Canada Life

The Canada Life Group (U.K.) Limited

Solvency and Financial Condition Report 2017

Contents

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List of abbreviations and acronyms

BAC	Board Audit Committee
BEL	Best Estimate Liability
Board	Board of Directors of the Company
BRC	Board Risk Committee
CBI	Central Bank of Ireland
CFO	Chief Financial Officer
CIAE	Chief Internal Auditor, Europe
C-IFRS	Canadian International Financial Reporting Standards (the financial reporting standard established by the Canadian Accounting Standard Board)
CLE	Canada Life Assurance Europe plc
CLG or the Company	The Canada Life Group (U.K.) Limited
CLIH	Canada Life International Holdings Limited
CLIRe	Canada Life International Re Designated Activity Company
CLL	Canada Life Limited
CRO	Chief Risk Officer
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
FCA	Financial Conduct Authority
GWL	The Great-West Life Assurance Company
IA	Internal Audit
ILA	Irish Life Assurance plc
ILG	Irish Life Group Limited
ILH	Irish Life Health Designated Activity Company
LIBOR	London Interbank Offered Rate – an average of interest rates estimated by leading banks at which banks are willing to lend to each other
Lifeco	Great-West Lifeco Inc.
LLGR	London Life and General Reinsurance Designated Activity Company
MA	Matching Adjustment
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
RA or Retirement Advantage	MGM Advantage Holdings Limited and its subsidiaries, acting under the trading name Retirement Advantage
SCR	Solvency Capital Requirement
The Group, The Canada Life Group	The Canada Life Group (U.K.) Limited and its direct and indirect subsidiary companies
VA	Volatility Adjustment

Summary

Purpose of the Solvency and Financial Condition Report

This report will assist customers and other stakeholders in understanding the regulatory capital and financial position of The Canada Life Group (U.K.) Limited (the Company) following the introduction of the EU Solvency II regulations for insurance and reinsurance companies on 1 January 2016.

This report was approved by the Board of the Company, see Directors' Responsibility Statement, and covers the business performance of the Company, its system of governance, the risk profile of the business, the Solvency II balance sheet valuation methodology and capital management position. It covers the year ended 31 December 2017.

Sections D (Valuation for Solvency Purposes) and E (Capital Management) have been audited, in accordance with the Prudential Regulation Authority (PRA) Requirements. Sections A (Business and Performance), B (System of Governance) and C (Risk Profile) have not been audited. However, they have been reviewed by the auditor to consider whether they are materially consistent with the audited elements of the Solvency and Financial Condition Report (SFCR).

Further details of the audit can be found in the Report of the External Independent Auditor.

Company Information

The Company is the UK registered European insurance holding company for The Great-West Life Assurance Company's (GWL) regulated insurance and reinsurance companies in the EU.

The Company is the parent company of a group of European companies, including seven insurance and reinsurance companies, whose principal activity during the year was the transacting of long-term life and health assurance. In addition, the Company owns a number of fund management companies, service companies, brokerages and other related companies.

Business and Performance Summary

The Company is a holding company and conducts no insurance business itself. It operates through a number of subsidiary companies based in the UK and Ireland. These subsidiary companies are separately regulated either by the PRA in the UK or the Central Bank of Ireland (CBI) in Ireland. The Company's main source of income is dividend receipts from its subsidiaries, along with income from its invested assets.

The Company does not prepare consolidated financial statements. Where financial statement data is required under the Solvency II regulations, it will provide aggregated data prepared on a Canadian International Financial Reporting Standards (C-IFRS) basis for the companies within The Canada Life Group (U.K) Limited (CLG). The extent to which these numbers have been subject to external audit is set out in section D.1.1.

There are no material differences between the scope of the data provided under C-IFRS and the scope of the Group as determined under Article 335 of the Delegated Regulation for Solvency II reporting.

The Company calculates its Solvency Capital Requirement (SCR) in line with the standard formula set by the European Insurance and Occupational Pensions Authority (EIOPA). The ratio of the Company's available capital to its regulatory SCR was 145.0% at 31 December 2017.

This allows for the recalculation of the Transitional Measure on Technical Provisions (TMTP) in CLL, but is prior to the impact of certain business events that took place in early January 2018. These were the annual stepdown in TMTPs in CLL, the acquisition of Retirement Advantage (RA), the novation of a significant treaty within CLIRe and the reinsurance of a block of bulk annuity business in CLL.

Description	2017 £m	2016 £m
Tier 1 – unrestricted	5,073.1	4,687.6
Tier 1 - restricted	0.0	171.9
Tier 2	941.9	705.8
Restrictions	(12.0)	(13.2)
Eligible Own Funds to meet SCR	6,003.0	5,552.1
Solvency Capital Requirement	4,138.7	4,018.1
Solvency Capital Ratio	145.0%	138.2%
Minimum Capital Requirement	1,240.5	1,168.6
Minimum Capital Ratio	422.1%	429.9%

Table 1: Own funds and Solvency Capital Ratio

The company's capital position was improved in December 2017. The company issued share capital of £160m (Tier 1 capital) and £75m of subordinated debt which is included as Tier 2 capital.

During the year one of the company's subsidiaries (ILA) repaid a subordinated loan facility of €200m (£171.9m) which was classified as Tier 1 restricted capital.

Other significant business events include the sale of the 30.43% share in Allianz-Irish Life Holdings plc, and the novation of the CLA US Traditional Life business in CLIRe (effective 1st January 2018).

The company (through its subsidiaries) has received approval to apply a Matching Adjustment and a Volatility Adjustment to certain lines of business, and has approval to use the Transitional Measure on Technical Provisions (for CLL) and the transitional risk-free interest rate term structure (for CLIRe). The table below shows the impact on the company's solvency ratio of these.

At 31 December 2017	Solvency Ratio
Base	145%
Base with no Matching Adjustment	121%
Base with no Volatility Adjustment	139%
Base with no transitional risk-free interest rate term structure	140%
Base with no Transitional Measure on Technical Provisions	106%

Table 2: Solvency impact of transitional adjustment and measures

The Company's financial performance on a C-IFRS basis resulted in a consolidated profit for the financial year, after taxation, of £388m (£496m in 2016).

Summary

Business and Performance Summary in the Subsidiary Companies

Canada Life Limited
Canada Life Limited continued with its strategy for acquiring profitable bulk annuities deals. A number of new acquisitions were made during the year totalling £544m compared to £144m in 2016.

In January 2018, CLG acquired Retirement Advantage (RA). Although the two businesses will commence by operating independently, the two businesses will become increasingly integrated over time.

Irish Life Group
The Canada Life Limited subsidiary Irish Life Group (ILG) sold its strategic investment in Allianz Ireland (via its holding in Allianz-Irish Life Holding plc) in Q1 2017. Irish Life was the largest minority shareholder in that holding company (30.43%). The investment was sold to the majority shareholder Allianz Group in Ireland.

The Irish Life Group successfully completed the integration of its two health insurance businesses in 2017. They now operate under the Irish Life Health brand, a sister company of Irish Life Assurance plc. It also uses the strength of its award winning sister companies - Irish Life Investment Managers Limited, Canada Life Asset Management Limited and Setanta Asset Management Limited - to provide Irish Life Assurance plc with investment management services and expertise.

On 20th April 2018, the Irish Life Group announced that it had reached an agreement to acquire a strategic shareholding in Invesco Limited (“Invesco”), Ireland’s largest Irish-owned independent financial consultancy company. Invesco employs 125 people and has €4.8 billion in assets under administration. Following the investment, Invesco will continue to operate as an independent consultancy firm under its existing brand and with the same senior leadership team. The transaction is expected to close in the third quarter of 2018, subject to regulatory approvals.

Canada Life International Reinsurance
There have been no significant business or other events that have occurred over the reporting period that have had a material impact on the Company. However, following notification and discussions with the cedant in December 2017, CLIRe novated a block of US Traditional Life business to another GWL owned entity effective January 1, 2018.

More details on the subsidiary companies’ financial performance is detailed in Section A.

System of Governance Summary

Responsibility for the CLG system of governance lies with the Board of Directors of the Company (Board). The Board is accountable for establishing and maintaining policies at CLG level, and for ensuring that these group policies are applied to CLG's subsidiaries as appropriate. Each CLG subsidiary implements its own governance structures as appropriate to the entity.

The Board is responsible for, amongst other things, setting the Company's strategy and risk appetite and overseeing executive implementation of that strategy. Risk governance in the Company is supported by the risk management framework, as described in the Board approved Enterprise Risk Management Policy. The Board sets risk policy for the Company in relation to the types and level of risk that the Company is prepared to assume.

The Company operates a three lines of defence model for risk management, the:

- first line of defence is the responsibility of operational departments as the owners and managers of the risks associated with their business activities;
- second line of defence is the responsibility of the risk, finance, actuarial and compliance functions as they challenge and provide oversight of the first line of defence; and
- third line of defence is the responsibility of the internal audit function. The function is fully independent from, and tests the effectiveness of the control framework for, both the first and second lines of defence.

The Company ensures that all the people who effectively run the Company or have other key functions, are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

The governance structure of the Company has not changed materially in the year to 31 December 2017. Ultimate responsibility for the performance and strategy of the Company resides with the Board of Directors and they delegate authority within the organisation as they see fit.

Summary

Risk Profile Summary

The Company's objective in the management of risk is to operate within risk appetite limits it sets itself. This supports the controlled delivery of the company's business objectives, in line with its risk strategy, ensuring a balanced approach to risk and reward.

The Company assesses its risk exposure by measuring its SCR, using the standard formula, which is the method of calculating the amount of capital that the Company is required to hold against its risk profile. For insurance companies across Europe, this is the default method for calculating capital requirements.

The Solvency Capital Requirement is split by risk category in the following table.

Solvency Capital Requirement	2017 £m	2016 £m
Market Risk	2,984	2,933
Life Underwriting Risk	1,970	1,900
Health Underwriting Risk	407	354
Counterparty Risk	88	92
Operational Risk	203	187
Non-Life	1	1
Diversification	(1,309)	(1,252)
Gross SCR	**4,343**	**4,215**
Loss absorbing capacity of deferred tax (restricted)	(391)	(460)
Loss absorbing capacity of Technical Provisions	(30)	(35)
Adjustment due to Ring Fenced Funds	189	169
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	28	18
Capital requirement for non-controlled participation requirements	–	111
Group SCR	**4,139**	**4,018**

Table 3: Solvency Capital Requirement by risk category

Note: all tables in this document use units of millions and thousands. Because we have rounded the figures, the totals in the tables may not equal the sum of the components exactly.

The increase in SCR over 2017 is due primarily to an increase in CLL's SCR over the year, which was largely driven by the capital requirements for new annuity business written over the year and a reduction in the loss-absorbing capacity of deferred tax. This was partly offset by the sale of Allianz-Irish Life Holdings plc over the year.

A detailed analysis of the Company's risk profile, including its appetite for risk, risk management techniques and sensitivity analysis, is provided in Section C of this report.

Valuation for Solvency Purposes Summary

The main focus of Solvency II reporting is the financial strength (capital resources) of the Company. An analysis of the valuation of the Group's assets and liabilities per the Solvency II balance sheet is provided in Section D.

For the purposes of reporting on business performance, the Company is part of the Lifeco group that reports results prepared in accordance with Canadian International Financial Reporting Standards.

Capital Management Summary

The aim of the Company's Capital Management Operating Policy is to ensure the company has sufficient capital, reserves and liquidity to meet its liabilities as they fall due and to meet regulatory solvency requirements. The policy is reviewed annually and approved by the Board.

The company prepares its returns on a consolidated basis, using the consolidation methodology set out in the Solvency II regulations.

We are required to report on any periods of non-compliance with the MCR and significant non-compliance with the SCR during the reporting period. There have been no periods of non-compliance with the MCR or significant non-compliance with the SCR during the 2017 reporting period.

The ratio of the Company's available capital to its regulatory SCR, inclusive of the £235m capital receipt, was 145.0% at 31 December 2017, indicating capital resources were in excess of the regulatory minimum.

Further details of how the Company manages its capital can be found in Section E.

A Business and Performance

A.1 Business

The Canada Life Group (U.K.) Limited is a private limited company. It is registered in England and Wales and incorporated in the United Kingdom. Its company registration number is 02228475.

The registered office is:
Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA
United Kingdom

The Canada Life Group (U.K.) Limited is subject to Group Supervision led by the PRA.

The contact details for the PRA are: 20 Moorgate, London EC2R 6DA.

The external auditor is:
Deloitte LLP
2 New Street Square
London
EC4A 3BZ

A.1.1 About The Canada Life Group (U.K.) Limited

The Canada Life Group (U.K.) Limited (the Company or CLG) is the European insurance holding company for the EU regulated insurance and reinsurance companies within GWL.

CLG is a wholly owned subsidiary of Canada Life International Holdings Limited (CLIH), a company registered in Bermuda. CLIH owns 100% of the shares and has 100% of voting rights in CLG. CLIH is, in turn, a wholly owned subsidiary of The Canada Life Assurance Company which is owned by GWL.

GWL is a wholly owned subsidiary of Great-West Lifeco Inc (Lifeco), an international financial services holding company which is incorporated in Canada and listed on the Toronto Stock Exchange. Lifeco provides oversight of all Canadian, European and other global insurance and investment operations.

Lifeco and its subsidiaries, including GWL, have $1.35 trillion Canadian dollars in consolidated assets under administration and are members of the Power Financial Corporation group of companies.

CLG is the parent of a group of companies whose principal activity is the transacting of ordinary long-term life assurance business, including seven insurance and reinsurance undertakings which are regulated either by the PRA in the UK or by the CBI in Ireland. In addition, CLG owns a number of fund management companies, service companies, brokerages and other related companies.

A.1.2 Significant Business Events in 2017

During the year one of the company's subsidiaries (ILA) repaid a subordinated loan facility of €200m (£171.9m) which was classified as Tier 1 restricted capital.

CLIRe novated a block of US Traditional Life business effective January 1, 2018. As a result CLIRe's exposures to mortality, lapse and currency risks have reduced significantly.

Irish Life completed the sale of its 30.43% share in Allianz-Irish Life Holdings plc.

Although not reflected in the figures in this report, CLG acquired the Retirement Advantage (RA) business on 2nd January 2018. The Company purchased the UK holding company (MGM Advantage Holdings Limited) and its UK subsidiaries which trade under the name Retirement Advantage. Retirement Advantage includes a UK life insurance business which specialises in the provision of retirement income solutions including annuity and pension drawdown products and which has an approved Partial Internal Model. It also includes a business that sources and provides equity release lifetime mortgages.

A.1.3 The Canada Life Group (UK) Limited

CLG is the parent company for seven (eight from 2nd January 2018) insurance and reinsurance undertakings that are authorised and regulated by the PRA in the UK or by the CBI in Ireland. Details of the undertakings are set out in the sections below. In addition, the Group also owns a number of fund management companies, service companies, brokerages and other related companies. Details of these and all other CLG undertaking companies can be found in the Annex.

A.1.3.1 Simplified Group Structure - Parent Relationship

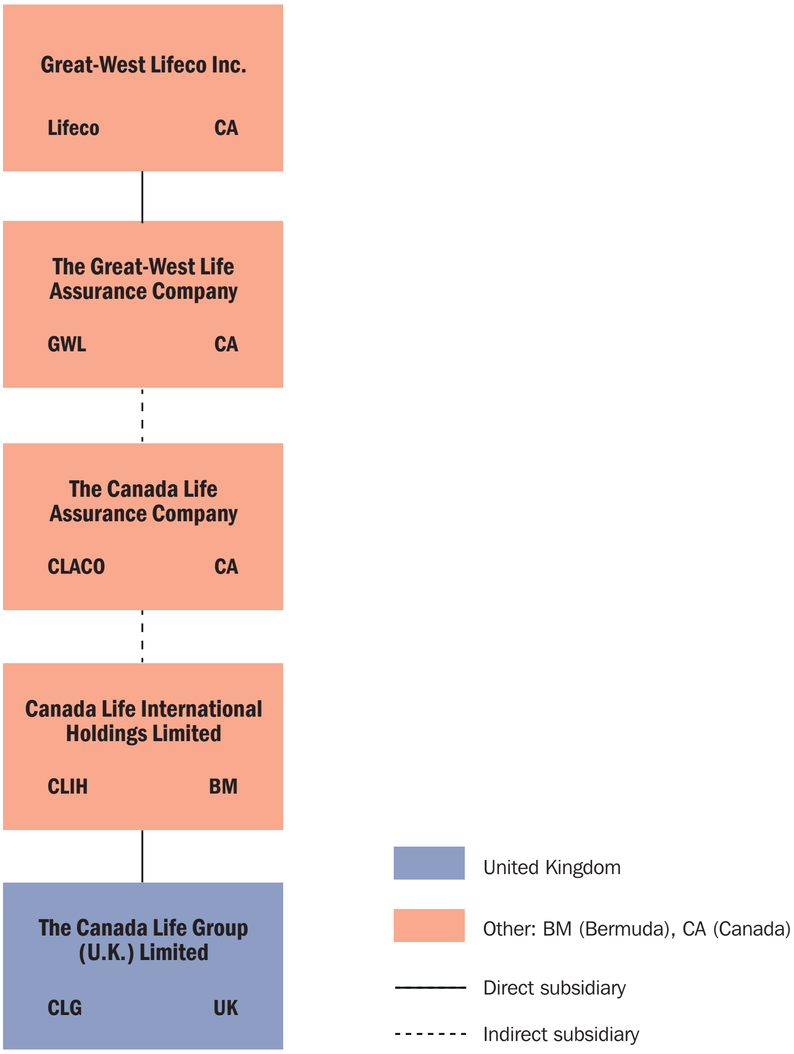

Figure 1: The Company's relationship to its parent

A Business and Performance

A.1.3.2 Subsidiary Relationship
A simplified organisational group structure showing CLG's direct and indirect holdings

