Personal Assurance (Guernsey) Limited

Annual report and financial statements

For the year ended 31 December 2025

Contents

Corporate information

Directors:	R Bates R Gale S Mace C Astin (appointed 27 February 2025)
Company Secretary:	Alternative Risk Management Limited
Registered Office:	Level 5 Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ
Independent Auditor:	Ernst & Young LLP Royal Chambers St. Julian's Avenue St Peter Port, Guernsey, Channel Islands GY1 4AF
Insurance Manager:	Alternative Risk Management Limited Level 5 Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ

Report of the Directors

The Directors present the audited financial statements for the year ended 31 December 2025.

Principal Activity

Personal Assurance (Guernsey) Limited ("the Company") is a limited liability company incorporated in Guernsey on 18 December 2014. The Company is registered under The Insurance Business (Bailiwick of Guernsey) Law 2002 as an insurance company. The principal activity of the Company is to insure death in service and accidental death for the planholders of the Personal Group Death Benefit Plan and to provide employee default insurance.

Directors

All Directors, as noted on page 1, have served throughout the year and to the date of this report.

Dividend

The Company paid dividends of £1,500,000 during the year (2024: £750,000). On 17 April 2026, the Company declared a dividend of £2,000,000.

Directors' Responsibilities Statement

The Directors are responsible for preparing financial statements for each financial period in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', FRS 103 'Insurance Contracts: Consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Insurance Business (Bailiwick of Guernsey) Law, 2002 ("The Insurance Law") and the Companies (Guernsey) Law, 2008 ("The Companies Law"). They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Directors (continued)

Disclosure of information to auditor
So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going Concern
The financial statements are prepared on a going concern basis. In considering going concern, the directors have reviewed the Company's available financial resources and historical performance to assess the Company's ability to continue as a going concern up until 30 April 2027. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 30 April 2027. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Results
The results for the period are shown in the statement of comprehensive income on pages 7 and 8.

Independent Auditor
Ernst & Young LLP have expressed their willingness to continue as auditors.

Company Secretary
Alternative Risk Management Limited served as the company secretary from the date of incorporation to the date of this report.

By order of the board

Director

Date: 17 April 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERSONAL ASSURANCE (GUERNSEY) LIMITED

Opinion

We have audited the financial statements of Personal Assurance (Guernsey) Limited (the "Company") for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income – technical account, Statement of Comprehensive Income – non-technical account, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and FRS 103 "The Financial Reporting Standard for Insurance Contracts".

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and FRS 103 "The Financial Reporting Standard for Insurance Contracts"; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

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.

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 to 30 April 2027.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERSONAL ASSURANCE (GUERNSEY) LIMITED (continued)

material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- any transaction, other than a transaction in the normal course of business, has resulted in the Statement of Financial Position showing a situation materially different from that which would otherwise have obtained, and which is not adequately disclosed in the financial statements; or
- the information given in the annual return prepared pursuant to section 33 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 is inconsistent with the financial statements for the year to which that annual return relates.

Responsibilities of the Directors for the Financial Statements

As explained more fully in the directors' responsibilities for the financial statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework: United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERSONAL ASSURANCE (GUERNSEY) LIMITED (continued)

- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for compliance matters and corroborated this by reviewing minutes of meetings of the Board of Directors and correspondence between the Company and the Guernsey Financial Services Commission. We gained an understanding of the Board's approach to governance, demonstrated by its review of the financial reporting process and regular board meetings held to monitor the Company's performance;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering the risk of management override and by identifying the misstatement of the insurance reserves and incorrect recognition of premium income as fraud risks. We considered the controls the Company has established to address risks identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Board of Directors, compliance reports, complaints reports and correspondence with the Guernsey Financial Services Commission; making inquiries of those charged with governance and of management; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above;
- The Company operates as a regulated insurer. As such the Audit Partner considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, with the audit team members having a focus on the audit of insurers.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and Schedule 3 (2) of The Insurance Business (Bailiwick of Guernsey) Law, 2002. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Ernst & Young LLP

