company has identified the accounting policies that are most significant to its business operations and the understanding of its results. Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of significant adjustments in the next year are discussed in note 2.

The significant policies adopted in the preparation of the financial statements are set out in the following paragraphs:

#### (a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

#### Depreciation

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the Balance Sheet date, of each asset evenly over its expected useful life as follows:

<b>Asset class</b>	<b>Useful life</b>
Fixtures and Fittings	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### (b) Investments in group undertakings

Investments in group undertakings are shown in the Statement of Financial Position at cost. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment assessment compares the carrying amount of the investment in the subsidiary with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount is higher than the recoverable amount, an impairment is recognised in the Statement of Profit and Loss and Other Comprehensive Income in the period in which it occurred.

From time to time there may be a transfer of value between the Company's subsidiary investments. Because this type of transaction is not covered by IFRS, a policy has been developed to account for such transfers in accordance with their substance and economic reality and not merely their legal form. When such transactions arise, the Company recognises a transfer of value from carrying value of the investment in the transferor to the investment in the transferee. This transfer is considered to align with the principle in IAS 27 to measure investments at cost. The method applied recognises that the cost to the Company of this transaction is a reduction in the value of its investment in the transferor; so, recognition of this value, as part of the investment in the transferee, is a cost method.

#### (c) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

<b>Asset class</b>	<b>Useful life</b>
Computer software	4/5 years

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of significant accounting policies (continued)

##### (c) Intangible assets (continued)

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Costs associated with the development of software for internal use are capitalised only if the software is technically feasible for sale or use on completion and the Company has both the intent and sufficient resources to complete the development. Subsequent expenditure is capitalised only if the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

##### (d) Company as a Lessee

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made or incentives received at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove and restore the underlying asset and the site on which it is located.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the asset's useful life or end of the lease term, in line with the Company's policy for property, plant and equipment. The Company applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments and increasing the carrying amount to reflect interest on the lease liability. The carrying amount will also be adjusted to reflect any reassessment or lease modifications specified in the standard.

The lease term is determined as the non-cancellable period of a lease, together with options to extend or terminate which the Company deems as reasonably certain.

The Company has elected to not recognise right of use assets and lease liabilities for short-term leases and leases of low-value assets. The lease payments are recognised as an expense on a straight-line basis over the lease term.

##### (e) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income tax credit/(expense). Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, together with adjustments to tax payable in respect of prior years.

Deferred tax is provided in full using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Statement of Financial Position date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets are reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of significant accounting policies (continued)

##### (e) Income taxes (continued)

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment has been made to the relevant tax authorities.

##### (f) Trade and other receivables

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Statement of Financial Position date and the carrying amount of the receivables balance is reported after deduction of any ECL.

The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

##### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with an original maturity of three months or less at the date of placement.

##### (h) Provisions for other liabilities and charges

A provision is recognised by the Company when a past event gives rise to a present legal or constructive obligation, in which the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made. If the effect is significant, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment for the time value of money and, where appropriate, the risk is specific to the liability.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

##### (i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

# Liverpool Victoria General Insurance Group Limited

---

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Summary of significant accounting policies (continued)

##### (j) Revenue recognition

Revenue recognised primarily relates to recharged expenses the Company handles on behalf of the Group. Revenue is measured at the fair value of the consideration received. Revenue is recognised when the performance obligation has been satisfied. This revenue is recognised in parallel with the recognition of the underlying expenses to be charged.

The Company has one performance obligation within its revenue stream:

- Rendering of services to related parties - The performance obligation is the re-allocation of expenses incurred on behalf of the Group. This obligation is satisfied when the expenses are recharged and as such the revenue is recognised immediately receipts in respect of payroll services are deemed immaterial.

Interest income is also recognised in the Statement of Profit and Loss and Other Comprehensive Income as it is accrued. Dividend income from subsidiaries is recognised in the Statement of Profit and Loss and Other Comprehensive Income upon receipt of payment.