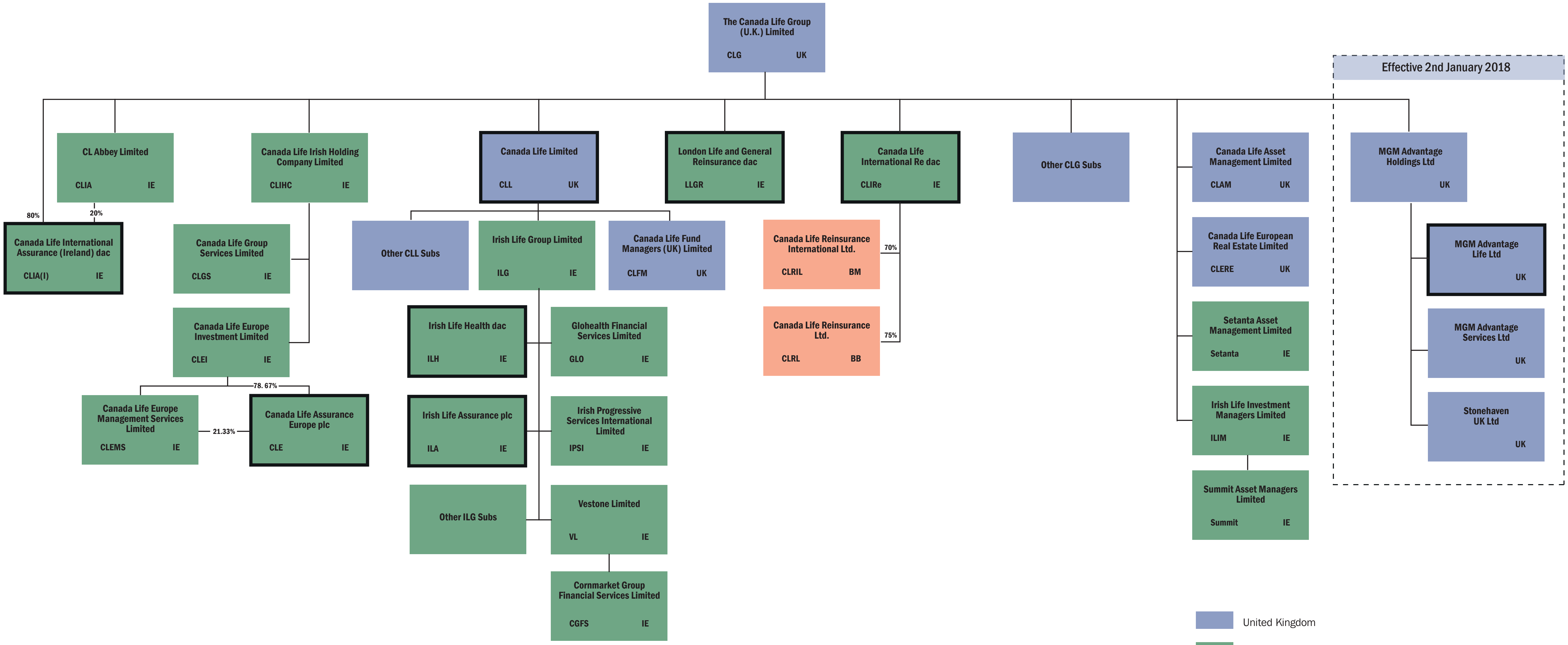

Figure 2: Organisational group structure

United Kingdom
Republic of Ireland
Other: BB (Barbados), BM (Bermuda), CA (Canada)
Direct subsidiary
Indirect subsidiary
Solvency II regulated undertakings

A Business and Performance

As an intermediate holding company, CLG does not prepare consolidated financial statements. Where financial statement data is required under the Solvency II regulations, it will provide aggregated data prepared on a C-IFRS basis for the companies within CLG. There are no material differences between the scope of the group data used for C-IFRS and the scope of the group consolidated data as determined under Article 335 of the Delegated Regulations for Solvency II reporting.

A.1.3.3 United Kingdom Business

A.1.3.3.1 Canada Life Limited

CLL is an insurance company that is based in the UK. It provides retirement products, group risk insurance, and insurance based investment products. It sells individual and group insurance to meet the retirement, investment and protection needs of both individuals and companies. CLL is authorised by the PRA and regulated by the PRA, and by the Financial Conduct Authority (FCA) for business conduct purposes.

A.1.3.3.2 Canada Life International Assurance (Ireland) dac

CLIAI sells unit-linked life assurance and capital redemption bonds to UK residents through UK independent regulated intermediary channels. Although the main market is the UK, the company is also licensed to sell to Jersey residents and operates in Italy on a freedom of services basis, although it is no longer seeking new clients in Italy. CLIAI is authorised and regulated by the CBI and regulated by the FCA for business conduct purposes in relation to UK sales.

A.1.3.4 Ireland Business

A.1.3.4.1 Irish Life Assurance plc

ILA is the largest life and pensions group in Ireland, servicing over 1.3 million customers. The Irish Life brand is one of the most established and recognised financial brands in Ireland. Its brand strength is based on broad distribution, product innovation and flexibility and strong investment performance.

ILA operates through two main divisions, Irish Life Retail and Irish Life Corporate Business. Irish Life Retail is focused on individual life assurance, pensions and investments and Irish Life Corporate Business is focused on life assurance and pension products for employers and affinity groups. ILA is regulated by the CBI.

A.1.3.4.2 Irish Life Health dac

The principal activity of Irish Life Health dac (ILH) is the transaction of health insurance business within the Republic of Ireland.

ILH offers innovative products, designed on the basis of extensive customer research. ILH is regulated by the CBI.

A.1.3.5 Germany Business

A.1.3.5.1 Canada Life Assurance Europe plc

CLE is authorised as an insurance provider and currently writes life assurance business in Germany. CLE sells exclusively through the broker and multi-tied agent channel. CLE is regulated by the CBI and regulated by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) for business conduct purposes.

A.1.3.6 Reinsurance Business

A.1.3.6.1 Canada Life International Re dac

CLIRe forms part of the Reinsurance Division of GWL. The primary focus of the GWL Reinsurance Division is on life reinsurance business in Europe and the United States. This is supported by CLIRe, where appropriate, through directly writing the business and through internal retrocessions. The main business lines and divisional business strategies are traditional life, structured life and payout annuities. It is regulated by the CBI.

A.1.3.6.2 London Life and General Reinsurance dac

London Life and General Reinsurance dac operates as part of the Reinsurance Division of GWL. The business purpose of London Life and General Reinsurance dac is to provide speciality reinsurance products to international property and casualty and life reinsurers and insurers.

London Life and General Reinsurance dac ceased writing new business in 2014. It continues to manage and run-off existing reinsurance business in a controlled manner. It is estimated that run-off of the existing business will take approximately five years. It is regulated by the CBI.

A.1.4 Intra-group Transactions during 2017

CLG has a limited amount of intra-group transactions. These are reinsurance agreements, intra-group outsourcing agreements, loans and guarantee agreements conducted on an arm's length basis.

CLL has a quota reinsurance arrangement in place with CLIRe for a block of UK group life business.

CLG subsidiaries have a number of outsourcing agreements with each other. These include the provision of information services, investment management, legal and actuarial modelling services. The provision and oversight of these services is governed by subsidiary outsourcing policies.

A.1.4.1 Capital Transactions during 2017

On 8th February 2017, ILA repaid its subordinated debt in the value of €200m following a capital receipt received from the Company's parent on 6th December 2016.

On 19th December 2017, the company issued 1 ordinary share of £1 nominal value to its immediate parent company at a price of £160m. It also set up a subordinated loan agreement with CL Luxembourg Capital Management Sarl (a member of the GWL group of companies) in the value of £75m.

A Business and Performance

A.2 Underwriting Performance

An analysis of gross written premiums by business and geographical area is shown in the following table.

Name of subsidiary	Main line of business	2017 £m	2016 £m
United Kingdom			
Canada Life Limited	Annuities, unit-linked and group risk business	1,680	1,222
Canada Life International Assurance (Ireland)	Unit-linked business	635	400
Total		**2,315**	**1,622**
Ireland			
Irish Life Assurance	Unit-linked and corporate risk business	6,353	4,447
Irish Life Health	Health Insurance	399	292
Total		**6,752**	**4,739**
Germany			
Canada Life Assurance Europe	Unit-linked and unitised business	620	561
Total		**620**	**561**
Reinsurance			
Canada Life International Reinsurance	Reinsurance	297	259
Total		**297**	**259**
CLG Total		**9,984**	**7,181**

Table 4: Gross written premiums

Total gross written premiums increased 39% (£2,803m) over the reporting period. This is mainly due to increases in unit-linked business in Irish Life Assurance in Ireland.

The performance of the subsidiaries and their individual lines of business is analysed in the SFCR reports for each subsidiary, a list of web links is available in Appendix 1.

A.3 Investment Performance

The Company's consolidated investment income is shown below.

Asset Type £m	Net Investment Income	Realised and unrealised gains	2017 Total	Net Investment Income	Realised and unrealised gains	2016 Total
Bonds	690	(247)	443	723	1,501	2,224
Equities and collective investment undertakings	517	1,991	2,508	500	2,005	2,505
Derivatives	(14)	433	419	(6)	(5)	(12)
Loans and mortgages	97	27	124	86	26	112
Property	168	35	202	169	98	267
Cash and other investments	131	22	153	125	202	327
Total	**1,589**	**2,261**	**3,849**	**1,597**	**3,827**	**5,424**

Table 5: CLG consolidated investment income

Investment return on assets held to meet insurance liabilities fell in comparison to the previous year mainly due to a fall in unrealised gains on the valuation of Fixed Income Securities. Volatility in the financial markets in 2016 drove a fall in interest rates over the course of the year that lead to gains in fair values of Fixed Income Securities. Interest rate changes have been significantly smaller in 2017 and hence we have seen smaller changes in the fair values of Fixed Income Securities.

The investment performance of the subsidiaries and their individual lines of business is analysed in the SFCR reports for each subsidiary, a list of web links is available in Appendix 1.

A.4 Performance of other activities

As the holding company for the activities of the European undertakings, CLG performs no other activities.

A.5 Any other Information

The company purchased a 100% holding in RA on 2nd January 2018.

Brexit could potentially have an impact on UK and Irish economic growth and act as a catalyst for changes in business performance. The current organisational structure may require some changes to meet our needs post Brexit but the core strategy of running operationally autonomous subsidiaries provides resilience.

B System of Governance

B.1 General Information on the System of Governance

The Company operates a three lines of defence risk governance model. In this model, the first line of defence against risk is the business functions. The second line of defence is the oversight and control functions of the business which control, monitor and report risks within the group risk governance structure. The third line of defence is the independent assurance provided by the Internal Audit function.

Responsibility for the CLG system of governance lies with the Board.

The Board has a lead role in:

- confirming the Company's strategy;
- clarifying the levels of risk that are acceptable in the delivery of the strategy; and
- ensuring that there is an appropriate control environment and sufficient risk-based capital across the Group to maintain its ongoing solvency, as required from time to time.

The relationship between the Board and the boards of directors of the Company's subsidiaries is important and requires an appropriate balance of oversight that allows the subsidiaries to fulfil their local responsibilities. The respective subsidiary and CLG Board charters and key function mandates are designed to facilitate this process.

B.1.1 Board

The Board is responsible for promoting the long term success of the Company for the benefit of its shareholder and other stakeholders. This includes ensuring that an appropriate system of governance is in place.

The Board is accountable for governance structures throughout the Group, which are designed to meet the Company's regulatory requirements while facilitating subsidiaries to meet their respective obligations under the applicable local laws and regulations. For Solvency II, a focus of the Board is to ensure the consistent design and operation of its governance systems and processes, such that overall the Company meets the legislative requirements.

The Board meets at least quarterly and receives reports and recommendations from time to time on any matter which it considers significant to the Company including, amongst other things, on strategic matters relating to business and investment performance, risk management issues and the performance of the internal control environment as well as regulatory updates relevant to the Group.

The Board is responsible for the CLG European Risk Management Framework and approves the risk appetite, risk mandates and risk limits for the Group. In coordination with the Company's subsidiary boards, the Board oversees how these risk mandates and limits are delegated to entities within the Group.

The Board considers the impact on the Group capital and solvency position when approving significant matters occurring in or between Group entities; for example changes to strategy or business plans, new products, reorganisations and significant acquisitions or disposals.

The CLG Board also plays a key role in articulating and maintaining a culture of risk awareness and ethical behaviour within the Company.

B.1.1.1 Board Committees

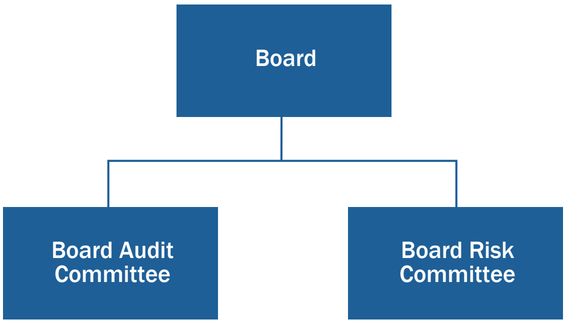

Figure 3: CLG illustration of the governance structure

The Board delegates various responsibilities to the CLG Board Audit Committee (BAC) and the CLG Board Risk Committee (BRC) including, for example, the establishment and continued monitoring of systems of control and risk management. Both committees provide regular reports to the Board. This ensures that the Board can be effectively advised and supported in respect of executing its decision making and oversight responsibilities.

B.1.1.2 Board Audit Committee

The BAC assists the Board in meeting its responsibilities for, amongst other things, the integrity of the Group's financial reporting in relation to its duty to confirm the integrity of disclosed financial statements, and the effectiveness of the Company's internal control, as well as monitoring the effectiveness and objectivity of the internal and external auditors, and the finance, actuarial and compliance functions. The BAC reviews and concludes on the adequacy of the Company's system of internal control in line with its risk management system. It oversees risks inherent in the Group solvency reporting process by reviewing results and monitoring the adequacy and effectiveness of associated internal controls. In coordination with the Internal Audit function, the BAC reviews and approves the Group consolidated audit plan.

The CLG Finance and Actuarial functions report into the BAC through the CLG Chief Financial Officer (CFO). The BAC has the authority to, amongst other things, recommend to the Board approval of the appointment and/or removal of the CFO and the Head of Actuarial.

B.1.1.3 Board Risk Committee

The BRC supports the Board in discharging its duties relating to risk management. It provides direction and oversight in relation to the Group's overall risk management framework.

The BRC provides oversight of senior management, monitoring that management of the Company is consistent with business strategy, risk policies and risk appetite. It advises the Board in respect of its oversight responsibilities of CLG's principal risks including conduct, underwriting, credit, market, liquidity and operational risks, and the aggregation of those risks at Group level. It is also responsible for monitoring the impact of principal risks on the Group strategy. The Chief Risk Officer (CRO), through the BRC, escalates any breaches associated with the risk framework to the Board.

The CLG Risk function reports into the CLG BRC through the CRO. The BRC has the authority to, amongst other things, recommend to the Board approval of the appointment and/or removal of the CRO.

B.1.2 Material Changes in System of Governance

There were no material changes in the system of governance during the reporting period.

B System of Governance

B.1.3 Remuneration

The Company's approach to remuneration is guided by the following principles:

- attract, retain and reward qualified and experienced employees who will contribute to the success of the Company;
- motivate employees to meet annual corporate, divisional and individual performance goals;
- support the Company's objective of generating value for shareholders over the long term;
- promote the achievement of goals in a manner consistent with the Code of Conduct; and
- align with regulatory requirements and sound risk management practices.

The Company's remuneration principles are outlined in the Remuneration Operating Policy which also sets out the Company's approach to managing risks associated with how staff are remunerated and incentivised while treating customers fairly and meeting the Board's objectives and risk preferences.

The Remuneration Operating Policy helps to ensure:

- the remuneration programmes promote sound and effective risk management and align with the risk strategy and preferences as approved by the Board;
- the remuneration programmes are consistent with business and risk strategy and long term shareholders' interests;
- the remuneration policy is available to all staff;
- the remuneration programmes are competitive and fair; and
- there is clear, effective and transparent governance in relation to remuneration.

The Remuneration Operating Policy is designed to meet the regulatory requirements applicable to the Company, including Solvency II arrangements.

CLG's commitment to the oversight of the risks associated with remuneration and other forms of incentivising its staff include the following:

- the Board, based on data provided, ensures on an annual basis that the Remuneration Operating Policy is complied with; and
- the CRO reviews the Remuneration Operating Policy for consistency with other risk management policies.

To ensure consistency throughout the Group, CLG's subsidiaries attest that they have complied with local remuneration policies that are aligned to the CLG Remuneration Operating Policy.

B.1.3.1 Share Options, Shares or Variable Components of remuneration

All remuneration programmes consist of four primary elements; a base salary, annual incentive bonus, retirement benefits and benefits during the course of employment. The proportion of each element in the overall package will vary based on the role. Senior positions may include a fifth element – a long term incentive.

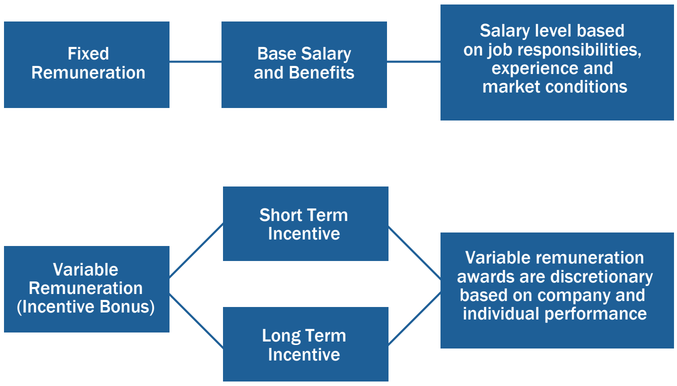

Figure 4: Remuneration summary

An annual incentive bonus scheme is in place which relates the overall remuneration to the performance of the Company. Any bonus award is based on the delivery of objectives that are closely aligned to the business goals within the Company's critical priorities. A number of incentive schemes exist which are linked to the level of the role in the organisation and, where appropriate, the type of role. Each member of staff has a number of operational and personal objectives set annually which may include objectives covering risk management and control. The proportion of remuneration that is fixed and that is variable is dependent on a number of factors, including an employee's role and their department. Variable pay for compliance, risk and internal audit staff is not materially dependent on the performance of the areas they oversee.