St Peter Port, Guernsey

Date: 17 April 2026

Personal Assurance (Guernsey) Limited
Statement of Comprehensive Income – Technical Account
For the year ended 31 December 2025

	Note	31-Dec-25 £	31-Dec-24 £
Technical Account			
Gross written premiums		9,153,059	8,041,228
Change in provision for unearned premiums		36,349	248,230
Total earned premium		**9,189,408**	**8,289,458**
Outward reinsurance premiums		(11,525)	(10,200)
Change in provision for unexpensed reinsurance premium		663	602
Total reinsurance premium expensed		**(10,862)**	**(9,598)**
Commission		(5,674,897)	(4,985,561)
Change in unexpensed commission		(5,422)	(12,970)
Total commission		**(5,680,319)**	**(4,998,531)**
Claims incurred, net of reinsurance			
Claims paid		(1,601,434)	(1,735,247)
Change in provision for outstanding claims		(117,067)	64,042
Change in provision for incurred but not reported claims	2	28,315	(64,838)
Total claims incurred		**(1,690,186)**	**(1,736,043)**
Balance on Technical Account		**1,808,041**	**1,545,286**

The notes on pages 11 to 20 form an integral part of these financial statements.

Personal Assurance (Guernsey) Limited
Statement of Comprehensive Income – Non Technical Account
For the year ended 31 December 2025

	Note	31-Dec-25 £	31-Dec-24 £
Non – Technical Account			
Balance on the technical account		1,808,041	1,545,286
Other income			
Bank Interest		153,801	219,914
		1,961,842	**1,765,200**
Expenses			
Management fees	11	(145,609)	(138,544)
Directors' fees	12	(16,558)	(8,000)
Registration fees		(15,510)	(11,085)
Audit fee		(24,584)	(21,785)
Other expenses		(10,680)	(10,343)
		(212,941)	**(189,757)**
Profit for the year and total comprehensive income		**1,748,901**	**1,575,443**

The above results related to continued operations.
There are no components of other comprehensive income.
The notes on pages 11 to 20 form an integral part of these financial statements.

Personal Assurance (Guernsey) Limited
Statement of Financial Position
As at 31 December 2025

	Note	31-Dec-25 £	31-Dec-24 £
Assets			
Commission unexpensed		41,936	47,358
Unexpensed reinsurance premium		5,763	5,100
Premium receivable		777,484	678,040
Debtors & prepayments	4	22,976	39,423
Cash and cash equivalents		4,092,649	1,182,834
Investments		951,818	3,568,977
Total Assets		**5,892,626**	**5,521,732**
Liabilities and Equity			
Creditors: amounts falling due within one year			
Reinsurance Premiums		5,763	-
Commissions payable		482,040	420,385
Other creditors	5	24,667	22,495
		512,470	**442,880**
Technical provisions			
Provision for unearned premium		67,639	103,988
Provision for lapsed policies		10,000	10,000
Outstanding claims provision		433,097	316,030
Incurred but not reported provision	2	250,000	278,315
		760,736	**708,333**
Shareholder's Equity			
Share capital	6	1,000,000	1,000,000
Retained earnings		3,619,420	3,370,519
Equity		**4,619,420**	**4,370,519**
Total Liabilities and Equity		**5,892,626**	**5,521,732**

The notes on pages 11 to 20 form an integral part of these financial statements.

These financial statements were approved by the board of Directors on 17 April 2026 and were signed on its behalf by:

Director

Company registered number: *59550*

Personal Assurance (Guernsey) Limited
Statement of Changes in Equity
As at 31 December 2025

	Share Capital £	Retained Profits £	Total £
At 1 January 2024	**1,000,000**	**2,545,076**	**3,545,076**
Profit for the year and total comprehensive income	-	1,575,443	1,575,443
Dividends paid	-	(750,000)	(750,000)
At 31 December 2024	**1,000,000**	**3,370,519**	**4,370,519**
Profit for the year and total comprehensive income	-	1,748,901	1,748,901
Dividends paid	-	(1,500,000)	(1,500,000)
At 31 December 2025	**1,000,000**	**3,619,420**	**4,619,420**

1 Accounting policies

1.1 Basis of accounting

The Company is a limited liability company incorporated in Guernsey. Its registered office address is Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom accounting standards. The Company is also subject to the requirements of the Insurance Business (Bailiwick of Guernsey) Law, 2002 and The Companies (Guernsey) Law, 2008.