### 2 USE OF CRITICAL ESTIMATES, ASSUMPTION AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical judgements, estimations and assumptions that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

#### *Assumptions used in the valuation of the subsidiary company*

Where the net asset value of the subsidiary falls below the cost of investment in the subsidiary, the valuation is based on the subsidiary's value in use. The value in use is based on the future cash flows forecast into perpetuity and calculated as at the end of the period, based on financial plans approved by the Directors covering a three year period, with a further two year period of projection and discounted to its present value. See further information in the Investments in group undertakings note 13.

### 3 REVENUE

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rendering of services to related parties	<u>356,057</u>	<u>349,245</u>

### 4 INVESTMENT INCOME

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	480	80
Dividend income	<u>30,000</u>	<u>65,000</u>
	<u><b>30,480</b></u>	<u><b>65,080</b></u>

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 5 ADMINISTRATIVE EXPENSES

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of property and equipment	81	81
Depreciation on right of use assets	2,279	2,555
Amortisation of intangible assets	4,230	3,825
Other expenses	119,294	91,656
Employee related costs	156,901	174,526
Management charges	76,048	76,220
<b>Total administrative expenses</b>	<b>358,833</b>	<b>348,863</b>

#### 6 EMPLOYEE RELATED COSTS

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	131,370	145,580
Social security costs	13,847	15,021
Other pension costs	11,684	13,925
	<b>156,901</b>	<b>174,526</b>

The average monthly number of employees during the year was made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Member and customer contact	2,354	2,397
Administration	911	1,247
	<b>3,265</b>	<b>3,644</b>

The number of employees has decreased from 2022 as a result of the transfer of staff to a fellow Allianz SE subsidiary.

#### 7 FINANCE COSTS

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest expense on lease liabilities	218	382

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 8 AUDITORS' REMUNERATION

The total remuneration payable by the Company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. Other services supplied pursuant to legislation were £nil (2022: £nil).

	2023 £'000	2022 £'000
Fees payable to the Company's auditors and its associates	<u>75</u>	<u>42</u>

#### 9 INCOME TAX

##### 9.1 Income tax recognised in profit and loss

	2023 £'000	2022 £'000
<b>Current taxation</b>		
In respect of current year	(601)	2,857
In respect of the prior year	<u>(3,160)</u>	<u>(162)</u>
	<b><u>(3,761)</u></b>	<b><u>2,695</u></b>
<b>Total current tax</b>	<b><u>(3,761)</u></b>	<b><u>2,695</u></b>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	3,486	11
Arising from changes in tax rates and laws	223	4
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>2,911</u>	<u>30</u>
<b>Total deferred taxation</b>	<b><u>6,620</u></b>	<b><u>45</u></b>
<b>Total tax charge recognised in the current year</b>	<b><u>2,859</u></b>	<b><u>2,740</u></b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023 £'000	2022 £'000
<b>Profit before tax</b>	<b><u>27,486</u></b>	<b><u>64,021</u></b>
<b>Income tax at standard rate</b>	<b>6,459</b>	<b>12,164</b>
Decrease in current tax from adjustment for prior periods	(249)	(131)
Decrease from effect of revenues exempt from taxation	(7,050)	(12,350)
Increase from effect of expenses not deductible in determining taxable profit	15	210
Increase from transfer pricing adjustments	3,461	2,844
Deferred tax expense relating to changes in tax rates or laws	<u>223</u>	<u>3</u>
<b>Income tax charge recognised in profit or loss</b>	<b><u>2,859</u></b>	<b><u>2,740</u></b>

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 9 INCOME TAX (CONTINUED)

The UK Government announced its intention in the budget of 3 March 2021 to legislate to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023. This legislation was substantively enacted on 24 May 2021.