B.1.3.2 Supplementary Pension or early retirement Schemes for the Members of the management Body and other key Functions

CLG's current remuneration policy does not include any supplementary pension or early retirement schemes for members of the CLG Board or other key function holders.

B.1.4 Adequacy of the system of governance

The Board is satisfied that appropriate systems of governance were in place during the 2017 reporting period. This is based on the results of a number of self-assessment reports received from the control functions (Finance, Risk, Compliance, Actuarial and Internal Audit) as well as an internal Board self-assessment review.

B.2 Fit and proper requirements

CLG is committed to ensuring that all persons subject to the fit and proper requirements have the requisite qualifications, knowledge, skills and experience required to carry out their role (fitness assessment) and are honest, ethical, act with integrity and are financially sound (propriety assessment).

All individuals who effectively run the Company or have a key function have a job profile. Typically, the job profile sets out the accountabilities for the job, the level of knowledge, skills and experience required to carry it out, together with the behavioural competencies essential for the job. Before an appointment is made to one of these roles, a due diligence process is undertaken to ensure that the person is fit and proper for the role. The criteria for assessing whether a person is fit and proper and is financially sound are set out in the Company's Group Fit and Proper Policy.

The Group Fit and Proper Policy sets out the process for fit and proper assessments, initially and on an ongoing basis. As part of the annual review process for the policy, attestations are sought from relevant subsidiaries in relation to material compliance with the policy in the previous twelve months. The BAC is provided with the results of the attestation process.

Where CLG becomes aware that there may be concerns regarding the fitness and propriety of a person in a role subject to the Group Fit and Proper Policy, it will investigate such concerns and take appropriate action. CLG will notify the PRA of any such action taken where a negative conclusion has been reached.

CLG is reliant on attestations from subsidiary companies that they have complied with local fit and proper policies aligned to the Group Fit and Proper Policy.

B.3 Risk management system including the own risk and solvency assessment

The Board is responsible for the appropriate management of risks across the Group and has put in place a comprehensive risk management framework, which includes an ERM policy to establish responsibilities for all key components of the risk management system. This policy details the three lines of defence model used by CLG and establishes responsibilities and requirements for the first, second and third lines of defence.

The Company has a CLG Risk Appetite Framework and a CLG Risk Strategy, which outline CLG's appetite for each risk and its strategy for accepting, managing and mitigating risks. Risk policies are in place which detail the management strategies, objectives, processes and reporting procedures and requirements for all risks accepted by CLG.

B System of Governance

The CLG Chief Risk Officer (CRO) has primary responsibility for the implementation of the risk management system and, under the leadership of the CRO, the Risk function has established processes in place to ensure compliance with risk policies. Policy compliance is confirmed to the BRC as part of the annual review of risk policies. The Risk function also ensures that all risks are appropriately monitored and reported, including through quarterly reporting to the Board on risk exposures and compliance with risk limits.

Additional details of the risk profile of the business and risk management strategies, processes and reporting procedures in respect of each category of risk are detailed in Section C of this report.

B.3.1 Enterprise Risk Management

CLG's ERM Policy is applied in conducting business and setting strategy across all areas of the Company. The process is designed to identify potential events or emerging issues that may affect the Company, to manage risks to remain within risk appetite limits and to provide reasonable assurance that company objectives are achieved.

The ERM Policy defines key elements of ERM framework. The ERM process sets the principles, concepts, processes and accountabilities which govern how risk is managed across the company.

CLG regularly monitors its risk profile against the limits in the Risk Appetite Framework. Data used in risk reporting is sourced from subsidiaries and, for CLG solvency measures, from the CLG actuarial team.

B.3.2 Risk Management Model – Three Lines of Defence

CLG has adopted the three lines of defence risk management model to enable a consistent application of risk management across the company. The model clearly segregates risk management, risk oversight and independent assurance responsibilities.

Line of Defence	Function	High Level Responsibilities
First Line **Owns and manages the risks**	Business and support functions	Business units have primary responsibility and accountability for risk-taking and risk management. They are primarily responsible and accountable for the day-to-day risk management operations within the established risk management framework, including designing and implementing risk mitigation techniques and internal controls. Primary responsibility and accountability for risk identification, measurement, management, monitoring and reporting lies with first line operational business areas.
Second Line **Accountable for the independent oversight of risk-taking**	Risk, finance, actuarial and compliance functions	The second line of defence challenges and assesses the first line of defence's operation of the risk management framework and provides oversight of compliance with applicable laws and regulation. The risk and compliance functions are primarily responsible and accountable for the oversight of all risk-related activities and processes across the Company. The finance and actuarial functions provide control and oversight of finance-related activities and processes across the Company.

Line of Defence	Function	High Level Responsibilities
Third Line **Independently assess the adequacy of the design and operational effectiveness of the ERM framework**	Audit	The third line provides an independent assessment of the effectiveness of the first two lines of defence. Internal Audit is responsible for the provision of comprehensive assurance to the Board and senior management about the operational effectiveness and design of the risk management framework based on the highest level of independence and objectivity within the Company.

Table 6: Three lines of defence model

B.3.3 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is owned and directed by the Board with support from the BRC.

The ORSA process is a key part of the risk management system. The process is used to integrate risk management into the Company's strategy and operations and to ensure that the risk profile remains within the risk appetite and capacity limits. It is underpinned by an ORSA Policy which establishes clear roles and responsibilities. The policy is reviewed and approved by the Board on an annual basis.

The ORSA provides the key link between the risk management system and capital management activities and the key assumptions underlying the business plans, including projected sales, expenses and new business margins. The analysis allows the Board to consider the risks associated with the business strategy and the impact of changing or stressing the key assumptions.

The outcome of the ORSA process is the ORSA report which summarises the results and considers how appropriate CLG's business strategy is relative to its financial resources and risk appetite. The ORSA is presented to and approved by the BRC annually or more often as necessary.

B.4 Internal Control System

The Board is responsible for the internal controls system at CLG and for monitoring the integrity of financial reporting systems and the implementation of internal controls and management information systems of the Company.

CLG operates a robust internal control system which is appropriate to its size, the nature of risks it faces and the complexity of its operations. The internal control framework is designed to ensure that controls are effectively aligned to risk exposures, thereby providing reasonable assurance regarding the achievement of the following objectives:

- reliability and accuracy of financial and non-financial information;
- integrity of reporting;
- compliance with external laws, regulations and internal operating policies; and
- effective risk management within approved risk appetite limits.

To achieve the objectives, the Company uses the three lines of defence model to support and monitor the various control activities undertaken by staff. The model clearly articulates the division of responsibilities for risk management between the three lines, the business and support functions, the Compliance and Risk functions and Internal Audit.

B System of Governance

The Company has processes in place to evidence:

- controls over financial results;
- the identification, assessment and management of risks and controls;
- the reporting and analysis of risk events; documentation and assessment of key business processes; and
- the identification and assessment of emerging risks.

The BAC requires management to implement and maintain appropriate internal control procedures and reviews, evaluates and approves those procedures;

The Group Internal Control Policy establishes the minimum requirements for the internal control system. As the owner of the Internal Control Policy, the CFO is responsible for ensuring the appropriateness of this policy through annual reviews and revisions. The policy is reviewed and approved by the Board on an annual basis.

B.4.1 Compliance Function

The compliance function is responsible for providing independent information and objective advice on, amongst other things, regulatory compliance issues and developments to the BAC. This allows the BAC to obtain a group-wide perspective on compliance matters and to fulfil its accountability for CLG and its subsidiaries' regulatory compliance control effectiveness. The compliance function takes into account the assessments of the adequacy of, adherence to and effectiveness of regulatory compliance management controls across the Company.

The compliance function conducts independent risk-based monitoring and testing of regulatory compliance across the Company. It reports to the BAC providing information regarding the overall state of compliance within the Company and on any material regulatory compliance management framework weaknesses, non-compliance, the impact of forthcoming regulatory change and preparedness, related action plans and material exposures to regulatory risk.

B.5 Internal audit function

The role of the internal audit (IA) function is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

The IA function applies a global comprehensive methodology framework and procedures which are in accordance with accepted industry practice including the International Professional Practices Framework as set out by the Institute of Internal Auditors. The Global Methodology and Standards team, within the Lifeco internal audit function, monitors that audit staff utilise and comply with approved methodology and procedures. As part of the on-going quality assurance and improvement programme an external assessment is conducted every five years and the results are communicated to senior management, the BAC and the Board.

Internal audit activity is carried out within the framework of a risk-based audit plan as approved by the BAC on an annual basis.

Internal audit prepares quarterly reports to the BAC summarising audit activity in the quarter, identifies weaknesses in the internal control environment, risk management, inadequacies in compliance with laws and regulations, recommendations to remedy weaknesses and updates to previous recommendations.

All audit reports are distributed to those members of the organisation who are in a position to take corrective action or ensure that corrective action is taken for findings identified.

IA is independent of the business management activities of the firm, thus enabling the businesses to carry out their work with full accountability. IA is not involved directly in revenue generation or in the management and financial performance of any business line. IA has neither direct responsibility for, nor authority over, any of the activities reviewed, nor does their review and appraisal relieve other persons in the Group of responsibilities assigned to them. IA are not responsible for developing, revising or installing systems, policies or procedures, or for appraising an individual's performance related to operations audited.

The Chief Internal Auditor, Europe (CIAE) has a direct reporting line and responsibility to the Chief Internal Auditor (GWL) and to the BAC for oversight matters. The BAC has sufficient authority to promote independence and to ensure a broad audit coverage and adequate consideration of audit reports. The BAC annually reviews and approves the mandate of the CIAE, reviews and recommends the appointment/removal of the CIAE to the Board and annually assesses the performance of the CIAE and the effectiveness of the IA function. The BAC also reviews and approves the organisational and reporting structure, the IA department budget and resources and, through the Chairman of the BAC, has the authority to communicate directly with the CIAE. The CIAE maintains direct and unrestricted access to the BAC, and meets with the Chair of the BAC on regular basis, without management present. The CIAE is responsible to the CLG Chief Operating Officer for operating matters and day to day management.

The CIAE Mandate approved by the BAC notes that the CIAE and IA function is independent of the activities that they audit and free from conditions that threaten their ability to carry out internal audit responsibilities in an objective manner. The internal audit activity is free from interference for matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective audit approach.

B.6 Actuarial function

The actuarial function is responsible for the coordination of Solvency II actuarial requirements for the Company. It has oversight responsibilities for actuarial activities carried out across the Group. The function of Head of Actuarial is performed within the Company. CLG has outsourced all other elements of its actuarial function to an external service provider. The actuarial function is performed collectively by the Head of Actuarial and the external service provider.

The key responsibilities of the actuarial function are outlined below.

Solvency II Technical Provisions

- coordination of the calculation of the consolidated technical provisions in line with Solvency II requirements; and
- oversight across the CLG Group of the methodology, assumptions and quality of data used in the calculation of technical provisions to ensure an appropriate level of consistency and to determine the reliability and adequacy of the consolidated CLG technical provision calculation.

Risk Management

- contribute to the effective implementation of the risk management system, including providing technical support to the risk function for risk modelling review and support to the development and maintenance of the Group Partial Internal Model, supporting the production of stress and scenario tests and projection of Group Solvency II Balance Sheet and supporting the quantification of the Company's Own Solvency Needs Assessment.

Solvency Monitoring

- contribute to the calculation of the CLG consolidated own funds, taking account of relevant Group level methodology and restrictions;
- calculate the CLG consolidated Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR);
- monitor and manage the solvency position for the Group;
- support the finance function with the production of the actuarial Quantitative Reporting Templates, updates to the Regular Supervisory Report and the Solvency and Financial Condition Report; and
- support the finance function in the process of financial reporting, planning and budgeting.

Reporting

- provide the actuarial function report for the Board.

Underwriting and Reinsurance Arrangements

- monitor compliance across the Group with the CLG Group Underwriting and Pricing Risk Policy and the overall adequacy of reinsurance arrangements and compliance with the CLG Reinsurance Risk Management Policy, informing senior management and the Board of any material concerns.

B.7 Outsourcing

B.7.1 Description of the Group outsourcing Policy

In the appropriate circumstances, the outsourcing of specific business functions can be used to reduce or control costs, to free internal resources and to utilise skills, expertise and resources not otherwise available, resulting in significant benefits for the Company and its stakeholders.

CLG has a Group Outsourcing Policy which outlines the Company's approach and control objectives in overseeing outsourced activities. It sets out the oversight responsibilities for management and requirements that apply across the Group. However, the outsourcing of specific business functions might expose the Company to additional risks and such risks must be identified and managed. The policy helps to identify and manage outsourcing risks through:

- identification of material outsourcing arrangements;
- appropriate approval of outsourcing arrangements;
- thorough evaluation of the capability of proposed service providers under material outsourcing arrangements;
- certain mandatory terms and conditions of material outsourcing contracts; and
- monitoring and control by both management and by the BAC of material outsourcing arrangements.

The Company takes a prudent and conservative approach to outsourcing, utilising an outsourcing risk management programme, including business continuity plans, designed to ensure that no outsourcing arrangement will be entered into if it would result in unacceptable risk.

B.7.2 Outsourcing of Critical or important operational Activities or Functions

CLG is currently utilising several service providers to undertake critical or important functions on its behalf. Details of the functions and activities provided and the jurisdictions in which they operate are shown in the following table.

Type	Description of service provided	Jurisdiction of service provider
External	Actuarial services	UK
Group	Provision of Finance, HR, Risk, Internal Audit, Compliance, I.T. and investment management services	UK, Ireland

Table 7: Outsourcing arrangements

B.7.2.1 External outsourcing Arrangements

CLG has outsourced the support for its actuarial function to an external services provider which provides the following actuarial services:

- actuarial group reporting – including the production of board reports;
- technical services – including the calculation and aggregation and consolidation of key components of the Group balance sheet including technical provisions, own funds and capital;
- actuarial oversight collectively with the Head of Actuarial; and
- actuarial support to other key functions.

B.7.3 Information on any material Intra-group Outsourcing Arrangements;

Material outsourcing arrangements held by CLG subsidiary insurance undertakings are set out in their respective SFCRs, for web links see Appendix 1.

B.8 Any other Information

There is no other material information about the system of governance.

C Risk Profile

CLG is an intermediate holding company for Great-West Lifeco's businesses in the EU. In the main, its risk profile reflects the consolidated risk profiles of its subsidiaries, in particular, its main four regulated insurance and reinsurance subsidiaries: Canada Life Limited, Irish Life Assurance plc, Canada Life International Reinsurance Limited and Canada Life Assurance Europe plc.

CLG assesses its risk exposure by using the Standard Formula to calculate its SCR.

The chart below shows the split of CLG's risk profile by the main risk types. Note that throughout this section we have included Spread risk SCR under Credit risk (whereas the Standard Formula includes Spread risk under the Market risk sub-module).

CLG Risk Profile

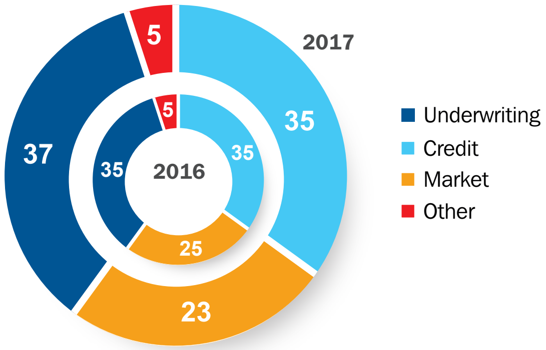

Figure 5: CLG diversified Risk SCR shown as a percentage

CLG's risk profile has been stable over the year 2017. In early 2018 two events occurred which are of significance for CLG's risk profile. Firstly, Retirement Advantage was acquired in January 2018. While this acquisition does not materially change CLG's risk profile, it does increase exposure to credit and longevity risk, and also gives the group exposure for the first time to Equity Release Mortgages. The second event which occurred is that the retroceded US mortality protection business has been novated out of CLIRe. This has led to a significant change in CLIRe's risk profile, with a large reduction in its mortality, persistency and currency risks. The impact at CLG is a slight reduction in the SCR. The reduction in those risks means that credit risk takes up an increasing share of the diversified risk profile.

The risk profiles of the main subsidiaries are described in SFCRs for the individual companies. A list of web addresses is available in Appendix 1.

This report also contains a description of material risk exposures for CLG which do not arise from the insurance subsidiaries, together with a description of the risk sensitivity of CLG's consolidated risk profile, informed by the results of stress tests and scenario analysis, risk concentrations and significant intra-group transactions at and across CLG.

CLG's Board-approved Risk Appetite Framework is reviewed annually and sets out the company's risk appetite, including limits against specific exposures linked to CLG's defined preferences for each risk.

The risk function oversees the ORSA process, which assesses the projected risk profile and solvency position of the company against its defined risk appetite. The ORSA includes a group-wide stress and scenario testing exercise which tests the resilience of the company's solvency position in adverse conditions.

Stress and Scenario Testing

The Company also uses stress testing to measure its risk profile and to understand the sensitivity of the solvency ratio to a range of risk events. Stress tests are regularly carried out on the key risk exposures to help inform decision making and planning processes and to help to identify and quantify the risks to which the Company is exposed.

Results of stress testing in relation to key risk sensitivities are set out below. The table below illustrates the absolute change in the Company's solvency coverage ratio that would result from the stresses shown. The impact of each stress on the value of CLG and subsidiary companies is taken into account. All other assumptions remain unchanged for each stress.

The impact of the sensitivities is broadly similar to prior year reflecting the fact that the underlying risk profile of CLG is broadly unchanged over the year.

Sensitivity	2017 Impact on CLG solvency ratio
0.5% increase in interest rates	6%
0.5% fall in interest rates	-7%
0.5% increase in credit spreads	2%
10% fall in equity and property values	-4%
10% increase in maintenance expenses	-3%
10% increase in policy lapse rates	1%
10% reduction in policy lapse rates	-1%
5% increase in mortality rates (assured lives)	-1%
5% deterioration in morbidity experience	-2%
5% decrease in annuity mortality rates	-9%

Table 8: Results of sensitivity testing

Transitional relief on technical provisions is assumed to be recalculated in all sensitivities where the impact would be material. Sensitivities will change over time as the size of the balance sheet changes and will depend on market conditions.