In these financial statements, the company has applied the exemption available as a qualifying entity under FRS 102 in respect of the preparation of a Cash Flow Statement and related notes.

The Company's ultimate parent undertaking, Personal Group Holdings plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Personal Group Holdings plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.Personal-Group.com.

The Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU.

1.2 Principal activities

The Company was incorporated on 18 December 2014 as a wholly owned subsidiary of Personal Group Holdings Plc. The ultimate beneficial owner is Personal Group Holdings Plc. The principal activity of the Company is to insure death in service and accidental death for the planholders of the Personal Group Death Benefit Plan and to provide employee default insurance.

1.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the economic environment in which the entity operates, Pounds Sterling. The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency.

1.4 Going concern

The financial statements are prepared on a going concern basis. In considering going concern, the directors have reviewed the Company's available financial resources and historical performance to assess the Company's ability to continue as a going concern up until 30 April 2027. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 30 April 2027. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Written premiums

Written premiums are premiums which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance. These are premiums on contracts entered into during the reporting period. Premium income is recognised in the technical account as revenue proportionally over the period of coverage.

1 Accounting policies (continued)

1.6 Reinsurance

Written reinsurance premiums are premiums that the reinsurers are contractually entitled to receive from the Company in relation to contracts of reinsurance. These are premiums on contracts entered into during the reporting period. Reinsurance premiums are payments recognised in the technical account as an expense proportionally over the period of coverage.

1.7 Provision for unearned premium and unexpensed reinsurance premium

Unearned premiums and unexpensed reinsurance premiums are those proportions of written premiums relating to periods of risk after the reporting date, which are deferred to subsequent reporting periods. Unearned premium and unexpensed reinsurance premium are recognised in the statement of financial position proportionally over the period of coverage with movements in the provision recognised in the technical account.

1.8 Commission

The Company has entered into agreements for the provision of administration services and intermediary services for which commissions of 62% of gross premium are paid. Commission is recognised in the technical account as a revenue proportionally over the period of coverage of the premiums.

1.9 Provision for unexpensed commission

Commission is expensed in line with earned premiums. Unexpensed commissions are equal to 62% of unearned premiums.

1.10 Claims paid

Claims paid are calculated in accordance with the terms of each insurance agreement and are recognised in the technical account as an expense when payment is issued.

1.11 Reinsurance recoveries

Reinsurance recoveries are recognised when due and are calculated in accordance with the terms of each reinsurance agreement.

1.12 Outstanding claims provision

Provision is made at the period-end for the estimated cost of reported claims incurred but not settled at the statement of financial position date. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, it is possible that the final outcome will prove to be different from the original liability established. The outstanding claims provision is recognised in the statement of financial position with movements in the provision recognised in the technical account.

1 Accounting policies (continued)

1.13 Incurred but not reported provision

Estimates are made for claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims.

The IBNR provision for death benefit cover is calculated as 23 claims with an average claim of £9,798 based on available claims data plus a risk margin provision of 10%.

The IBNR provision for employee default cover is 35% of earned premium, less claims paid on a monthly basis. For months where claims paid exceed the 35% IBNR provision, 20% of the estimate IBNR provision for that month is retained as an IBNR provision for any future claims.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

1.15 Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The financial assets and liabilities of the Company consist of premium receivable and other debtors and other financial liabilities.

Initial and subsequent measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), and subsequently carried at amortised cost, less any impairment losses in the case of debtors.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

1 Accounting policies (continued)

1.16 Expenses

Expenses are recognised in the statement of comprehensive income – non technical account on an accruals basis and are measured at their transaction price.

1.17 Dividends

Dividends are recognised as a liability in the Company's financial statements in the period in which the dividend is approved and ratified by the Company's shareholders.