#### The Organisation for Economic Co-Operation and Development ("OECD") Pillar Two model rules

The Allianz SE group is within the scope for the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which the company is incorporated, and will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Allianz SE group has no related current tax exposure. The Allianz SE group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Allianz SE group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules ("GloBE") effective tax rate per jurisdiction and the 15% minimum rate. The Allianz SE group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The Allianz SE group is currently engaged with tax specialists to assist it with applying the legislation.

#### 9.2 Tax paid for cash flow purposes

	2023 £'000	2022 £'000
Current tax receivable/(payable) at 1 January	659	(6,456)
Amounts credited/(charged) to the income statement	3,761	(2,695)
Tax paid during the year	634	9,810
<b>Current tax receivable at 31 December</b>	<b>5,054</b>	<b>659</b>

#### 9.3 Current tax asset

	2023 £'000	2022 £'000
<b>Current tax asset</b>	<b>5,054</b>	<b>659</b>

#### 9.4 Deferred tax balances

##### Deferred tax assets

	2023 £'000	2022 £'000
<b>The balance comprises temporary differences attributable to:</b>		
Capital allowances	-	93
Provisions	1,229	57
<b>Net deferred tax assets</b>	<b>1,229</b>	<b>150</b>



## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 9 INCOME TAX (CONTINUED)

##### 9.4 Deferred tax balances (continued)

Movements	Provisions £'000	Capital allowances £'000	Total £'000
<b>At 1 January 2022</b>	58	137	195
Credited to profit and loss	<u>(1)</u>	<u>(44)</u>	<u>(45)</u>
<b>At 31 December 2022</b>	<b>57</b>	<b>93</b>	<b>150</b>
Charged/(credited) to profit and loss	<u>1,172</u>	<u>(93)</u>	<u>1,079</u>
<b>At 31 December 2023</b>	<b><u>1,229</u></b>	<b><u>-</u></b>	<b><u>1,229</u></b>

##### (ii) Deferred tax liabilities

	2023 £'000	2022 £'000
<b>The balance comprises temporary differences attributable to:</b>		
Capital allowances	<u>7,699</u>	<u>-</u>
<b>Total deferred tax liabilities</b>	<b><u>7,699</u></b>	<b><u>-</u></b>

Movements	Capital allowances £'000
<b>At 1 January 2022</b>	-
Charged to profit or loss	<u>-</u>
<b>At 31 December 2022</b>	-
Charged to profit or loss	<u>7,699</u>
<b>At 31 December 2023</b>	<b><u>7,699</u></b>

	2023 £'000	2022 £'000
Deferred tax asset	1,229	150
Deferred tax liability	(7,699)	-
Current deferred tax asset	1,229	73
Non-current deferred tax asset	-	77
Non-current deferred tax liability	<u>(7,699)</u>	<u>-</u>

## Liverpool Victoria General Insurance Group Limited

---

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 10 DIRECTORS' EMOLUMENTS

The directors' remuneration for the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Emoluments	4,521,087	5,867,982
Company pension contributions to defined contribution schemes	3,981	-
Number of Directors accruing benefits under defined contribution scheme	<u>1</u>	<u>-</u>

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Emoluments	<u>1,290,985</u>	<u>2,422,866</u>

Emoluments include £609,636 (2022: £84,600) of payments received by two Directors following the exercise of Restricted Stock Units ("RSUs") under the Equity Incentive Scheme of the Company's ultimate parent company, Allianz SE. Payments of £nil (2022: £217,396) were received as a Mid-Term Bonus as the 3 year deferred incentive plan has been discontinued.

The emoluments also include £180,000 (2022: £624,500) of payments received during 2023 for a Director relating to the vesting of LVGIG Long Term Incentive Plans ("LTIPs"). That Director also has a deferred payment of £130,000 (2022: £130,000) receivable in future years from the vesting of the LTIPs.

No individual who was previously a Director of the Company received compensation for loss of office (2022: £2,237,290). An individual who was previously a Director of the Company received a payment of £333,742 (2022: £177,409) following the exercise of RSUs relating to a grant in a previous year when they were in office as a Director. The individual received £nil (2022: £206,612) under the Mid-Term Bonus scheme.