C.1 Underwriting Risk

Underwriting risk is the risk of loss resulting from adverse changes in experience associated with contractual promises and obligations made under insurance contracts. Underwriting risk includes uncertainties around the ultimate amount of net cash flows (premiums, commissions, claims, pay-outs and related settlement expenses), the timing of the receipt and payment of these cash flows, as well as the impact of policyholder behaviour (for example, lapses).

The Company identifies a number of broad categories of underwriting risk, which may contribute to financial losses: longevity risk, mortality and morbidity risk, expense risk, lapse risk and catastrophe risk. Mortality risk, morbidity risk and longevity risk are core business risks and the exchange of these risks into value is a core business activity. Lapse risk and expense risk associated with offering the core products are accepted as a consequence of the business model and mitigated where appropriate. Catastrophe risk relates to potential losses in relation to concentrated mortality or morbidity exposures, as a result of extreme events such as pandemics or terrorist attacks.

C Risk Profile

The business strategies of the insurance subsidiaries are to take on a variety of underwriting risks. CLG holds regulatory capital against each material underwriting risk exposure.

Underwriting Risk SCR

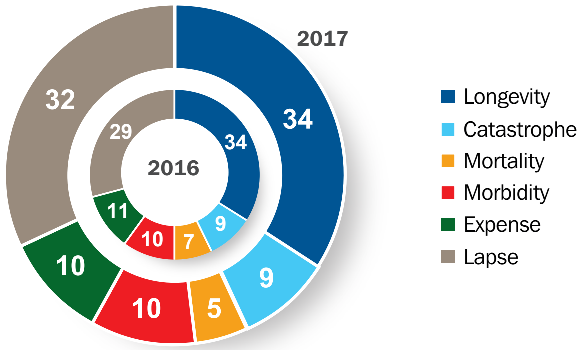

Figure 6: Underwriting risk diversified SCR shown as a percentage

CLG's underwriting risk profile has been stable over 2017. As noted earlier in this section, the acquisition of Retirement Advantage in early 2018 will increase CLG's longevity risk exposure. The novation of US mortality protection business from CLIRe in early 2018 will remove some of CLG's mortality risk exposure and also reduce lapse risk.

C.1.1 Longevity Risk

Longevity risk is the Company's largest underwriting risk in terms of the Standard Formula SCR and arises primarily from its annuity business. The risk is that annuitants live longer than expected whereupon the Company will be required to make additional annuity payments.

Business is priced using mortality assumptions which are regularly updated to take into account recent Company and industry experience and the latest research on expected future trends in mortality. Aggregate risk is managed through a combination of reinsurance and capital market solutions to transfer the risk as appropriate.

There are processes in place to verify annuitants' eligibility for continued income benefits. These processes are designed to ensure annuity payments are paid to those contractually entitled to receive them and help ensure mortality data used to develop pricing and valuation assumptions is as complete as possible.

C.1.2 Mortality and Morbidity Risk

Mortality risk is the risk of loss resulting from adverse changes in mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance contract liabilities.

Morbidity risk is the risk of loss resulting from adverse changes in disability, health, critical illness and other sickness rates, where an increase in the incidence rate or a decrease in the disability recovery rate leads to an increase in the value of insurance contract liabilities.

There is a risk of mis-estimating the level of mortality or morbidity, or accepting customers who generate worse mortality and morbidity experience than expected.

The Company employs the following practices to manage its mortality and morbidity risk:

- research and analysis is done regularly to provide the basis for pricing and valuation assumptions to properly reflect the insurance and reinsurance risks in markets where the Company is active;
- underwriting limits, practices and policies control the amount of risk exposure, the selection of risks insured for consistency with claims expectations and support the long-term sustainability of the Company;
- the Company sets and adheres to retention limits for mortality and morbidity risks. Aggregate risk is managed through a combination of reinsurance and capital market solutions to transfer the risk where appropriate;
- for group life products, exposure to a concentrated mortality event due to concentration of risk in specific locations could have an impact on financial results. To manage the risk, concentrations are monitored for new business and renewals. The Company may impose single-event limits on some group plans and declines to quote in localised areas where the aggregate risk is deemed excessive. Effective plan design and claims adjudication practices for morbidity risks are critical to the management of the risk. As an example, for group healthcare products, inflation and utilisation will influence the level of claims costs, which can be difficult to predict. The Company manages the impact of these and similar factors through plan designs that limit new costs and long-term price guarantees and include the ability to regularly re-price for emerging experience; and
- the Company manages large blocks of business, which, in aggregate, are expected to result in relatively low statistical fluctuations in any given period. For some policies, these risks are shared with the policyholder through adjustments to future policyholder charges or in the case of participating policies through future changes in policyholder dividends.

C.1.3 Expense Risk

Expense risk is the risk of loss resulting from adverse variability of expenses incurred with fee-for-service business or in servicing and maintaining insurance, savings or reinsurance contracts, including direct expenses and allocations of overhead costs. Expense management programmes are regularly monitored to control unit costs while maintaining effective service delivery.

C.1.4 Lapse Risk

Lapse risk is the risk of loss resulting from adverse changes in the rates of policy lapses, terminations, renewals and/or surrenders.

Many products are priced and valued to reflect the expected duration of contracts. There is a risk that the contract may be terminated before expenses can be recovered, to the extent that higher costs are incurred in early contract years.

Risk also exists where the contract is terminated later than assumed, on certain long-term level premium products where costs increase by age.

Business is priced using policy termination assumptions which take into account product designs and policyholder options, recent Company and industry experience and the latest research on expected future trends. Assumptions are reviewed regularly and are updated for new policies as necessary.

C Risk Profile

C.1.5 Catastrophe Risk

CLG is exposed to events (e.g. terrorism attack) which could have a high mortality and morbidity impact in a geographical area with a high concentration of lives insured through group schemes written by CLL and Irish Life. The UK group insurance business has a material concentration exposure in central London due to the close proximity of buildings, high insurance value of lives covered and London's prominent status which makes it a possible target of terrorist attacks.

For group life products, exposure to a concentrated mortality event due to concentration of risk in specific locations could have an impact on financial results. To manage the risk, concentrations are monitored for new business and renewals. The companies may impose single-event limits on some group plans and decline to quote in localised areas where the aggregate risk is deemed excessive.

Catastrophe risk also covers events such as pandemics which impact over a wider geographical area. Exposure to pandemic losses is managed through aggregate limits applying to mortality and morbidity risk exposures across the group.

C.2 Market Risk

Market risk is the risk of loss arising from potential changes in market rates and prices impacting future cash flows of the Company's business activities. Market risks include interest rate, equity market, real estate, liquidity and foreign exchange rate risks.

The Market Risk Management Policy sets out the market risk management framework and defines the principles for market risk management across CLG. This policy is supported by a number of other policies and guidelines that provide detailed guidance. An effective governance structure has been implemented for the management of market risk.

Market risk is primarily assumed and managed by subsidiaries but there is potential for aggregation at group level. The Company has established group level management committees to provide oversight of aggregated market risk, including the development of market risk limits, key risk indicators and measures to support the management of market and liquidity risk in compliance with the Company's Risk Appetite Framework. Each subsidiary also has established oversight committees and operating committees to help manage market risk at subsidiary level.

Risks and risk management activities associated with the broad market risk categories are detailed below.

The chart below summarises the market risk SCR after diversification.

Market Risk SCR

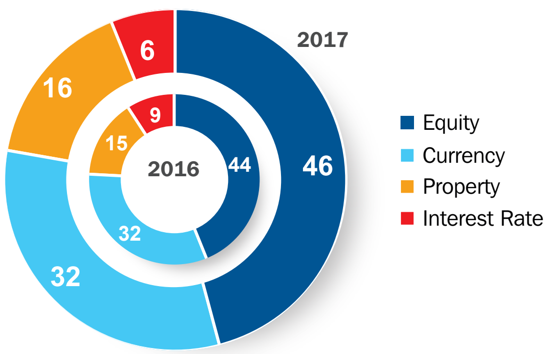

Figure 7: Market risk diversified SCR shown as a percentage

CLG's market risk profile has been stable over 2017. The novation of US mortality protection business from CLIRe in early 2018 will reduce the currency risk SCR.

CLG has a number or insurance subsidiaries whose business strategies involve taking on a variety of market risks.

C.2.1 Interest Rate Risk

Interest rate risk is the risk of loss resulting from the effect of the volatility and uncertainty of future interest rates on asset cash flows relative to liability cash flows and on assets backing surplus. The Company's exposure to interest rate risk arises from certain general fund and unit-linked fund products, principally through its annuity business.

The Company's Asset Liability Management (ALM) strategy has been designed to mitigate interest rate risks with close matching of asset cash flows and insurance contract obligations. Products with similar risk characteristics are grouped together to ensure an effective aggregation and management of the Company's ALM positions. Asset portfolios backing liabilities are segmented to align with the duration and other characteristics (for example, liquidity) of contract liabilities. The main exception to this matching strategy is the defined benefit pension schemes where a high proportion of equities are used to back the long-term liabilities.

For insurance subsidiaries which write long duration business such as annuities, the overall Solvency II capital ratio has a greater sensitivity to changes in interest rates. This is because falls in interest rates lead to increases in the risk margin and SCR (neither of which are stressed in the SCR calculation itself in accordance with the rules of Solvency II) with a more limited impact on the value of surplus assets which are generally invested at shorter effective durations.

The pension schemes invest in a wide range of assets, which are not closely matched by duration to the contractual liabilities. Changes in interest rates can directly impact the position of the pension scheme as asset and liability valuations may not move in line with each other – these impacts feed through into CLG's overall balance sheet. CLG and its subsidiaries manage and mitigate interest rate risk:

- through cash flow matching of assets to long-term liabilities. A full range of sensitivity tests are regularly carried out to confirm that the assets and liabilities remain closely matched.
- through reinsurance of annuity liabilities (in particular the longevity risk which drives both Longevity risk SCR and Risk Margin sensitivity) outside CLG.
- by setting limits and monitoring the aggregate interest rate exposure retained by the Group.

The SCRs held at subsidiary level reflects the more onerous of the upward and downward stresses. Some subsidiaries are exposed to interest rate rises and so use the upward interest rate stress for their SCR calculation whereas the CLG SCR is based on the downward interest rate stress which predominates overall. Current interest rates are at historically low levels, contributing to the relatively small size of the interest rate SCR.

CLG carried out stress testing on interest rate risk during 2017. CLG's exposure to interest rate risk is driven mainly by its annuity business.

C.2.2 Equity Risk, including Property Risk

Equity risk, which in our definitions includes risk relating to property assets, is the risk of loss resulting from the sensitivity of the values of assets, liabilities, financial instruments and fee revenue due to changes in the level or in the volatility of prices of equity markets. The Company's principal exposure to equity risk arises from unit linked funds and fee income associated with the Company's assets under management. Approved investment and risk policies also provide for general fund investments in equity markets within defined limits.

The Group offers some products with investment guarantees. The associated market risks are reinsured, mitigating the market risk exposure at CLG.

C.2.3 Currency Risk

Foreign exchange risk is the risk of loss due to changes in currency exchange rates. The Company's foreign exchange investment and risk management policies and practices are to match the currency of the Company's general fund investments with the currency of the underlying insurance and investment contract liabilities.

To enhance portfolio diversification and improve asset liability matching, the Company may use assets denominated in other currencies together with foreign exchange derivatives to mitigate currency exchange risk to the extent this is practical through the use of forward contracts and swaps.

CLG is exposed to currency risk through falls in the value of its own funds as a result of movements in the value of sterling in relation to other currencies, mainly the euro. The main exposure is that a fall in the value of the euro to sterling will reduce the value of excess own funds in those of its subsidiaries which are denominated in euros.

CLG manages and mitigates currency risk in a number of ways including a partial currency hedge which CLL has in place against currency movements for its euro denominated Irish Life group exposure. Reporting on the effectiveness of the hedge is carried out regularly, and limits are in place to prompt a review of the partial hedge position.

C.3 Credit Risk

Credit risk is the potential loss of earnings or capital arising from the inability or unwillingness of a counterparty to meet its contractual obligations to the Company.

The Company's credit risk management framework focuses on minimising undue concentration within issuers, connected companies, industries or individual geographies by emphasising diversification as well as by limiting new exposures to investment grade assets as per the Company's Group Investment Policy.

Diversification is achieved through the establishment of appropriate limits and transaction approval authority protocols. The Company's approach to credit risk management includes the continuous review of its existing risk profile relative to the risk appetite framework as well as the projection of potential changes in the risk profile under stress scenarios. Effective governance of credit risk management is enabled through the involvement of senior management, experienced credit risk personnel, and with the guidance of credit risk policies, standards and processes.

The BRC advises the Board on credit risk oversight matters and approves and monitors compliance with credit risk policies and limits. It also provides oversight of the Credit Risk Management Policy and related processes, and is responsible for ensuring compliance with the Company's risk appetite framework.

The chart below summarises the credit risk SCR by entity after diversification.

Credit Risk SCR

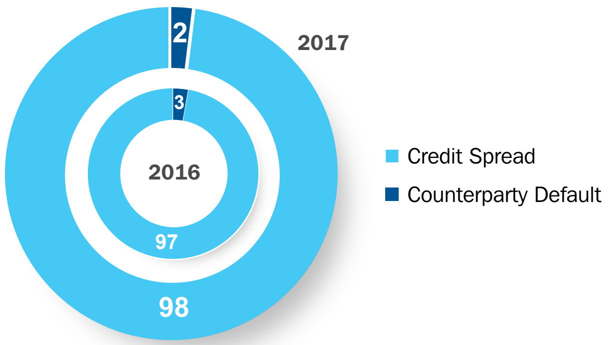

Figure 8: Credit risk diversified SCR shown as a percentage

As the graph illustrates, most of CLG's credit risk is captured in the credit spread SCR, which covers spread, default and downgrade risk on bonds and commercial mortgages. CLG also holds capital against the risk of counterparty default in relation to reinsurance and hedging arrangements – this includes an allowance for the internal reinsurance with other companies in the Great-West Life group.

As noted earlier in this section, the acquisition of Retirement Advantage in early 2018 will increase CLG's credit risk exposure in relation to the corporate bonds Retirement Advantage uses to back its annuity business. Retirement Advantage also uses equity release mortgages to back its annuities – this is a new exposure for CLG and will be split out separately in next year's SFCR.

CLG has a number of insurance subsidiaries whose business strategies involve taking on a variety of credit risks.

C.3.1 Fixed Income Investment Risk

The Company's exposure to fixed income investment risk primarily arises from investment in assets that provide income that is expected to meet future annuity payments. A range of investments including corporate bonds, government bonds, commercial mortgages and finance leases are used to provide this income. Fixed income investment risk exposure also arises from the Company's surplus assets, although these are generally invested in government bonds and money market instruments which are considered relatively low risk.

Fixed income investment risk is the largest contributor to the Standard Formula SCR. Exposure to this risk has remained relatively stable over 2017.

CLG breaks down fixed income investment risk into the following components:

- **default risk** – The risk arising of financial loss attributed to the default of a security in its financing obligations. Securities included in this risk category cover both corporate and government debt, in either fixed income or floating note form;
- **downgrade risk** – The risk arising of financial loss attributed to the downgrade of a security's credit worthiness. Securities included in this risk category cover both corporate and government debt, in either fixed income or floating note form; and
- **spread risk** – The risk arising of financial loss attributed to a change in the yield premium required by the market in respect of credit risk on risky assets. Securities included in this risk category cover both corporate and government debt, in either fixed income or floating note form.

C Risk Profile

The Company and its subsidiaries currently use the following risk management techniques for fixed income investment risk exposure:

- **credit reviews** – investments are acquired where, after detailed analysis, the returns are considered to be favourable after taking account of the underlying risks. Credit ratings are determined by an internal credit review carried out by the Investment Division and, when available, compared with ratings provided by external credit rating agencies Credit ratings are subject to a formal governance process, including independent oversight, and are reviewed at least annually;
- **policies and standards** – sets out the investment practices to which the Company adheres. Controls are in place to ensure that processes and systems are operating as expected. Operational limits are used to determine whether to accept risk for individual investments. Concentrations are managed through investment limits, which specify an acceptable range for each category and credit rating allowing the Company to maintain a well-diversified portfolio. Concentrations are monitored on a regular basis and reported to the Board;
- **reinsurance** – the subsidiaries currently reinsure a significant proportion of their annuity business on both a quota share and longevity swap basis. This has the effect of reducing the exposure to fixed income investment risk associated with assets backing annuities. The Company regularly monitors and reports on the performance and effectiveness of existing reinsurance arrangements;
- **use of Solvency II Long Term Guarantee measures** – Solvency II Long Term Guarantee measures (Matching Adjustment and Volatility Adjustment) give insurers credit for holding certain long-term assets which match the cash flows of a designated portfolio of liabilities. These measures help to reduce the exposure to spread risk and reduce the volatility of the Solvency II balance sheet. To ensure the continued effectiveness of these measures, the management of the related assets and liabilities is monitored on a regular basis; and
- **governance and oversight** – CLG's credit risk exposures are managed according to its investment policy and overseen by its Credit and Market Risk Committee.

C.3.2 Counterparty Risk

Subsidiaries cede insurance risk through reinsurance arrangements in order to mitigate insurance risk. Counterparties providing reinsurance to the Company are reviewed for financial soundness as part of an ongoing monitoring process. The minimum financial strength of reinsurers is outlined in the Reinsurance Risk Management Policy. The Company seeks to minimise reinsurance credit risk by setting rating based limits on net ceded exposure by counterparty as well as seeking protection in the form of collateral or funds withheld arrangements where possible.

Subsidiaries use derivatives for risk mitigation purposes. Derivative products are traded through exchanges or with counterparties approved by their respective Boards. The subsidiaries seek to mitigate derivative credit risk by setting ratings based counterparty limits in their investment policies and through collateral arrangements where possible.

C.4 Liquidity Risk

Liquidity risk is the potential loss of earnings or capital arising from a company's inability to generate the necessary funds to meet its obligations as they come due.

The responsibility for the design and operation of liquidity management activities, methods, controls and processes lies with the subsidiaries and they manage their liquidity profile in such a way that they can meet all obligations under stressed conditions. Each is responsible for monitoring liquidity risk appetite and policy compliance.