2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgments about accounting policy choices and estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. There were no critical judgements made by management in the process of selecting and applying the accounting policies of the Company.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the liabilities within the next financial year, are discussed below.

Valuation of liabilities of insurance contracts
Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Company uses estimation techniques based upon statistical analyses of historical experience which assume past trends can be used to project future developments. The carrying amount for IBNR in the statement of financial position is £250,000 (2024: £278,315). There is minimal uncertainty in the estimate of claims payable since the value of claims is predetermined by the benefit level specified in the policy.

3 Taxation

The Company is liable to Guernsey income tax at the standard rate of 0%.

4 Debtors and prepayments

	31-Dec-25	31-Dec-24
	£	£
Bank interest receivable	22,976	39,373
Data Protection fee	-	50
	22,976	**39,423**

5 Other creditors

	31-Dec-25	31-Dec-24
	£	£
Audit fee	24,147	22,495
Guernsey Registry fee	510	-
Data Protection fee	10	-
	24,667	**22,495**

6 Share Capital

	31-Dec-25	31-Dec-24
	£	£
Allotted and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	**1,000,000**

The Company has authorised and issued share capital of £1,000,000. The rights attaching to the ordinary shares are as follows:

Dividends – shareholders of ordinary shares are entitled to dividends arising from profits or gains and no dividend shall exceed the amount recommended by the directors.

Voting rights – shares carry one vote per share held at general meetings of the company.

7 Capital management

The objective of the Company in managing its capital is to ensure that it will be able to continue as a going concern and comply with the regulatory capital requirements of the Guernsey Financial Services Commission, while maximising the return to stakeholders. That is achieved through regular monitoring of liquidity to ensure that the Company has sufficient liquid assets to meet its requirements and to withstand the risks to which the business is subject. The Company was in compliance with capital requirements imposed by the Guernsey Financial Services Commission throughout the financial period.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and statutory regulations.

7 Capital management (continued)

The table below sets out the statutory minimum and prescribed capital requirements and the Company's available capital.

	31-Dec-25	31-Dec-24
	£	£
Minimum capital requirement	415,996	365,456
Regulatory available capital resources	4,619,420	4,370,519
Solvency cover	1,110%	1,196%

	31-Dec-25	31-Dec-24
	£	£
Prescribed capital requirement	1,028,473	810,928
Regulatory available capital resources	4,619,420	4,370,519
Solvency cover	449%	539%

There were no changes made to the capital base nor to the objectives, policies and processes for managing capital.

The table below sets out the capital that is managed by the Company on a regulatory basic for its prescribed capital requirement:

	31-Dec-25	31-Dec-24
	£	£
Shareholder's equity	4,619,420	4,370,519
Capital resources on a regulatory basis	**4,619,420**	**4,370,519**

8 Financial risk management

The Company's activities expose it to a variety of financial instrument risks. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial instrument risk management function are to establish risk limits, and then to ensure that exposure to risks stays within these limits.

Credit risk

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unwilling or unable to pay in full amounts when due. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets, principally being the Company's cash and cash equivalents and premium receivable.

The Company's cash and cash equivalents are invested with Lloyds Bank International Limited in Guernsey, whose parent company, Lloyds Bank Corporate Markets plc, is rated A by S&P Global Ratings and Royal Bank of Scotland International Limited, which is rated A by S&P Global Ratings.

Premium income is generated from the sale of insurance policies to individual customers. However, death benefit premium is collected and paid over to Personal Assurance Plc ("PAP"). This naturally exposes the Company to an element of credit risk. However, PAP receives the vast majority of the payroll deductions within one month on a regular basis. The premiums receivable are with PAP, a group company, which is not rated. The group would not allow payroll deductions by an employer that was considered to be a significant credit risk.

8 Financial risk management (continued)

The following table shows the credit risk exposure for assets and credit ratings. There are no financial assets past due.