The Directors of the Company are also Directors of fellow AzH Group companies. The emoluments disclosed above were the total emoluments received by the Directors in relation to their AzH Group directorships. Ten Directors emoluments were paid by AMS, a fellow AzH subsidiary, on behalf of the Group. One Directors' emoluments were paid by Allianz SE with costs borne by AMS and one Director's emoluments were paid by LVGIG on behalf of the Group.

## Liverpool Victoria General Insurance Group Limited

---

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 INTANGIBLE ASSETS

	Software and licence costs £'000	Total £'000
<b>Cost</b>		
At 1 January 2022	15,744	15,744
Additions	10,689	10,689
<b>At 31 December 2022</b>	<b>26,433</b>	<b>26,433</b>
At 1 January 2023	26,433	26,433
Additions	17,238	17,238
<b>At 31 December 2023</b>	<b>43,671</b>	<b>43,671</b>
<b>Accumulated amortisation</b>		
At 1 January 2022	3,120	3,120
Charge for year	3,825	3,825
<b>At 31 December 2022</b>	<b>6,945</b>	<b>6,945</b>
At 1 January 2023	6,945	6,945
Charge for year	4,230	4,230
<b>At 31 December 2023</b>	<b>11,175</b>	<b>11,175</b>
<b>Carrying amount</b>		
<b>At 31 December 2022</b>	<b>19,488</b>	<b>19,488</b>
<b>At 31 December 2023</b>	<b>32,496</b>	<b>32,496</b>

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 12 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Total £'000
<b>Cost</b>		
At 1 January 2022	404	404
<b>At 31 December 2022</b>	<b>404</b>	<b>404</b>
At 1 January 2023	404	404
<b>At 31 December 2023</b>	<b>404</b>	<b>404</b>
<b>Accumulated depreciation</b>		
At 1 January 2022	61	61
Charge for year	81	81
<b>At 31 December 2022</b>	<b>142</b>	<b>142</b>
At 1 January 2023	142	142
Charge for the year	81	81
<b>At 31 December 2023</b>	<b>223</b>	<b>223</b>
<b>Carrying amount</b>		
<b>At 31 December 2022</b>	<b>262</b>	<b>262</b>
<b>At 31 December 2023</b>	<b>181</b>	<b>181</b>

#### 13 INVESTMENTS IN GROUP UNDERTAKINGS

	£'000
<b>Subsidiaries</b>	
<b>Cost or valuation</b>	
At 1 January 2022	966,595
Impairment	(1,059)
<b>At 31 December 2022</b>	<b>965,536</b>
At 1 January 2023	965,536
Additions	190,000
<b>At 31 December 2023</b>	<b>1,155,536</b>
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>965,536</b>
<b>At 31 December 2023</b>	<b>1,155,536</b>

A capital injection of £60,000k in March 2023 and a subsequent capital injection of £100,000k in June 2023 were received from AzH. These were funded by dividends made from Allianz Insurance plc ("AZI") to AzH, which is a regulated entity within the AzH Group. In addition, an interim dividend of £30,000k was received in June 2023 from Fairmead Insurance Limited ("FIL").

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 13 INVESTMENTS IN GROUP UNDERTAKINGS (CONTINUED)

##### Key assumptions used in the impairment testing of investments in group undertakings

The recoverable amount (based on value-in-use calculations) of the investments in group undertakings has been determined using cash flow predictions based on financial plans approved by the Company covering a five-year period.

Investment returns were determined in consultation with our inhouse Investment Management team. The forecast cash flows have been discounted at a pre-tax rate of 12.4% and terminal growth rate of 1.5% applied to cash flows from 2026 onwards. Both the terminal growth rate and the discount rate are consistent with the ranges observed in the market place.

Based on the above assumptions, the recoverable amount exceeded the carrying amount by £228,058k.