By applying a common liquidity risk appetite limit framework across the Group, the Company provides oversight of subsidiaries' liquidity risk management and review of liquidity plans.

In addition, CLG is responsible for managing liquidity risk at group level and to ensure that CLG holds sufficient liquid assets to meet its liquidity calls as they fall due. It has procedures in place to facilitate cash management and to ensure that adequate liquid assets are held and are of good quality.

CLG's primary exposures to liquidity risk are its:

- obligations to meet its internal running and debt servicing costs; and
- ability to generate dividend income from its subsidiaries and pay dividends up to its parent company.

Liquidity risks are managed by regularly monitoring the liquidity position relative to defined limits.

C.5 Operational risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. Operational risk can result from either normal day-to-day operations or a specific unanticipated event. Operational risks include legal and regulatory, people, infrastructure, process, fraud, outsourcing and other third party risks.

C.5.1 Operational Risk Management

While operational risks can be mitigated and managed, they remain an inherent feature of the business model, as multiple processes, systems, and stakeholders are required to interact across the enterprise on an ongoing basis. Subsidiaries actively manage operational risk across the enterprise in order to maintain a strong reputation and standing, maintain financial strength and protect value. On-going engagement of businesses and support functions across the enterprise through robust training and communications is regularly undertaken for identifying, assessing and mitigating operational risk issues.

Operational risk management governance and oversight reflects a combined effort between business units and oversight functions. This combined effort is particularly critical for management of operational risk and is a key factor for ensuring the Company remains within its risk appetite. The risk function is responsible for development of operational risk management policies and operating standards as well as for overseeing operational risk management activities performed in the first line of defence. Each subsidiary has established committees to oversee operational risk management within their business.

The Company has an Operational Risk Management Policy, supported by standards and guidelines. The Company implements controls to manage operational risk through integrated policies, procedures, processes and practices, with consideration given to the cost/benefit trade-off. Processes and controls are monitored and refined by the business areas and periodically reviewed by the Company's Internal Audit department. Financial reporting processes and controls are further examined by external auditors.

The risk function monitors the status of remedial actions being undertaken to ensure that risk exposures are mitigated in a timely manner and that processes are in place to escalate significant matters to senior management to enable appropriate action when needed. The risk function reports quarterly on the Company's operational risk profile to executive management and the Board.

Key operational risks and the Company's approach to managing them are outlined below.

C.5.1.1 Legal and Regulatory Risk

Legal and regulatory risk arises from non-compliance with specific local or international rules, laws, and regulations, prescribed practices, or ethical standards as well as civil or criminal litigation against the Company. The Company and its subsidiaries are subject to extensive legal and regulatory requirements from Canada, the EU, the UK, Ireland and other jurisdictions. The scope of requirements covers most aspects of the Company's operations including capital adequacy, liquidity and solvency, investments, the sale and marketing of insurance and annuity products, the business conduct of insurers, asset managers and investment advisers as well as reinsurance processes. Material changes in the legal or regulatory framework or the failure to comply with legal and regulatory requirements could have a material adverse effect on the Company.

Legal and regulatory risk is managed through coordination between first and second line of defence functions. The Company records, manages and monitors the regulatory compliance environment closely, using the compliance and legal subject matter expertise at both solo and group level and reporting on emerging changes that would have significant impact on operations or business.

C.5.1.2 People Risk

People risks can arise from an inability to attract, retain, train and develop the right talent, ineffective governance practices or legal action related to discrimination, and can impact the ability of the Company to meet its business objectives. The Company maintains a highly skilled workforce that is reflective of the diverse cultures and practices of the countries in which the Company operates. Human resource programmes, including competitive compensation programmes, succession planning and assessing and addressing employee engagement, are in place to manage these risks.

C.5.1.3 Infrastructure Risk

Infrastructure risk arises from reduced or non-availability of any aspect of a fully functioning business environment. This includes corporate facilities, physical assets and/ or technology (technology assets, systems, applications), security (logical, physical and cyber), failures in licence management and insufficient software/application support.

The ability to consistently and reliably obtain securities pricing information, accurately process client transactions and provide reports and other customer services is essential to the Company's operations. A failure of any of these services could have an adverse effect on the Company's results of operations and financial condition and could lead to loss of client confidence, harm to the Company's reputation, exposure to disciplinary action and liability to the Company's customers.

The Company maintains a resilient and secure environment by investing in and managing infrastructure that is sustainable and effective in meeting the Company's needs for a fully functioning and secure business operation that protects assets and stakeholder value. Infrastructure risk management programmes include strong business continuity capabilities across the enterprise to manage short-term incidents or outages and the recovery of critical functions in the event of a disaster. In addition, security measures are designed to deny unauthorised access to facilities, equipment and resources, and to protect personnel and property from damage or harm (such as espionage, theft or terrorist attacks) and events that could cause serious losses or damage.

C.5.1.4 Technology, Cyber Security and Data Risk

Technology Cyber Security and Data Risk is an integral component of Infrastructure Risk. Similar to other major financial institutions, the Company faces heightened technology and cyber risks due to its reliance on the internet and use of technology to serve customers. The risks faced include the threat of corporate espionage, identity theft and hacking, including the risk of denial of service or ransomware attacks.

To remain resilient to such threats and to protect customers, brand and reputation, the Company continues to invest in capabilities to prevent, detect, respond and manage such cyber security threats. More specifically, the Company has established enterprise-wide cyber security programmes, benchmarked capabilities to sound industry practices and has implemented robust threat and vulnerability assessment and response capabilities.

C.5.1.5 Process Risk

Inadequate or failed business processes can adversely impact the Company's financial results, relationships with customers and reputation. Process risk includes risks arising from significant change management initiatives such as business model changes, major systems implementation, new product introductions and leadership changes.

Risk management ensures strategic alignment and congruency in all business activities, including change initiatives and business-as-usual activities, with the Company's operational risk appetite and considers the potential impact on the Company's reputation. Furthermore, the Company seeks to control processes across the value chain through automation, standardisation and process improvements to prevent or reduce operational losses.

C.5.1.6 Fraud Risk

Fraud can lead to financial loss or damage to reputation or both. Fraud management is built around the principles of prevention, detection and response. The Company promotes a culture of honesty, integrity, transparency and fairness in its internal operations and further manages fiduciary responsibilities through the Enterprise Fraud Risk Management Policy and Code of Conduct. The Company maintains a strong set of controls designed to prevent fraud and employs sophisticated data analytics to detect fraud. A fraud response plan is in place to deal with events through a coordinated investigative strategy to ensure stakeholders and the interests of the Company are protected.

C.5.1.7 Outsourcing and other third Party Risk

The Company engages suppliers to maintain cost efficiency, to free internal resources and capital and to utilise skills, expertise and resources not otherwise available to the Company. The Company's profitability or reputation could be negatively impacted if suppliers do not meet Company standards for performance.

The Company uses a supplier risk management programme to minimise risks when engaging suppliers and to provide effective oversight and monitoring throughout the entire supplier relationship. This programme helps to ensure the arrangements, transactions and other interactions with suppliers meet standards for quality of service and risk management expectations.

C.5.2 Operational Risk Mitigation

CLG and subsidiaries recognise that they are exposed to operational risks as a result of their day-to-day business activities and the execution of business strategy. They take steps to mitigate such risks on an on-going basis, through the establishment of an effective control environment.

The Company also mitigates the impact of operational risk through the corporate insurance programme which transfers a portion of the operational risk exposure by purchasing insurance coverage that provides protection against unexpected material losses resulting from events such as property loss or damage and liability exposures. In addition, the Company purchases insurance to satisfy legal requirements and/or contractual obligations. The nature and amount of insurance protection purchased is assessed with regard to the subsidiary's risk profile, risk appetite and tolerance for the associated risks.

C.5.3 Operational Risk Stress Testing and Scenario Analysis

CLG has established an Operational Risk Management Policy approved by the Board. This policy requires subsidiaries to maintain a local stress and scenario testing framework that includes the development and analysis of an appropriate set of operational risk stresses. Subsidiary operational risk stress and scenario testing frameworks are commensurate with the scale and complexity of the business operations.

C.6 Other material Risks

C.6.1.1 Conduct Risk

The risk to CLG, its subsidiaries and its customers from inadequate or failed processes that threaten customers' fair treatment including, but not limited to, inappropriate sales or advice processes, poor or opaque product design, misleading customer interactions, failure of its subsidiaries to deliver on their commitments and inadequate safeguarding of personal data.

The Company manages conduct risk by ensuring appropriate clarity of communications; applying sales and advice processes that are focused on fair outcomes to customers; seeking customer feedback; maintaining proper controls and adhering to Board-approved policies and processes. Conduct Risk is incorporated in risk management and compliance activities, including risk and control assessments, internal events reporting, emerging risk assessment, and other measurement, monitoring and reporting activities.

C.6.1.2 Strategic and Business Risk

Strategic and business risk arises as a result of failures of internal planning, ineffective strategic decision-making or changes to the external environment manifesting over the medium to long term. Strategic risk includes risks associated with the Company's holding company structure, potential future acquisitions and ongoing access to product distribution.

The Company manages strategic risk through proactive engagement, industry representation and a rigorous strategic planning process. The risk function is engaged in the business planning cycle to ensure business strategies are in alignment with the Company's risk appetite. The Company's strategic plan is reviewed with the Board and senior management, with the risk function providing objective assessment of strategic risks and risk mitigation plans. Significant risks and opportunities are identified, and a review of the alignment with risk strategy and qualitative risk preferences is completed. Initiatives, including those related to new markets, distribution channels, product design and investments, are also subject to independent risk review.

C.6.1.2.1 Holding Company Structure Risk

As a holding company, the Company's ability to pay interest, dividends and other operating expenses and to meet its obligations generally depends upon receipt of sufficient funds from its principal subsidiaries and its ability to raise additional capital.

Any payment (including payment of interest and dividends) by the principal subsidiaries is subject to restrictions set out in relevant insurance, securities, corporate and other laws and regulations.

In the event of the bankruptcy, liquidation or reorganization of any of these subsidiaries, insurance and investment contract liabilities of these subsidiaries will be completely provided for before any assets of such subsidiaries are made available for distribution to the Company. In addition, other creditors of such subsidiaries will generally be entitled to the payment of their claims before any assets are made available for distribution to the Company except to the extent that the Company is recognized as a creditor of relevant subsidiaries.

CLG management closely monitors the solvency and capital positions of its principal subsidiaries, as well as liquidity requirements.

C.6.1.2.2 Mergers and Acquisitions Risk

From time to time, the Company and its subsidiaries evaluate existing companies, businesses, products and services, and such review could result in the Company or its subsidiaries disposing of or acquiring businesses or offering new, or discontinuing existing, products and services. In the ordinary course of their operations, the Company and its subsidiaries consider, and discuss with third parties, the purchase or sale of companies, businesses or business segments. If effected, such transactions could be material to the Company in size or scope.

The Company and its subsidiaries undertake extensive due diligence upon any consideration of acquiring or disposing of businesses or companies or offering new, or discontinuing existing, products and services. In its consideration of strategic acquisitions, the Company may determine it to be prudent to hold a provision on its balance sheet for contingencies that may arise during the integration period following an acquisition.

C.6.1.2.3 Product Distribution Risk

The subsidiaries ability to market their products is significantly dependent on their access to a network of distribution channels and intermediaries. These intermediaries generally offer their clients products in addition to, and in competition with, the Company's products, and are not obligated to continue working with the Company. The loss of access to a distribution channel, the failure to maintain effective relationships with intermediaries or the failure to respond to changes in distribution channels could have a significant impact on the Company's ability to generate sales.

Product distribution risk is managed by maintaining a broad network of distribution relationships, with products distributed through numerous broker-dealers, managing general agencies, financial planners, banks and other financial institutions.

C.6.1.3 Environmental Risk

The Company may experience direct or indirect financial, operational or reputational impact stemming from environmental risk events, which include environmental issues, regulatory enforcement or costs associated with changes in environmental laws and regulations. The Company endeavours to respect the environment and to take a balanced and environmentally sustainable approach to conducting business.

C.6.1.4 Group Risk

The risk arising for CLG on an aggregate basis specifically due to its position as an intermediate parent company; for example from intra-group transactions, risk concentrations and contagion effects (including reputational considerations), and risks associated with cross-jurisdictional business operations. CLG also faces risks from being a part of the wider Lifeco group of companies. Reputational risk elements of group risk include the risk of a deterioration of CLG and/or a subsidiary's reputation or standing due to a negative perception of its image among customers, counterparties and fixed income investors, shareholders and/or supervisory authorities. Reputational risk can be regarded as a consequence of the overall conduct of CLG and its subsidiaries.

CLG has limited appetite for these risks but accepts them as a necessary trade-off for the benefits arising from the holding company structure. Risks are closely monitored and controlled through aggregate exposure monitoring and central control functions but cannot be fully mitigated.

C.6.1.4.1 Group Concentration Risk

Certain risks, set out below, taken on by multiple subsidiaries as part of their business strategies can, when aggregated, result in risk concentration for CLG.

C.6.1.4.2 Annuity Concentrations

Annuity business is written across the group giving rise to concentrations of associated risks at CLG – longevity risk, fixed income investment credit risk and interest rate risk. The risks are managed by the subsidiaries but are subject to limits set by CLG to allow it to manage the overall solvency position and amount of risk capital deployed across CLG.

C.6.1.4.3 Reinsurance within the GWL Group of Companies

CLG's insurance subsidiaries use 'internal' reinsurance to support their business strategies, to mitigate peak risk exposures and to manage volatility in solvency requirements. Internal reinsurance is defined as reinsurance to companies within the wider Great-West Life Assurance group.

In the event that GWL were to experience a significant deterioration in credit quality CLG and its subsidiaries could incur credit losses or increased capital requirements. CLG has strict governance processes over the use of reinsurance with affiliates, including exposure limits.

Details of reinsurance agreements can be found in each subsidiary's SFCR, web addresses for which can be found in Appendix 1.

C.7 Any other Information

Assets are invested in accordance with the Prudent Person Principle. CLG and its subsidiaries apply the prudent person principle by:

- only investing in assets and instruments whose risks can be properly identified, measured, managed, monitored, controlled and reported, and with risks that can be appropriately quantified as part of the ORSA and SCR assessment;
- ensuring that the assets held to cover the technical provisions are invested in a manner appropriate to the nature and duration of the insurance liabilities, and in the best interest of the policyholders and beneficiaries taking into account any disclosed policy objective;
- ensuring that the assets backing the SCR shall be invested to ensure the security, quality, and liquidity of the portfolio as a whole.

D Valuation for Solvency Purposes

D.1 Assets

D.1.1 Solvency II Balance Sheet Asset Values

Solvency II requires the Company to present a consolidated balance sheet in which the assets of the parent and its insurance/reinsurance subsidiaries are presented as those of a single economic entity. This requires that the carrying amount of the Company's investment in each of those subsidiaries is replaced by the fair value of the underlying assets held by subsidiaries.

All insurance and reinsurance subsidiaries, as well as ancillary service undertakings and insurance holding companies, are fully consolidated into the balance sheet on a line by line basis, by replacing the Company's investment in the subsidiary with the assets and liabilities of the subsidiary on a Solvency II basis.

All other participations are consolidated on the basis of the Company's proportional share of the subsidiaries' net assets and reported in the investments line in the Group's balance sheet as Holdings in related undertakings, including participations.

Consequently, the assets reported in the Group balance sheet are a combination of directly owned and indirectly owned assets. The Company is responsible for the valuation of its directly owned assets. Indirectly owned assets are valued by subsidiary companies in accordance with Group policy and the valuation approach is subsequently reviewed by CLG.

For the purposes of this report, the Company has produced financial comparatives on a C-IFRS basis. The C-IFRS numbers shown in this report have been used for Group reporting to the Canadian parent and, as such, have been subject to external audit. The methods used to consolidate the C-IFRS numbers for Solvency II reporting have not been subject to external audit.

The value for each material class of asset on the consolidated balance sheet at 31 December 2017 is shown below.

Asset Class	Document Reference	2017 £m	2016 £m
Assets held for index-linked and unit-linked contracts	D.1.2.1	46,008.1	40,817.2
Fixed Income Securities	D.1.2.2	23,650.1	22,740.4
Reinsurance Recoverable Asset	D.1.2.3	8,708.0	9,757.3
Deposits to Cedants	D.1.2.4	4,626.4	5,097.3
Loans and mortgages	D.1.2.5	2,484.2	2,533.9
Property (other than own use)	D.1.2.6	1,674.5	1,634.1
Equities	D.1.2.7	1,637.0	1,398.9
Deposits Other Than Cash Equivalents	D.1.2.8	935.3	830.7
Collective Investments Undertakings	D.1.2.9	517.7	500.4
Cash and Cash Equivalents	D.1.2.10	285.3	211.1
Any other assets, not elsewhere shown	D.1.2.11	225.5	171.1
Property, plant & equipment held for own use	D.1.2.12	135.7	144.7
Insurance & intermediaries receivable	D.1.2.13	122.7	125.1
Other investments	D.1.2.14	119.7	121.9
Holdings in related undertakings, including participations	D.1.2.15	108.8	104.4
Reinsurance receivables	D.1.2.16	101.9	79.7
Derivatives	D.1.2.17	45.4	64.0
Receivables (trade, not insurance)	D.1.2.18	26.7	29.2
Total Assets		**91,412.9**	**86,361.2**

Table 9: Solvency II asset valuation

D.1.2 Solvency Valuation Bases, Methods and Assumptions by material Asset Class

Under Solvency II, firms adopt a risk based approach to the valuation of all items reported in their Solvency II balance sheets. This generally means that assets are valued at an amount that would be paid under fair market conditions. CLG is subject to the use of the same bases, methods and main assumptions to value assets in the consolidated balance sheet as those used by the subsidiary companies.

The Company generally holds investment assets to either produce income or for capital growth to meet future insurance obligations.

D.1.2.1 Assets held for Index-linked and Unit-linked Funds

A unit-linked fund is an investment product that pools the premiums from many investors. Premiums are used to buy units in a fund. Investors select which fund to invest their premiums in and then fund managers invest premiums in a range of assets in line with the fund's objectives and mandate.