	A		Not Rated		Carrying Amount	
	2025	2024	2025	2024	2025	2024
	£	£	£	£	£	£
Debtors & prepayments	22,976	39,373	-	50	22,976	39,423
Premium receivable	-	-	777,484	678,040	777,484	678,040
Current investments	951,818	3,568,977	-	-	951,818	3,568,977
Cash and cash equivalents	4,092,649	1,182,834	-	-	4,092,649	1,182,834
	5,067,443	4,791,184	777,484	678,090	5,844,927	5,469,274

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from its insurance contracts. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims and maturing liabilities. All current liabilities will be settled within the next financial period.

There were no changes in the Company's liquidity risk exposure in the financial period nor to the objectives, policies and processes for managing liquidity risk.

The following table shows details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and reinsurance contract liabilities.

	Less than 1 month	1 – 3 months	3 months to 1 year	1 to 5 years	Total
	2025	2025	2025	2025	2025
	£	£	£	£	£
Commissions payable	482,040	-	-	-	482,040
Provision for lapsed policies	-	-	10,000	-	10,000
Outstanding claims provision	216,632	122,271	66,285	27,909	433,097
IBNR provisions	80,882	136,030	14,706	18,382	250,000
Other creditors	-	24,393	6,037	-	30,430
	779,554	282,694	97,028	46,291	1,205,567

	Less than 1 month	1 – 3 months	3 months to 1 year	1 to 5 years	Total
	2024	2024	2024	2024	2024
	£	£	£	£	£
Commissions payable	420,385	-	-	-	420,385
Provision for lapsed policies	-	-	10,000	-	10,000
Outstanding claims provision	141,790	68,426	105,814	-	316,030
IBNR provisions	48,880	48,880	180,555	-	278,315
Other creditors	-	-	22,495	-	22,495
	611,055	117,306	318,864	-	1,047,225

Interest rate risk

Interest rate risk is the market risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates and would not have a significant effect on the results or financial position of the Company.

During the year to 31 December 2025, if bank interest rates had been 200 basis points higher/lower with all other variables held constant, profit before tax for the year would have increased/ decreased by £100,889 (2024: £95,036), mainly as a result of interest received on cash and cash equivalents and current investments.

The following are underlying assumptions made in the model used to calculate the effect on profits and other components of equity:

- The bank balances at 31 December formed the basis of the calculation.
- A 200 basis point charge on these principal balances reflects the absolute increase or decrease in the loss that could arise with such an interest rate movement.

Insurance risk

The Company currently underwrites two categories of business which are described below:

Death Benefit

The Company commenced the underwriting of the Personal Group Death Benefit Plan on 1 February 2015. The Company had 78,369 policies in force at the year end. The Death Benefit Plan provides a maximum any one person sum insured of £20,000.

Each insurance policy automatically renews each period (weekly/fortnightly/monthly) and therefore is considered a short-term insurance risk. Due to the nature of the business underwritten there is uncertainty around the frequency of claims.

The Company has excess of loss reinsurance with Convex Insurance UK Limited for the Accidental death risk it underwrites. The Company retains the first £200,000 of each loss risk and has excess of loss reinsurance cover for layer one of £800,000 in excess of £200,000 and layer two of £1,750,000 in excess of £1,000,000 per loss occurrence.

Employee Default

The Company commenced the underwriting of the Employee Default Plan for Royal Mail Group on 1 March 2020. The policies are for a maximum period of 2 years. The Company ceased writing this business during the year ended 31 December 2023. The Company has earned all written premiums for this policy during 2025.

The Company commenced the underwriting of the Employee Default Plan for Betsi Cadwaladr University Health Board on 1 January 2023. The policies are for a maximum of 3 years. The Company has earned all written premiums for this policy during 2025.

The Company manages its risk via its underwriting strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

Concentration

The Company has a concentration of risk in that it only retains risk under two specific lines of business, namely, Death Benefit and Employee Default. The Company has a concentration of business written in one geographical area, this being the United Kingdom.

Assumptions and sensitivities

The Company considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience can differ from the expected outcome. Estimates are made for claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. Claims included in IBNR are considered unlikely as most policies have a short time lag between the event and notification. However, it is inevitable that some claims will be notified in a subsequent reporting period.