The subsidiary undertakings of the Company at 31 December 2023 are shown below. The registered office for all undertakings is 57 Ladymead, Guildford, Surrey, GU1 1DB.

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
Highway Insurance Group Limited*	General insurance holding company	England and Wales	100%	100%
Highway Insurance Company Limited*	General insurance	England and Wales	100%	100%
Liverpool Victoria Insurance Company Limited	General insurance	England and Wales	100%	100%
LV Insurance Management Limited	Management services company	England and Wales	100%	100%
LV Assistance Services Limited	Road rescue	England and Wales	100%	100%
LV Repair Services Limited*	Repair services	England and Wales	100%	100%
Fairmead Insurance Limited	General insurance	England and Wales	100%	100%
Fairmead Distribution Services Limited*	Management services company	England and Wales	0%	100%
Buddies Enterprises Limited*	General insurance	England and Wales	100%	100%

\*Highway Insurance Group Limited, Highway Insurance Company Limited, LV Repair Services Limited and Buddies Enterprises Limited are indirectly held.

During 2022, Fairmead Distribution Services Limited was dissolved. All other subsidiaries listed above were held during the period from 1 January 2022 to 31 December 2023.

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 14 ACCRUED INCOME AND PREPAYMENTS

	2023 £'000	2022 £'000
Accrued income	495	1,254
Prepayments	11,181	16,297
	<u>11,676</u>	<u>17,551</u>

All prepayments are due within 12 months of the date of the Statement of Financial Position and none held by the Company were past due or impaired in 2023 (2022: £nil).

#### 15 BORROWINGS

	2023 £'000	2022 £'000
<b>Borrowings</b>		
Bank overdrafts	3,534	-

The company's exposure to market and liquidity risks, including maturity analysis, relating to borrowings is disclosed in note 22 "Risk Management Policies".

#### 16 LEASES

##### *Lease agreements where the Company is lessee*

##### Right-of-use assets

	Property £'000	Total £'000
<b>Cost or valuation</b>		
At 1 January 2022	18,763	18,763
<b>At 31 December 2022</b>	<u>18,763</u>	<u>18,763</u>
At 1 January 2023	18,763	18,763
Disposals	(4,697)	(4,697)
<b>At 31 December 2023</b>	<u>14,066</u>	<u>14,066</u>
<b>Accumulated Depreciation</b>		
At 1 January 2022	6,662	6,662
Charge for year	2,555	2,555
<b>At 31 December 2022</b>	<u>9,217</u>	<u>9,217</u>
At 1 January 2023	9,217	9,217
Charge for the year	2,279	2,279
<b>At 31 December 2023</b>	<u>11,496</u>	<u>11,496</u>
<b>Carrying amount</b>		
<b>At 31 December 2022</b>	<u>9,546</u>	<u>9,546</u>

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 16 LEASES (CONTINUED)

##### Lease agreements where the Company is lessee (continued)

	Property £'000	Total £'000
At 31 December 2023	<u>2,570</u>	<u>2,570</u>

##### Amounts recognised in the Statement of Profit and Loss:

	Property		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Depreciation expense on right of use asset	2,279	2,555	2,279	2,555
Interest expense on lease liabilities	218	382	218	382
Expenses relating to short term leases	469	447	469	447

At 31 December 2023, the Company is committed to £308k for short-term leases (2022: £446k). The total cash outflow for leases amounted to £7,508k for the year ended 31 December 2023 (2022: £3,099k).

##### Lease liabilities:

	Property		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current	2,040	2,312	2,040	2,312
Non-current	<u>724</u>	<u>7,742</u>	<u>724</u>	<u>7,742</u>
<b>Total lease liabilities</b>	<u><b>2,764</b></u>	<u><b>10,054</b></u>	<u><b>2,764</b></u>	<u><b>10,054</b></u>

##### Maturity analysis – contractual undiscounted cash flows:

	Property		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Year 1	2,104	2,610	2,104	2,610
Year 2	737	2,104	737	2,104
Year 3	-	1,905	-	1,905
Year 4	-	1,168	-	1,168
Year 5	-	1,168	-	1,168
Onwards	<u>-</u>	<u>2,065</u>	<u>-</u>	<u>2,065</u>
<b>Total</b>	<u><b>2,841</b></u>	<u><b>11,020</b></u>	<u><b>2,841</b></u>	<u><b>11,020</b></u>

The Company does not face any significant liquidity risk with regard to its lease liabilities.

## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 17 TRADE AND OTHER RECEIVABLES

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from related parties	12,684	16,170
Other receivables	16,475	11,213
<b>Total trade and other receivables</b>	<b><u>29,159</u></b>	<b><u>27,383</u></b>

Other receivables includes £16,233k held in the Allianz SE Cash Pool (2022: £10,062k) which is "callable" on a daily basis. Trade and other receivables approximate to fair value. All other receivables are due within 12 months of the Statement of Financial Position date.

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

#### 18 CASH AND CASH EQUIVALENTS

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	1,355	5,707
Bank overdrafts	(3,534)	-
<b>Cash and cash equivalents in statement of cash flows</b>	<b><u>(2,179)</u></b>	<b><u>5,707</u></b>

The Company has concluded that the ECL model has made no significant impact on the valuation of cash and cash equivalents reported in the financial statements.

#### 19 EQUITY

##### Allotted, called up and fully paid shares

	<b>2023</b>		<b>2022</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>1,056,254,000</u>	<u>1,056,254,000</u>	<u>896,254,000</u>	<u>896,254,000</u>



## Liverpool Victoria General Insurance Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 20 TRADE AND OTHER PAYABLES

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	10,007	11,498
Accruals	38,103	43,929
Amounts due to related parties	32,850	19,052
Social security and other taxes	2,349	4,001
Other payables	1,804	229
<b>Total trade and other payables</b>	<b>85,113</b>	<b>78,709</b>

Included within Accruals is £6,706k of LTIP payments (2022: £4,749k) which are not due for payment within 12 months of the Statement of Financial position date. All other liabilities are payable within 12 months of the Statement of Financial Position date.

Trade and other payables approximate to fair value.

#### 21 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	<b>Restructuring</b>	<b>Dilapidations</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>provisions</b>	<b>£'000</b>
			<b>£'000</b>	
At 1 January 2022	4,260	1,988	339	6,587
Amount charged to the profit and loss	-	434	1,479	1,913
Utilised in the year	(2,389)	-	-	(2,389)
Released in the year	(247)	-	-	(247)
<b>At 31 December 2022</b>	<b>1,624</b>	<b>2,422</b>	<b>1,818</b>	<b>5,864</b>
Amount charged to the profit and loss	-	1,060	-	1,060
Utilised in the year	(1,623)	-	(1,437)	(3,060)
<b>At 31 December 2023</b>	<b>1</b>	<b>3,482</b>	<b>381</b>	<b>3,864</b>

#### 22 RISK MANAGEMENT POLICIES

##### Capital management

The Company's capital risk is determined with reference to the requirements of the Group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At 31 December 2023 the Company had £1,136,282k (2022: £951,655k) of total capital employed.

The Company provides management services to the Liverpool Victoria General Insurance Group. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

## Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

### 22 RISK MANAGEMENT POLICIES (CONTINUED)

#### Financial risk

The key financial risk is that proceeds from the realisation of assets are insufficient to meet obligations as they fall due. The most important aspects of financial risk comprise market risk, credit risk and liquidity risk.

#### Market risk

Market risk is the risk that changes in market prices such as interest rate risks, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income.

Currency risk is the risk that fluctuations in exchange rates may lead to a material change in the value of currency denominated assets or liabilities. The Company is exposed to market risk through its investments in group undertakings insofar as the carrying amount exceeds the net asset value of the subsidiary and as such the investment is overstated.

#### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its trade and other receivables and cash and cash equivalents.