Funds can be internal or external. Internal funds are managed by the Company which has issued the policy. Policyholders select which fund to invest their premiums in and then the Company's fund managers invest those premiums. Subsidiaries also offer customers access to external funds. These funds operate in a similar manner to an internal fund but are managed by a chosen range of external fund management companies. Premiums invested in external funds and their administration remains the responsibility of the relevant subsidiary. Internal funds assets, such as shares and bonds, are valued on a daily basis (not on weekends or Bank Holidays) using current publicly quoted market prices. For external funds, daily valuations are provided by the external fund managers. Assets that do not have a day to day market price, such as commercial property, are valued at regular intervals by suitably qualified independent professionals.

The main components of a fund's Net Asset Value calculation are:

- fair value of the assets;
- dealing costs or trading fees associated with buying and selling assets;
- cash and cash equivalents;
- provisions for tax on investment income and capital gains on realised and unrealised gains; and
- ongoing fund charges.

The unit-linked funds invest in a number of investment assets, including:

- listed equities;
- fixed income securities;
- government bonds;
- corporate bonds; and
- commercial property.

Funds can also invest, where permitted by their investment mandate, in:

- derivatives;
- foreign currency;
- commercial mortgages;
- deposits;
- Exchange-Traded Funds; and
- collective investment schemes such as a unit trust, investment trust or Open-Ended Investment Company.

Commercial property held in unit-linked funds is revalued monthly. They are also assessed externally at least quarterly by a suitably qualified independent professional valuer.

D Valuation for Solvency Purposes

D.1.2.2 Fixed Income Securities

Fixed income securities include:

- government bonds;
- corporate bonds;
- private placements;
- structured notes; and
- collateralised securities.

Fixed income securities are held at their fair value. Fair value is determined by reference to quoted market bid prices primarily provided by a third party independent pricing source such as Bloomberg or Reuters.

Where prices are not available directly from an independent pricing source, the fair value is determined through the use of a valuation model based on discounting expected future cash flows to determine a present value. Valuation inputs typically include market returns and risk-adjusted spreads based on current lending and market activity.

D.1.2.3 Reinsurance Recoverable Asset

Amounts expected to be recovered from reinsurers are valued using valuation models. These valuation models calculate the present value of future policy payments using appropriate assumptions consistent with the relevant reinsurance treaty and calculation of technical provisions. A reduction to the value is applied to account for the possibility of each reinsurer defaulting under best estimate conditions based on their current credit rating.

The reinsurance recoverable assets for each business line are shown below.

At 31 December 2017 Line of Business	£m
Annuities	7 ,907.5
Group Health	87.8
Group Life	43.1
Individual Health	76.4
Individual Life	593.2
Total	**8,708.0**

Table 10: Reinsurance recoverable assets for each business line

At 31 December 2017, the Company does not expect any recoveries from special purpose vehicles as the Company does not make use of special purpose vehicles.

D.1.2.4 Deposits to Cedants

Under certain forms of reinsurance contracts, it is customary for the ceding insurer to retain possession of the assets supporting the liabilities ceded. Subsidiaries record an amount receivable from the ceding insurer which represents the premium due. Investment revenue on these funds withheld is credited by the ceding insurer to the subsidiary.

Under Solvency II, the deposits to cedants balance is required to be supported by a specific portfolio of investment assets. However, for a number of transactions where the deposits to cedants balance is not supported by a specific pool of assets, these balances are reclassified as Insurance and intermediaries receivables for Solvency II reporting.

D.1.2.5 Loans and Mortgages

Commercial mortgages are initially recognised on the date the loan is paid to the borrower. Subsequently, they are valued using a valuation model based on discounting expected future cash flows to determine a present value. Valuation inputs typically include market returns and risk-adjusted spreads based on current lending and market activity.

In cases where the Company does not expect to receive all contractual cash flows, the mortgage is valued at its net realisable value i.e. the estimated selling price less the estimated selling expenses and deductions.

Other loans including short-term interest bearing promissory loan notes are valued at par.

D.1.2.6 Property (other than for own use)

Under Solvency II, property assets are valued at fair value and are determined at least annually by suitably qualified independent professionals. In the period between valuations, there may be adjustments for material changes in property cash flows, capital expenditures or general market conditions. The determination of the fair value of investment properties requires the use of estimates, which may affect future cash flows. These estimates may impact:

- future leasing assumptions;
- rental rates;
- capital and operating expenditures;
- discount rate; and
- reversionary and overall capitalisation rates applicable to the asset based on current market conditions.

D.1.2.7 Equities

Equities include:

- ordinary shares;
- preference shares;
- Exchange Traded Funds; and
- unlisted equities.

Listed equities are valued at fair value using the closing bid price from the exchange where they are principally traded.

There is an immaterial holding of unlisted equities at the reporting date.

D.1.2.8 Deposits other than Cash Equivalents

Deposits other than cash equivalents comprise:

- short-term bonds, i.e. bonds that have an original term to maturity of less than three months from issue;
- money market funds (mutual funds which invest in bank deposits and short term debt instruments); and
- other short-term investments held to meet short-term cash requirements.

Under Solvency II, deposits other than cash equivalents are valued at fair value. Fair value is determined with reference to quoted market prices for the same asset. Third party price providers are the primary source of these prices.

D Valuation for Solvency Purposes

D.1.2.9 Collective Investments Undertakings

Collective investment undertakings invest capital raised from unit-holders (investors in the fund) in transferable or liquid securities so that any associated investment risk is spread amongst the unit-holders. Collective investment undertakings, such as investment trusts, are generally traded as securities on active investment exchanges. Asset fair values are generally determined by the last price of the security on the exchange it is principally traded. Collective investment undertakings such as unit trusts and open-ended investment companies, which are not traded on an investment exchange, are valued at the most recent price published or valuations provided by the fund manager.

D.1.2.10 Cash and Cash Equivalents

Cash and cash equivalents are valued at face value.

D.1.2.11 Any other Assets, not shown elsewhere

Any other assets, not shown elsewhere include other unit-linked assets not shown elsewhere on the balance sheet, for example, broker outstanding balances. This line also includes other non-linked assets not shown anywhere else on the balance sheet such as intercompany debtors, accrued external fees and management charges due.

The Company records these assets at their fair value, net of any amounts deemed as doubtful debts.

All other assets are valued at the future cash amount expected to be received.

D.1.2.12 Property, Plant and Equipment held for own use

The Property, Plant and Equipment (own use) asset class comprises owner-occupied properties, plant and equipment. Under Solvency II, subsidiaries value owner-occupied properties at fair value. Property valuations are provided by external chartered surveyors at open market value.

Plant and equipment includes office furniture, computer equipment, motor vehicles and other assets. They are valued at cost less accumulated depreciation. Given the nature and size of the assets (£27.8m) at the reporting date, cost less accumulated depreciation is assumed to equal fair value.

D.1.2.13 Insurance and Intermediaries Receivable

Insurance and intermediaries' receivable are policyholder payments or amounts from cedants due at the reporting date. These payments are valued at the future cash amount expected to be received.

Insurance and intermediaries receivables consist of amounts due from cedants at the reporting date. Amounts receivable are as agreed with the counterparty.

D.1.2.14 Other Investments

Assets reported as other investments are finance leases which are defined as leases which transfer to the leaseholder, substantially all the risks and rewards related to ownership of the leased asset.

These assets generally comprise infrastructure assets that have been built and then set up under a leasing arrangement with a third party. In order to determine the fair value of the finance leases, the present value of future cash flows are discounted using an appropriate market based discount rate.

D.1.2.15 Holdings in related Undertakings including Participations

Participations are holdings of 20% or more of the voting rights or capital in subsidiary companies, where the subsidiary company is not fully consolidated. Companies that are classified as insurance holding companies, insurance or reinsurance undertakings or ancillary service units are fully consolidated. All other companies such as investment companies or other holding companies are classified as participations and brought into the Group's balance sheet as holdings in related undertakings.

Participations are valued on a fair value basis, determined as the percentage of the participation's Net Asset Value on a Solvency II basis. The group's largest participations at the reporting date are holdings in:

- Canada Life (UK) Limited £22.8m;
- Cornmarket Group Financial Services Ltd £22.6m; and
- Irish Life Investment Managers Limited £19.8m.

D.1.2.16 Reinsurance Receivables

Reinsurance receivables represent payments due from reinsurers at the reporting date and payments due from multinational pooling arrangements. These payments are valued at the future cash amount expected to be received.

The subsidiaries' estimates of the amount due from reinsurers are consistent with the reinsured policy's claim liability.

Multinational pooling receivables are valued on an accruals basis to account for premiums and claims yet to be agreed with the Multi National Pool.

D.1.2.17 Derivatives

The fair market value of derivative contracts are obtained from the respective counterparties and the prices are validated against an independent over-the-counter derivative pricing data specialist where available. Otherwise, the Company values the contracts using valuation techniques including discounted cash flow analysis and option pricing models.

The following derivative contracts are in place:

- interest rate swap contract;
- foreign currency swap contracts;
- FX forward contracts; and
- swaption contracts.

To mitigate the credit risk of exposure to counterparties, all over-the counter contracts are fully collateralised. The Company and its subsidiaries only enter into derivative transactions for Efficient Portfolio Management including risk mitigation.

D.1.2.18 Receivables (trade, not insurance)

Trade receivables represent payments from trade debtors due at the reporting date. These payments are valued at the future cash amount expected to be received.

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D.1.3 Asset Valuations – Solvency II and Canadian International Financial Reporting Standards

Under Section 401 of the UK Companies Act 2006, the Company, as a wholly owned subsidiary of a parent company established outside of the European Economic Area, is exempt from producing consolidated financial statements.

For the purposes of this report, the Company has produced financial comparatives on an unaudited C-IFRS basis.

Significant differences in the asset values for material asset classes recorded on the Solvency II balance sheet and on the C-IFRS balance sheet at 31 December 2017 are shown in the following table.

			£m	
Asset class	Document reference	Solvency II value	2017 Unaudited C-IFRS value	Difference
Reinsurance Recoverable Asset	D.1.3.1	8,708.0	9,707.1	(999.2)
Goodwill	D.1.3.2	-	556.6	(556.6)
Deferred Acquisition Costs	D.1.3.3	-	343.6	(343.6)
Intangible Assets	D.1.3.4	-	53.2	(53.2)
Holdings in related undertakings, including participations	D.1.3.5	108.8	135.4	(26.6)
Other Investments	D.1.3.6	119.7	106.9	12.8
Property, plant & equipment held for own use	D.1.3.7	135.7	108.9	26.8
Fixed Income Securities	D.1.3.8	23,650.1	23,516.7	133.4
Loans and mortgages	D.1.3.9	2,484.2	2,204.9	279.3
Assets without significant valuation differences	N/A	56,206.5	56,204.8	1.7
Total Assets		**91,412.9**	**92,938.2**	**(1,525.3)**

Table 11: Significant valuation differences in material asset classes 2017

D.1.3.1 Reinsurance Recoverable Asset

The reinsurance recoverable asset is valued using assumptions and methodologies consistent with the underlying liability valuation bases. The two underlying bases are Solvency II and C-IFRS. As a result the values of the reinsurance recoverable asset differ between the two bases.

D.1.3.2 Goodwill

Goodwill represents the excess of purchase consideration over the fair value of net assets of the acquired subsidiaries of the Company.

As per Article 12 of the Delegated Act, goodwill is valued at nil for Solvency II purposes. Under C-IFRS, following initial recognition, goodwill is measured at cost less accumulated impairment losses.

D.1.3.3 Deferred Acquisition Costs

As per Article 12 of the Delegated Act, deferred acquisition costs are valued at nil for Solvency II purposes. Under C-IFRS, deferred acquisition costs are valued at cost and amortised on a straight-line basis over the policy term, not to exceed 20 years.

D.1.3.4 Intangible Assets

Intangible assets comprise computer systems, software and value of in-force business. Intangible assets are valued at nil for Solvency II purposes.

For C-IFRS, computer software is carried at cost, less amortisation and provision for impairment. Purchased shareholder value of in-force business, which was acquired from other companies, is valued at fair value based on the net present value of the shareholders' interest in the expected cash flows of the in-force business.

D.1.3.5 Holdings in related Undertakings including Participations

The participations value in the Solvency II balance sheet represents the sum of the net asset values of subsidiaries that are accounted for using the adjusted equity method in accordance with Method 1- Accounting Consolidation. The reasons for the difference between the participation value on a Solvency II basis and the participation value on a C-IFRS basis are due to different valuation bases used for valuing assets in the balance sheet, principally the non-recognition of goodwill and intangible assets under Solvency II.

D.1.3.6 Other Investments

Finance leases are valued at fair value for Solvency II and amortised cost for C-IFRS.

D.1.3.7 Property, Plant and Equipment held for own use

Under Solvency II, property for own use is valued at fair value, and plant and equipment is valued at cost less accumulated depreciation and impairments, which is assumed to approximate fair value.

Under C-IFRS, property for own use, plant and equipment are valued at cost less accumulated depreciation and impairments.

D.1.3.8 Fixed Income Securities

Fixed income securities are valued at fair value for Solvency II. For C-IFRS, fixed income securities are valued at market value, which approximates to fair value, with the exception of private placements which are valued at amortised cost and are inclusive of accrued interest.

D.1.3.9 Loans and Mortgages

Loans and mortgages which mainly comprise commercial mortgages are valued at fair value for Solvency II and amortised cost for C-IFRS.

Fair value is determined through the use of an internal discounted cash flow model that takes into account the term, credit and liquidity of the asset.

D.1.4 Differences between the CLG and subsidiary Solvency II asset valuation bases, methods and assumptions

There are no differences in the bases, methods and main assumptions at a Group level for the valuation for solvency purposes of the Group's assets from those used by any of its subsidiaries.

A description of the bases, methods and main assumptions used to value assets at the subsidiary level can be found in Section D.1 of each of the CLG subsidiary entities SFCR, web addresses of subsidiaries are available in Appendix 1.

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D.2 Technical Provisions

Under Solvency II, technical provisions are generally calculated as the sum of a best estimate liability plus a risk margin, although for some lines of business the technical provisions are calculated as a whole which means that separate calculation of the best estimate and risk margin is not required.

The following table provides a breakdown of CLG's Solvency II technical provisions by entity.

Entity	2017 £m	2016 £m
Irish Life Assurance	39,786.3	35,552.8
Canada Life Limited	22,459.8	22,078.2
Canada Life International Reinsurance	5,153.0	5,723.7
Canada Life Assurance Europe	4,669.4	4,308.3
Canada Life International Assurance (Ireland)	4,438.7	3,670.5
London Life and General Reinsurance	5.6	6.6
Irish Life Health	(15.6)	18.8
Total Technical Provisions	**76,497.2**	**71,358.9**

Table 12: Group technical provisions

The technical provisions are the sum of the subsidiary technical provisions (including risk margin).

A description of the bases, methods and main assumptions used for the valuation can be found in Section D.2 of each of the CLG subsidiary SFCRs; web addresses are available in Appendix 1. The subsidiary SFCRs also contain a description of the level of uncertainty associated with the value of technical provisions.

D.2.1 Differences between Solvency II and C-IFRS technical provisions valuation bases, methods and assumptions

The following table shows the differences between the Solvency II technical provisions and the technical provisions on a C-IFRS basis (including insurance contract liabilities, investment contract liabilities and unit-linked liabilities) at year-end 2017.

At 31 December 2017 £m	2017 Solvency II valuation	2017 Risk Margin	2017 Other	2017 Unaudited C-IFRS valuation
Irish Life Assurance	39,786.3	(358.9)	(901.9)	38,525.6
Canada Life Limited	22,459.8	(885.6)	868.0	22,442.1
Canada Life International Reinsurance	5,153.0	(541.0)	848.7	5,460.6
Canada Life Assurance Europe	4,669.4	(164.6)	622.3	5,127.1
Canada Life International Assurance (Ireland)	4,438.7	(3.9)	6.4	4,441.3
Irish Life Health	(15.6)	(3.6)	117.2	98.0
London Life and General Reinsurance	5.6	(0.3)	1.0	6.3
Total	**76,497.2**	**(1,957.9)**	**1,561.7**	**76,100.9**

Table 13: CLG technical provisions by entity

The technical provisions are valued using assumptions and methodologies consistent with Solvency II and C-IFRS. The major source of difference is the risk margin which is applicable only to the Solvency II valuation approach and is meant to represent the extra premium that another insurer would require for taking over the insurance portfolio. However, some of the principles behind the risk margin calculation are included in the C-IFRS valuation approach.

The Solvency II technical provisions include transitional measures which allow for a deduction from those provisions. The transitional measures reduce to zero over the transitional period of 16 years. Further details of the transitional measures that have been applied can be found in the Annex.

D.2.2 Matching Adjustment

The matching adjustment (MA) is applied by CLL and a full description of the MA and of the portfolio of obligations and assigned assets to which the MA is applied can be found in Section D.2 of the CLL SFCR.

The table below shows the impact of a change to zero of the MA on the financial position of CLG.

At 31 December 2017 £m	Including MA	Excluding MA	Difference
Technical Provisions	76,497	77,274	777
Basic Own Funds/ Eligible Own Funds to meet SCR	6,003	5,369	(634)
SCR	**4,139**	**4,439**	**300**
Eligible Own Funds to meet MCR	5,236	4,621	(615)
MCR	**1,240**	**1,256**	**16**

Table 14: Impact of MA on the financial position of the Group

D.2.3 Volatility Adjustment

The volatility adjustment (VA) is applied by CLL, ILA and CLIRe. The table below shows the impact of a change to zero of the VA on the financial position of CLG.

At 31 December 2017 £m	Including VA	Excluding VA	Difference
Technical Provisions	76,497	76,825	328
Own Funds	6,003	5,841	(162)
SCR	**4,139**	**4,195**	**57**
Eligible Own Funds to meet MCR	5,236	5,079	(157)
MCR	**1,240**	**1,244**	**4**

Table 15: Impact of VA on the financial position of the Group

D.2.4 Transitional risk-free interest rate term structure

The transitional risk-free interest rate term structure is applied by CLIRe. The table below shows the impact of not applying the transitional measure on the financial position of CLG.