Results of sensitivity testing are set out below, showing the impact on profit before tax and shareholder's equity. For sensitivity, the impact of a change in IBNR is shown, with other assumptions unchanged.

	Profit		Shareholder's equity	
	2025	**2024**	**2025**	**2024**
	£	**£**	**£**	**£**
15% increase in IBNR	(37,500)	(41,747)	(37,500)	(41,747)
15% decrease in IBNR	37,500	41,747	37,500	41,747

Claims Development

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£	£	£	£	£	£	£	£	£	£	£
Estimate of ultimates:											
End of accident year	987,500	1,243,602	1,013,333	990,717	1,536,849	1,360,287	1,299,870	1,377,937	1,412,153	1,638,985	
One year later	(62,500)	(10,347)	(50,831)	140,953	199,244	171,380	214,875	239,171	55,983		
Two years later	60,833	(15,834)	52,500	(241)	7,620	153,181	10,713	12,500			
Three years later	(15,000)	(15,000)	(22,500)	7,500	2,422	(5,000)	6,667				
Four years later		5,000	-	(27,380)	14,167	-					
Five years later			(11,667)	0	10,000						
Six years later	7,489	(10,000)	-	(5,906)							
Estimate of ultimate claims	978,322	1,197,421	980,835	1,105,643	1,770,302	1,679,848	1,532,125	1,629,608	1,468,136	1,638,985	13,981,223
Cumulative payments	978,322	1,197,421	980,835	1,105,759	1,770,302	1,679,848	1,532,125	1,629,608	1,430,636	1,243,271	13,548,127
In balance sheet	-	-	-	(116)	-	-	-	-	37,500	395,713	433,097

9 Classification of financial assets and liabilities

The table below sets out the classification of the carrying amounts of the Company's financial assets and financial liabilities into categories of financial instrument.

	Receivables		Other financial liabilities measured at amortised cost		Total	
	2025	**2024**	**2025**	**2024**	**2025**	2024
	£	**£**	**£**	**£**	**£**	£
Debtors & prepayments	22,976	39,423			**22,976**	39,423
Premium receivable	777,484	678,040			**777,484**	678,040
Current investments	951,818	3,568,977			**951,818**	3,568,977
Cash and cash equivalent	4,092,649	1,182,834			**4,092,649**	1,182,834
Claims reserves provision			433,097	316,030	**433,097**	316,030
Commission payable			482,040	420,385	**482,040**	420,385
Other creditors			30,430	22,495	**30,430**	22,495
IBNR provision			250,000	278,315	**250,000**	278,315
Provision for lapsed policies			10,000	10,000	**10,000**	10,000
Unearned premium			67,639	103,988	**67,639**	103,988

10 Controlling parties

The Company's immediate parent is Personal Group Limited, a Company registered in England and Wales. The Company's ultimate parent is Personal Group Holdings plc, a Company registered in England and Wales, which produces consolidated financial statements.

11 Related party transactions

Mr R Bates is a director of Alternative Risk Management Limited which received fees of £145,609 for the year ended 31 December 2025 (2024: £138,544). At 31 December 2025, Alternative Risk Management Limited is owed £nil (2024: £nil).

Mr R Gale has received £9,000 and Mr Astin has received £7,558 as remuneration during the year (Mr Gale 2024: £8,000 and Mr Astin 2024: £nil).

Personal Assurance Services Limited, a related party company, received commissions of £3,157,805 during the year ended 31 December 2025 (2024: £2,774,224). At 31 December 2025, Personal Assurance Services Limited is owed £268,232 (2024: £233,924).

Personal Group Benefits Limited, a related party company, received commissions of £2,517,091 during the year ended 31 December 2025 (2024: £2,211,338). At 31 December 2025, Personal Group Benefits Limited is owed £213,808 (2024: £186,461).

12 Directors' remuneration

Directors' remuneration for the year ended 31 December 2025 £16,558 (2024:£8,000).

13 Subsequent events

On 17 April 2026, the Company declared a dividend of £2,000,000.

There are no other subsequent events to report.