The Company deems the risk associated with its trade and other receivables to be low as a large proportion of receivables are due from fellow Allianz SE group subsidiaries and as such are A- rated. Despite the other receivables being unrated, the Company deems the associated risk to be insignificant because these amounts are due from many separate counterparties and all receivables are due within 1 year. The Company deems the risk associated with its cash and cash equivalents to be low as the cash balances are held with a financial institution with an A credit rating.

#### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its right of use asset, deferred tax liability, trade and other payables, provisions for other liabilities and charges, loans and lease liability.

The Company considers the liquidity risk associated with the right of use asset and lease liability to be insignificant as these are related balances which unwind over the same lease term. The Company has sufficient liquid assets to meet the lease liabilities as they fall due.

Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due.

### 23 PARENT AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Holdings plc, a company registered in England and Wales.

The ultimate parent Allianz SE is incorporated in Germany and is the parent of the largest and smallest group of undertakings for which Allianz SE Group financial statements are drawn up and of which the Company is a member.

The most senior parent entity producing publicly available financial statements is Allianz SE. These financial statements are available upon request from their registered office address of Allianz SE, Königinstrasse 28, 80802 München, Germany.

## Liverpool Victoria General Insurance Group Limited

---

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 24 RELATED PARTY TRANSACTIONS

##### Transactions with and balances from or to related parties

The Company enters into transactions with fellow group undertakings and key management personnel in the normal course of business. Details of transactions carried out during the year with related parties are as follows:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Provision of services (management charge received by the Company)	356,057	349,245
Management charge paid by the Company	(76,048)	(76,220)
Capital injection received from parent	160,000	-
Capital injection paid to subsidiary	(190,000)	-
Dividends received from parent	30,000	65,000
Dividends paid	-	(65,000)

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Due from related parties at 31 December</b>		
Subsidiaries	12,684	15,049
Other related parties	-	1,121
<b>Total</b>	<b>12,684</b>	<b>16,170</b>

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Due to related parties at 31 December</b>		
Subsidiaries	(1,180)	(4,874)
Other related parties	(31,670)	(14,178)
<b>Total</b>	<b>(32,850)</b>	<b>(19,052)</b>

The Company acts as a management services provider for the Group. The Company employs staff and incurs costs on behalf of Group entities which are subsequently re-charged across the Group.

##### Key management personnel

The Company considers its key management personnel to be the Directors only. The Company incurred £751k (2022: £1,294k) in respect of the services of key management personnel that was recharged to entities within the LVGIG Group. Further information is disclosed in note 10.

**Notes to the Financial Statements for the Year Ended 31 December 2023  
(continued)**

**25 SHARE-BASED PAYMENTS**

**Employee Share Purchase Plan ("ESPP")**

During the year, the Company offered employees the opportunity to participate in an ESPP. The ESPP allows employees to purchase shares in Allianz SE by contributing a fixed monthly amount. The Company adds £1 for every £3 contributed by the employees. The terms of the scheme specify a qualifying period of employment and employees must contribute for the entirety of the plan to receive the matching amount. The maximum amount that can be invested is 8% of annual gross base salary (excluding any variable payments), up to a maximum investment of the British Pounds equivalent of €11,500. At the end of the plan period, there is a restriction period during which employees are entitled to all benefits arising from those shares but the shares cannot be sold. At the end of the plan period, the total (employee contribution plus matching amount) for each employee is used to purchase shares in Allianz SE and these are held in trust on behalf of the employee.

As such, this transaction is a cash-settled share based payment and the vesting period has been completed by 31 December 2023. The total expense recognised in the year was £132k (2022: £207k) and the corresponding liability held at year end is £198k (2022: £164k).

**26 DIVIDENDS**

No interim dividend was paid for the year ended 31 December 2023 (2022: £65,000k). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: £nil).

**27 SUBSEQUENT EVENTS**

There have been no subsequent events after the Statement of Financial Position date.