At 31 December 2017 £m	With transitional	Without transitional	Difference
Technical Provisions	76,497	76,762	265
Own Funds	6,003	5,855	(148)
SCR	**4,139**	**4,179**	**40**
Eligible Own Funds to meet MCR	5,236	5,088	(148)
MCR	**1,240**	**1,244**	**4**

Table 16: Impact of the transitional risk-free interest rate term structure on the financial position of the Group

D.2.5 Transitional Measure on Technical Provisions

The Transitional Measure on Technical Provisions is applied by CLL. The following table shows the impact of not applying the transitional deduction on the financial position of CLG.

At 31 December 2017 £m	With transitional deduction	Without transitional deduction	Difference
Technical Provisions	76,497	78,127	1,629
Own Funds	6,003	4,496	(1,507)
SCR	**4,139**	**4,253**	**114**
Eligible Own Funds to meet MCR	5,236	3,735	(1,501)
MCR	**1,240**	**1,256**	**15**

Table 17: Impact of the transitional measure on technical provisions on the financial position of the Group

D.2.6 Recoverables from Reinsurance Contracts and Special Purpose Vehicles

Details of recoverables from reinsurance contracts and special purpose vehicles can be found in Section D.2 of the CLG subsidiary SFCRs. The only change from these reports is that at Group level technical provisions are net of any intra-group transactions. There is an intra-group reinsurance treaty between CLL and CLIRe, with the Best Estimate Liability (BEL) of the reinsurance accepted by CLIRe of £46.6m at 31 December 2017.

D.3 Other Liabilities

D.3.1 Solvency II Value of other Liabilities

For Solvency II reporting purposes, the Company is required to present a Group balance sheet in which the liabilities of the Company and its insurance and reinsurance subsidiaries are presented as those of a single economic entity.

The liabilities, as shown in the Group balance sheet are therefore a combination of the Company's direct and indirect liabilities.

The Company uses the same bases, methods and main assumptions to measure Other Liabilities in the Group consolidated balance sheet as that used by the subsidiaries.

The value for each material class of other liabilities on the Solvency II consolidated balance sheet at 31 December 2017 is shown below.

Solvency II liability class	Document Reference	2017 £m	2016 £m
Deposits from reinsurers	D.3.2.1	7,061.6	7,623.9
Subordinated liabilities	D.3.2.2	941.9	885.7
Insurance & intermediaries payables	D.3.2.3	425.2	419.0
Any other liabilities, not shown elsewhere	D.3.2.4	369.9	335.7
Deferred tax liabilities	D.3.2.5	355.6	361.1
Reinsurance payables	D.3.2.6	229.6	130.6
Payables (trade, not insurance)	D.3.2.7	201.4	206.2
Derivatives	D.3.2.8	100.0	137.9
Pension benefit obligations	D.3.2.9	97.2	146.9
Provisions other than technical provisions	D.3.2.10	25.1	21.9
Contingent liabilities	D.3.2.11	21.3	23.7
Debts owed to credit institutions	D.3.2.12	6.3	14.4
Financial liabilities other than debts owed to credit institutions	D.3.2.13	-	0.6
Total Other Liabilities		**9,835.2**	**10,307.6**

Table 18: Solvency II other liabilities valuation

D.3.2 Solvency II valuation bases, methods and assumptions by material liability class

D.3.2.1 Deposits from reinsurers

Subsidiaries have entered into a number of reinsurance contracts in which reinsurance companies have deposited assets such as property, fixed interest securities and cash, with them. The assets are held as collateral against the amount due from the reinsurance companies for reinsurance recoverable. The deposited assets are valued at fair value as per the underlying assets described in Section D.1.

D.3.2.2 Subordinated Liabilities

Subordinated liabilities are borrowings from companies within the Lifeco group and are detailed further in Section E.1.3. In the event of liquidation, these debts would only be repaid after other creditors had been paid. As a deep, liquid and transparent financial market is not available to obtain a valuation for these liabilities, fair values are calculated by using a market consistent valuation model. The subordinated liability discounted cash flow valuation models adopt the following methodology:

- timings for payments of interest and principal (cash flows) are in accordance with each liability's underlying contractual obligation;
- interest payments calculated at an interest rate directly related to LIBOR use the LIBOR forward curve as published by the Bank of England;
- where a contract does not state a fixed maturity date, a very long maturity date is assumed. For the purposes of the model this is the same as the contract being in perpetuity;
- subordinated liability valuation equals the sum of all discounted cash flows;
- the cash flow discount rate is equal to the LIBOR spot curve (approximately equal to the risk free rate) as published by the Bank of England plus a spread that is proportional to the movement in the subordinated liability insurance index; and
- the spread is equal to the subordinated liability's spread at inception or revaluation plus the percentage movement in the subordinated liability insurance index.

D.3.2.3 Insurance and intermediaries payables

These are the balance of outstanding claims payable to policyholders, commissions payable and policyholder premiums received in advance.

Subsidiaries value insurance and intermediaries payables on an accruals basis.

D.3.2.4 Any other liabilities, not shown elsewhere

Other material liabilities include tenant deposits, intercompany balances, other taxation liabilities, balances with brokers and accruals. They are not discounted and valued at the amount expected to be paid in the future.

D.3.2.5 Deferred Tax Liabilities

All deferred tax liabilities in the Group consolidated balance sheet are from its subsidiaries.

Full details of the balances held by the regulated undertakings can be found in their respective SFCRs, web addresses are available in Appendix 1.

Across the Group, deferred tax liabilities are valued in accordance with Article 15 of the Delegated Regulations, being the difference between the values recognised in accordance with the Solvency II Directive and the values recognised for tax purposes at a tax rate that will be applicable to those values.

D.3.2.6 Reinsurance Payables

These are payments due to reinsurers at the reporting date. Payments are valued at the future cash amount the subsidiaries expect to pay.

D.3.2.7 Payables (Trade, not Insurance)

Trade payables are payments billed by suppliers for goods and services supplied or tax payable. These payments are valued at the future cash amount expected to be paid.

D.3.2.8 Derivatives

See Section D.1.2.17 for recognition and valuation basis applied to derivative contracts.

D.3.2.9 Pension Benefit Obligations

Pension benefit obligations represent the total net deficit of the defined benefit pension schemes across the Group.

In terms of scheme membership and value of scheme net assets, three of these are material in size. The remaining ones are immaterial.

All schemes are closed to new members and the UK scheme is closed to future accruals. The Irish schemes will also close to future accruals from 30th June 2018. The schemes are funded by contributions into separately administered trust funds. The benefits paid from the defined benefit schemes are based on percentages of the employees’ final salary for each year of pensionable service.

In the UK, the pension scheme is are subject to statutory increases although discretionary increases are also possible. In Ireland, increases are discretionary.

The net obligation of the Company’s defined benefit schemes represent the present value of the obligation to employees in respect of past service, less the fair value of the plan assets. External scheme actuaries calculate the present value of the obligations quarterly. The present value of the obligation is determined by discounting the estimated future cash flows. The discount rate is based on the market yield of high quality corporate bonds that have maturity dates approximating to the terms of the pension liability. The estimated future cash flows are based on the accrued past service benefits and future inflation, salary inflation and financial and demographic assumptions.

The following table shows the nature and composition of the defined benefit pension scheme assets.

Asset Type	2017 £m Fair Value	2017 %	2016 £m Fair Value	2016 %
Equities and Property	893.1	59%	878.4	63%
Corporate Bonds	518.4	34%	482.6	34%
Gilts and Cash	103.4	7%	45.7	3%
Fair value of scheme assets	**1,514.9**	**100%**	**1,406.7**	**100%**

Table 19: Defined benefit pension assets

The nature of the scheme liabilities are shown in the following table.

Benefit Obligation	2017 £m	2016 £m
Benefit obligation at 1 January	(1,553.0)	(1,357.1)
Current service cost	(28.2)	(26.5)
Past service cost	-	-
Net interest cost	(34.1)	(40.7)
Actuarial gain/(loss)	(9.5)	(160.9)
Contributions by plan participants	(3.9)	(4.2)
Curtailment gain	1.8	7.5
Benefits paid	33.3	28.8
Foreign exchange movement	(18.3)	
Benefit obligation at 31 December	**(1,612.1)**	**(1,553.0)**

Table 20: Scheme liabilities

The following table shows what the Pension benefit obligation line in the consolidated balance sheet comprises.

Pension Benefit Obligation	2017 £m	2016 £m
Assets	1,515	1,407
Liabilities	(1,612)	(1,553)
Pension Benefit Obligations	**(97)**	**(147)**

Table 21: Pension benefit obligations

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D.3.2.10 Provisions other than Technical Provisions

This includes onerous contract provisions, severance provisions, customer complaints provisions and legal provisions.

The Group derives the value of each provision by management reviewing and evaluating the expected outflow required to settle the liability to which the provision applies.

D.3.2.11 Contingent Liabilities

Contingent liabilities must be recognised on the balance sheet under Solvency II. The value of contingent liabilities is equal to the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure. Details of the contingent liabilities can be found in the subsidiaries' SFCRs.

D.3.2.12 Debts owed to Credit Institutions

Debts owed to credit institutions include payments pending bank clearing and collateral received from a credit institution in relation to an investment made. Both are valued at face value.

D.3.2.13 Financial Liabilities other than Debts owed to Credit Institutions

This is a bank overdraft held by one of the subsidiaries and is valued at face value.

D.3.3 Other Liability Valuations – Solvency II and C-IFRS

Under Section 401 of the Companies Act 2006, the Company, as a wholly owned subsidiary of a parent company established outside of the European Economic Area, is exempt from producing consolidated financial statements.

Significant differences in other liability values for material liability classes recorded on the Solvency II balance sheet and on the C-IFRS balance sheet at 31 December 2017 are shown in the table below.

Liability class £m	Document Reference	Solvency II value	Unaudited C-IFRS value	Difference
Reinsurance payables	D.3.3.1	229.6	398.6	(169.0)
Provisions other than technical provisions	D.3.3.2	25.1	89.4	(64.3)
Deposits from reinsurers	D.3.3.3	7,061.6	7,033.6	27.9
Deferred tax liabilities	D.3.3.4	355.6	311.1	44.5
Subordinated liabilities	D.3.3.5	941.9	655.1	286.8
Liabilities without significant valuation differences		1,221.4	1,219.6	1.9
Total other Liabilities		**9,835.2**	**9,707.4**	**127.7**

Table 22: Significant valuation differences in material liability classes

D.3.3.1 Reinsurance payables

The difference in value between the CIFRS and Solvency II values is due to valuation differences in Technical Provisions which have a corresponding impact on reinsurance payable balances.

D.3.3.2 Provisions other than Technical Provisions

The valuation difference is due to the difference in treatment of the Deferred Income Reserve. Under C-IFRS, revenue is recognised with reference to the stage of completion of the transaction. For certain long term business this means revenue is recognised in the accounting periods in which the services are provided. Revenue that is to be recognised in a subsequent period is deferred and recognised as a liability (in the Deferred Income Reserve) until the service is provided. When the service is provided this reserved amount is converted to revenue.

Under Solvency II, the income is recognised at receipt leaving no Deferred Income Reserve.

D.3.3.3 Deposits from reinsurers

Under Solvency II, mortgage assets ceded to subsidiaries as part of reinsurance agreements are valued at fair value. Under C-IFRS they are valued at amortised cost.

D.3.3.4 Deferred Tax Liabilities

The difference in value of the deferred tax liability between the Solvency II and C-IFRS is due to the tax impact of differences in timings of outflows from asset and liability valuations.

D.3.3.5 Subordinated Liabilities

The difference in value of subordinated liabilities is due to the distinction between amortised cost and fair value methodologies:

- C-IFRS values subordinated liabilities at amortised cost using the effective interest method. This valuation includes the liability's initial measurement, less repayment of principal, plus or minus the cumulative amortisation of the difference in its initial and maturity amounts; and
- Under Solvency II, subordinated liabilities are measured at fair value using a valuation model as described in Section D.3.2.2.

D.3.4 Differences between CLG and Subsidiary valuations

For Solvency II purposes, there are no differences in the bases, methods and main assumptions used to value the Group's other liabilities at a CLG level to those used by its subsidiaries.

D.4 Alternative Methods for Valuation

CLG does not apply alternative methods for valuation.

D.5 Any other Information

On 2nd February 2017, it was announced that ILA would sell its minority interest stake in Allianz-Irish Life Holdings plc (AILH), which is the holding company for Allianz Ireland. The Company indirectly held a 30.43% stake in AILH which was sold to Allianz, who increased their stake to 100%. The sale completed in March 2017. This has affected the participations line in the Company's balance sheet.

On 9th January 2017, ILA notified the noteholders of its €200m 5.25% step-up perpetual capital notes that it elected to redeem all of the notes at their principal amount (€200m) on 8th February 2017, the first reset date. The debt was repaid on that date. This has affected the subordinated liabilities balance shown in the Company's balance sheet.

There is no other material information regarding the valuation of liabilities for solvency purposes.

E Capital Management

E.1 Own Funds

Under Solvency II, insurers are required to hold enough capital to cover the risk of their assets not being sufficient to cover their liabilities. The main capital requirement is the SCR. There is also a lower MCR. Own funds are the excess of assets over liabilities which are available to meet capital requirements and are divided into basic own funds, held on the balance sheet and ancillary own funds which can be letters of credit or guarantees, but they require supervisory approval. Currently, the Company holds no ancillary own fund items.

E.1.1 Capital Management Policies and Processes

The Company's Group Capital Management Policy is supported by its Capital Management Plan. The Capital Management Plan is produced annually and forecasts the solvency ratio and dividend payments over a three year time horizon using the business strategy set out in the annual business plan together with detailed capital projections, sensitivity stresses and scenario tests on capital requirements from the ORSA. The Group Capital Management Plan goes through a review and approval process and is ultimately approved and signed off by the Board.

CLG aims to manage its own funds so that its solvency position stays within the target range specified in the Capital Management Plan. The range has sufficient coverage above the SCR to ensure the Company is able to meet all of its ongoing financial liabilities.

E.1.2 Structure of Own Funds

Own funds are divided into three tiers based on their permanence and ability to absorb losses, with Tier 1 being of the highest quality.

At 31 December 2017, CLG's own funds consisted of:

Description	2017 £m	2016 £m
Tier 1 - unrestricted		
Issued share capital	404.2	404.2
Share premium account	1,605.2	1,445.2
Shareholder contributions	597.7	597.7
Reconciliation reserve	2,473.0	2,240.5
Surplus arising on ring fenced funds	0.2	–
Subordinated liabilities (Tier 1 restricted)	–	171.9
Tier 2		
Subordinated liabilities	941.9	705.8
Own funds restriction for other financial undertakings	(12.0)	(5.3)
Other restrictions	(7.2)	(7.9)
Total	**6,003.0**	**5,552.1**

Table 23: Structure of own funds

The Group's basic own funds agree to the Solvency II valuation of the excess assets over liabilities plus subordinated liabilities, taken from the Company's Solvency II balance sheet. CLG has no ancillary own funds.

CLG uses Method 1, as referred to in Articles 230 and 233 of Directive 2009/138/EC, to consolidate its subsidiaries' balances. Under Method 1, those subsidiaries in which CLG holds a controlling interest and which are classed as insurance holding companies, Insurance or Reinsurance undertakings, or ancillary service units (service companies) are fully consolidated on a line-by-line basis. All other company types (including property management companies and fund management companies) are treated as participations and are included on a Solvency II net asset basis in the balance sheet. Companies in which CLG owns a minority interest, or that are dormant, are not included in the consolidation.

On 19th December 2017, the company issued 1 ordinary share of £1 nominal value to its immediate parent company at a price of £160m. This receipt is recorded as a movement in the share premium account.

Additionally, a subordinated loan agreement with CL Luxembourg Capital Management Sarl (a member of the GWL group of companies) in the value of £75m was set up. This is shown as a movement in the Tier 2 subordinated liabilities account. The remainder of the movement in that account is due to market movements in the data used to calculate the fair value of the liabilities.

On 8th February 2017, ILA repaid its subordinated debt in the value of €200m (£172m) following a capital receipt received from the Company's parent on 6th December 2016. This is recorded as a movement in the subordinated liabilities (Tier 1 restricted) account.

The reconciliation reserve includes the excess of net assets of the consolidated Company, on a Solvency II basis, over and above the share capital, premium and member contributions. It is then adjusted for surplus net assets arising in ring fenced funds (£0.3m).

The Other restrictions (£7.2m) represents assets held by London Life and General Reinsurance dac (£7.0m) that are non-distributable to shareholders and a restriction in two subsidiaries of CLIRe (£0.2m) representing a restriction on surplus assets available to CLIRe, due to the nature of the share class held by CLIRe.

Intra-group transactions, in so far as they relate to transactions between companies within CLG that are fully consolidated under Method 1, are eliminated as part of the consolidation process. Transactions with companies that lie outside the Group (even if they are part of the greater GWL group) and transactions with companies that are consolidated under the adjusted equity method, and included as participations, are not eliminated as part of the Group consolidation.

The Own Funds restrictions for other financial undertakings represents the requirement to replace own funds as calculated under Solvency II with the own funds as calculated under the undertakings' local sectoral rules. These funds would all count as Tier 1 funds under the local capital basis, where local tiering is applied. This is for the nine other non-insurance financial undertakings in the group.

31 December 2017			£m	
Name of undertaking	Type of undertaking	Own Funds on SII basis	Own Funds on own sectoral basis	SCR on own sectoral basis
Canada Life Asset Management Limited	Investment firm	12.4	8.7	3.7
Canada Life European Real Estate Limited	Investment firm	0.6	0.6	-
Canada Life Fund Managers (UK) Limited	Non regulated, carrying out financial activities	1.7	1.7	-
Irish Life Investment Managers Limited	Investment firm	19.8	15.3	4.5
Setanta Asset Management Limited	Investment firm	5.9	4.2	1.7
Summit Asset Managers Limited	Investment firm	0.5	0.5	-
Cornmarket Group Financial Services	Undertaking carrying out financial activities	27.0	27.0	-
Glohealth Financial Services	Undertaking carrying out financial activities	4.9	4.9	-
Irish Progressive Services International Limited	Investment firm	12.6	10.5	2.1
Total		**85.4**	**73.4**	**12.0**

Table 24: Own funds

E Capital Management

The previous table compares the own funds for the nine non-insurance financial undertaking companies in the Group as calculated on a Solvency II with the basis that is used to calculate their own funds using the methods laid out for them by their own local regulator.

E.1.2.1 Own Funds to meet Solvency Capital Requirement

31 December 2017 Description	£m
Tier 1 – unrestricted	5,073.1
Tier 1 - restricted	–
Tier 2	941.9
Restrictions	(12.0)
Eligible Own Funds to meet SCR	6,003.0
Solvency Capital Requirement	4,138.7
Solvency Capital Ratio	145.0%

Table 25: Own funds to meet solvency capital requirements

E.1.2.2 Own Funds to meet Minimum Capital Requirement

31 December 2017 Description	£m
Tier 1 – unrestricted	4,999.9
Tier 1 - restricted	–
Tier 2	248.1
Restrictions	(12.0)
Eligible Own Funds to meet MCR	5,236.0
Minimum Capital Requirement	1,240.5
Minimum Capital Ratio	422.1%

Table 26: Own funds to meet minimum capital requirements

E.1.2.3 Restrictions on Own Funds to meet Capital Requirements

There are regulatory restrictions on the proportion of capital requirements that can be met by Tier 2 and 3 basic own funds in determining the eligible own funds to meet the SCR and MCR capital requirements. The impact of these restrictions is shown in the table below.

Solvency II rules on own fund tiering	% Coverage 2017	Comment
Tier 1 own funds must be at least 50% of SCR	123%	No restrictions
Tier 3 own funds must be less than 15% of SCR	0%	No restrictions
Tier 2+3 own funds must not exceed 50% of SCR	23%	No restrictions
Tier 1 own funds must be at least 80% of MCR	403%	No restrictions
Tier 2 own funds must be less than 20% of MCR	20%	Tier 2 own funds in excess of 20% of MCR are ineligible. However, CLG has sufficient Tier 1 own funds to cover the MCR.

Table 27: Own fund restrictions

E.1.3 Subordinated Liabilities

The subordinated liabilities held within the Group are shown in the following table.

31 December 2017			£m			
Description	Company	Nominal Amount	Fair value	Coupon rate	Maturity date	Future call dates
Undated 2013 subordinated loan	CLG	150.9	269.9	5.50%	None	8th July 2023
Dated 2013 subordinated loan	CLG	99.2	144.4	5.25%	Jul 2043	8th July 2023
Dated 2017 subordinated loan	CLG	75.0	75.0	LIBOR +2.9%	Dec 2047	None
Dated 2005 subordinated loan	CLL	90.0	86.1	LIBOR +1.05%	Jun 2035	None
Dated 2006 subordinated loan	CLL	50.0	71.5	5.90%	May 2036	None
Undated 2006 subordinated loan	CLL	80.0	147.0	5.90%	None	None
Dated 2016 subordinated loan	CLL	70.0	86.8	LIBOR +4.2%	Sep 2032	None
Undated 2016 subordinated loan	CLL	40.0	61.2	LIBOR +4.2%	None	None
Total		**655.1**	**941.9**			

Table 28: Subordinated liabilities

E Capital Management

E.1.4 Material Differences

Below we set out a quantitative and qualitative explanation of any material differences between equity as shown in CLG's unaudited C-IFRS balance sheet and the excess of assets over liabilities as calculated for Solvency purposes. The following table highlights the material differences between C-IFRS and Solvency II net assets.

Description	2017 £m
Canadian IFRS net assets (unaudited)	**7,129.8**
Reinsurance Recoverable Asset	(999.2)
Goodwill and Intangible assets not recognised under Solvency II	(609.9)
Technical provision valuation adjustment	(396.3)
Deferred Acquisition Costs not recognised in Solvency II	(343.6)
Subordinated liabilities	(286.8)
Deferred tax valuation difference	(44.5)
Provisions other than technical provisions	64.3
Corporate Bonds	133.4
Reinsurance payables	169.0
Commercial mortgages	279.3
Other	(15.1)
SII Excess of assets over liabilities	**5,080.6**

Table 29: Material differences between C-IFRS and Solvency II

The rationale for material differences are set out below:

E.1.4.1 Reinsurance Recoverable Asset

Differences arise because the methodologies and assumptions used to calculate the Solvency II technical provisions are different to those used to calculate C-IFRS actuarial reserves and consequently the difference in the amount expected to be recovered from Reinsurers.

E.1.4.2 Goodwill and Intangible Assets

Goodwill and intangible assets are not allowable as assets under Solvency II valuation rules.

E.1.4.3 Technical Provisions

Differences arise because the methodologies and assumptions used to calculate the Solvency II technical provisions are different to those used to calculate C-IFRS actuarial reserves.

E.1.4.4 Deferred Acquisition Costs

Deferred acquisition costs is not allowable as an asset under Solvency II.

E.1.4.5 Subordinated Liabilities

Subordinated debt is calculated using a fair valuation model under Solvency II. Under C-IFRS subordinated debt is calculated using an amortised cost model.

E.1.4.6 Deferred Tax Valuation Difference

Differences arise because the methodologies and assumptions used to calculate the Solvency II technical provisions are different to those used to calculate C-IFRS actuarial reserves and consequently the difference in the deferred tax balance will arise.

E.1.4.7 Provisions other than Technical Provisions

This section includes the deferred income reserve which is ineligible under Solvency II valuation reserves.

E.1.4.8 Corporate Bonds

This section includes private placements which are valued at fair value under Solvency II but under C-IFRS are valued at amortised cost and are inclusive of accrued interest.

E.1.4.9 Reinsurance payables

Differences arise because the methodologies and assumptions used to calculate the Solvency II technical provisions are different to those used to calculate C-IFRS actuarial reserves. This has a corresponding impact on reinsurance payable balances.

E.1.4.10 Commercial Mortgages

Under C-IFRS commercial mortgages are valued using the amortised cost method. Under Solvency II, commercial mortgages are valued at fair value.

E.1.5 Distributions made to Shareholders

During 2017, £288.6m of dividends was paid to CLIH, the parent company (£62.5m in 2016).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Calculating the Solvency Capital Requirement

The SCR, at 31 December 2017 is shown below.

Description	2017 £m	2016 £m
Market Risk	2,984	2,933
Life Underwriting Risk	1,970	1,900
Health Underwriting Risk	407	354
Counterparty Risk	88	92
Operational Risk	203	187
Non-Life	1	1
Diversification	(1,309)	(1,252)
Gross SCR	**4,343**	**4,215**
Loss absorbing capacity of deferred tax (restricted)	(391)	(460)
Loss absorbing capacity of TPs	(30)	(35)
Adjustment due to Ring Fenced Funds	189	169
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	28	18
Capital requirement for non-controlled participation requirements	–	111
Group SCR	**4,139**	**4,018**
Own Funds	**6,003**	**5,552**
Solvency Ratio	**145%**	**138%**
MCR	**1,240**	**1,169**

Table 30: Solvency Capital Requirement

E Capital Management

CLL use the simplified approach for group life-catastrophe risk. ILA, CLIRe, and CLE all use simplifications in the counterparty default risk module. ILH uses a simplification in the Non-similar to Life health lapse risk sub module. No additional simplified SCR calculations are applied at CLG level.

No undertaking-specific parameters have been used in the calculation of the standard formula.

E.2.2 Solvency Capital Requirement by Entity

The capital position, at 31 December 2017, split by entity is shown in the following table.

Entity	2017 £m	2016 £m
SCR based on consolidated data for all CLG insurance entities, holding and service companies		
Insurance entities		
CLL	2,609	2,388
ILA	919	807
Elimination of CLL's SCR in respect of its participation in ILG*	(506)	(467)
CLE	283	248
CLIRe	735	761
ILH	42	38
LLGR	2	3
CLIAI	21	19
Pension Schemes		
CLIH Pension Scheme	39	39
UK Pension Scheme	93	92
ILA Pension Scheme	137	178
Proportional share of the relevant sectoral capital requirements for credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies and institutions for occupational retirement provision		
Non insurance entities	28	18
Proportional share of the SCR for undertakings consolidated on the basis of the adjusted equity method		
Allianz	-	111
Total CLG Pre Consolidation	**4,402**	**4,234**
Total CLG Post Consolidation	**4,139**	**4,018**

Table 31: Capital position by entity

* Elimination of capital requirements held in CLL in respect of their strategic participation in Irish Life. At CLG level ILG is treated as a subsidiary and we look through to its underlying assets and liabilities and fully consolidate. We therefore need to deduct the SCR held by CLL in respect of the participation to avoid any double counting of ILG in the consolidation.

The observed increase in SCR over 2017 is due primarily to an increase in CLL's SCR over the year, which was largely driven by the additional capital requirements for new annuity business written over the year and a reduction in the loss-absorbing capacity of deferred taxes. This was partly offset by the sale of Allianz-Irish Life Holdings plc over the year.

E.2.3 Group Diversification Effect

The following table shows the material sources of group diversification effects, at 31 December 2017.

At 31 December 2017 £m	Sum of risk sub-modules (undiversified)	Diversified risk module	Diversification benefit within risk module
Market	3,667	3,029	638
Life	3,365	2,063	1,302
Health	475	407	68
Non-Life	1	1	-
Counterparty Default	100	87	13
Operational	242	203	39
Diversification benefit (across risk modules)		(1,288)	
Loss absorbing capacity of deferred tax		(391)	
Capital Requirement for non-insurance entities		28	
SCR		**4,139**	

Table 32: Group diversification effect

There are material diversification benefits both within each risk module, and across the combined CLG SCR compared to the sum of the solo SCRs, due to the diversity of business and risks across CLG.

E.2.4 Calculation of the Minimum Capital Requirement

The following table shows the inputs to the MCR calculation at 31 December 2017.

MCR Inputs	2017 £m	2016 £m
Linear MCR	1,240	1,169
SCR	**4,139**	**4,018**
MCR cap	1,862	1,808
MCR floor	1,035	1,005
Combined MCR	1,240	1,169
Absolute floor of MCR	3	3
MCR	**1,240**	**1,169**

Table 33: MCR calculation

The MCR has increased over the year primarily due to an increase in the underlying technical provisions on which the linear MCR is based.

E Capital Management

E.3 Use of the Duration-based Equity Risk Sub-module

CLG does not use the duration based equity risk sub-module for the calculation of its SCR.

E.4 Differences between the standard formula and any internal model used

During 2017, neither CLG nor any of its subsidiaries used an internal model for the calculation of its SCR.

E.5 Non-compliance: Minimum Capital Requirement and Solvency Capital Requirement

We are required to report on any periods of non-compliance with the MCR and significant non-compliance with the SCR during the reporting period. There have been no periods of non-compliance with the MCR or significant non-compliance with the SCR during the 2017 reporting period.

E.6 Any other Information

There is no further material information to report in relation to capital management.

Directors' Responsibility Statement

The Canada Life Group (U.K.) Limited

Approval by the Board of Directors of the Solvency and Financial Condition Report

Financial period ended 31st December 2017

The directors of the Company are satisfied that, to the best of their knowledge:

1. the SFCR was been prepared in all material respects in accordance with the PRA rules and Solvency II regulations, as applicable to the Company;

2. throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II regulations as they apply to the Company; and

3. it is reasonable to believe that, at the date of publication of the SFCR, the Company has continued to comply with the PRA rules and Solvency II regulations; and the Company intends to so comply in the future.

Approved by the Board of Directors

and signed on behalf of the Board

Director

Report of the External Independent Auditor

Report of the external independent auditor to the Directors of The Canada Life Group (UK) Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report ('SFCR')

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2017:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group SFCR of the Company as at 31 December 2017, ('the Narrative Disclosures subject to audit'); and
- Group templates S.02.01.02, S.22.01.22, S.23.01.22, S.25.01.22 and S32.01.22 ('the Group Templates subject to audit')

The Narrative Disclosures subject to audit and the Group Templates subject to audit are collectively referred to as the 'relevant elements of the Group SFCR'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- the 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group SFCR;
- Group templates S05.01.02, S05.02.01
- Information calculated in accordance with the previous regime used in the calculation of the transitional measures on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group SFCR ('the Responsibility Statement');
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('the sectoral information').

To the extent the information subject to audit in the relevant elements of the Group SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group SFCR of the Company as at 31 December 2017 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Report of the External Independent Auditor

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group SFCR in the UK, including the FRC's Ethical Standard as applied to public interest entities, 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.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group SFCR, which describe the basis of accounting. The Group SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Group SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the Group SFCR is not appropriate; or
- the Directors have not disclosed in the Group SFCR any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group SFCR is authorised for issue.

We have nothing to report in relation to these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group SFCR does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group SFCR, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group SFCR, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Group SFCR 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 in relation to these matters.

Report of the External Independent Auditor

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group SFCR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group SFCR 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 it 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 decision making or the judgement of the users taken on the basis of the Group SFCR.

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. The same responsibilities apply to the audit of the Group SFCR.

Use of our Report

This report is made solely to the Directors of The Canada Life Group (UK) Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Group SFCR 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 PRA, for our audit work, for this report or for the opinions we have formed.

Report of the External Independent Auditor

In our opinion, in accordance with Rule 4.2 of the External Audit Chapter of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of The Canada Life Group (UK) Limited's statutory financial statements. 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 in relation to this matter.

Mark McQueen

Mark McQueen ACA (Senior Statutory Accountant)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
8th June 2018

Report of the External Independent Auditor

Group standard formula

The relevant elements of the Group SFCR that are not subject to audit comprise:

- *The following elements of template S.22.01.22*
    - *Column C0030 – Impact of transitional measure on technical provisions*
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Appendix 1

Web addresses for CLG insurance and reinsurance subsidiaries

Canada Life Assurance Europe plc (CLE):	**www.canadalife.de**
Canada Life International Assurance (Ireland) dac (CLIAI):	**www.canadalife.co.uk/international**
Canada Life International Re dac (CLIRe):	**www.canadalifere.com**
Canada Life Limited (CLL):	**www.canadalife.co.uk**
Irish Life Assurance plc (ILA):	**www.irishlife.ie**
Irish Life Health dac (ILH):	**www.irishlifehealth.ie**
London Life and General Reinsurance dac (LLGR):	**www.lrg.com**

Annex

The Canada Life Group (U.K.) Limited

Solvency and Financial Condition Report

Disclosures

31 December

2017

(Monetary amounts in GBP thousands)

Annex

General information

Participating undertaking name	The Canada Life Group (U.K.) Limited
Group identification code	213800EKLMOKKEP7XL89
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2017
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	Use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	Use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	Use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.22.01.22 - Impact of long term guarantees measures and transitionals
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

Annex

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	135,723
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	28,688,492
R0080	*Property (other than for own use)*	1,674,498
R0090	*Holdings in related undertakings, including participations*	108,783
R0100	*Equities*	1,637,033
R0110	*Equities - listed*	1,636,717
R0120	*Equities - unlisted*	315
R0130	*Bonds*	23,650,097
R0140	*Government Bonds*	10,270,458
R0150	*Corporate Bonds*	12,105,394
R0160	*Structured notes*	
R0170	*Collateralised securities*	1,274,245
R0180	*Collective Investments Undertakings*	517,713
R0190	*Derivatives*	45,373
R0200	*Deposits other than cash equivalents*	935,307
R0210	*Other investments*	119,688
R0220	Assets held for index-linked and unit-linked contracts	46,008,146
R0230	Loans and mortgages	2,484,179
R0240	*Loans on policies*	4,315
R0250	*Loans and mortgages to individuals*	97
R0260	*Other loans and mortgages*	2,479,767
R0270	Reinsurance recoverables from:	8,707,953
R0280	*Non-life and health similar to non-life*	60,156
R0290	*Non-life excluding health*	
R0300	*Health similar to non-life*	60,156
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	8,684,411
R0320	*Health similar to life*	104,026
R0330	*Life excluding health and index-linked and unit-linked*	8,580,385
R0340	*Life index-linked and unit-linked*	-36,614
R0350	Deposits to cedants	4,626,379
R0360	Insurance and intermediaries receivables	122,711
R0370	Reinsurance receivables	101,941
R0380	Receivables (trade, not insurance)	26,655
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	285,259
R0420	Any other assets, not elsewhere shown	225,476
R0500	**Total assets**	91,412,914

Annex

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	-10,000
R0520	*Technical provisions - non-life (excluding health)*	1,998
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	1,943
R0550	*Risk margin*	55
R0560	*Technical provisions - health (similar to non-life)*	-11,998
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	-15,888
R0590	*Risk margin*	3,891
R0600	Technical provisions - life (excluding index-linked and unit-linked)	31,091,719
R0610	*Technical provisions - health (similar to life)*	1,341,428
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	1,165,366
R0640	*Risk margin*	176,062
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	29,750,291
R0660	*TP calculated as a whole*	3,559,933
R0670	*Best Estimate*	24,671,236
R0680	*Risk margin*	1,519,122
R0690	Technical provisions - index-linked and unit-linked	45,415,476
R0700	*TP calculated as a whole*	45,843,528
R0710	*Best Estimate*	-686,855
R0720	*Risk margin*	258,803
R0740	Contingent liabilities	21,264
R0750	Provisions other than technical provisions	25,131
R0760	Pension benefit obligations	97,218
R0770	Deposits from reinsurers	7,061,550
R0780	Deferred tax liabilities	355,597
R0790	Derivatives	100,041
R0800	Debts owed to credit institutions	6,292
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	425,248
R0830	Reinsurance payables	229,567
R0840	Payables (trade, not insurance)	201,444
R0850	Subordinated liabilities	941,885
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	941,885
R0880	Any other liabilities, not elsewhere shown	369,931
R0900	**Total liabilities**	86,332,362
R1000	**Excess of assets over liabilities**	5,080,552

Annex

S.05.01.02
Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	398,902																398,902
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted													40				40
R0140	Reinsurers' share	303,683												20				303,703
R0200	Net	95,220							0					20	0	0	0	95,240
	Premiums earned																	
R0210	Gross - Direct Business	336,671																336,671
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted													40				40
R0240	Reinsurers' share	245,419												20				245,440
R0300	Net	91,252							0					20	0	0	0	91,272
	Claims incurred																	
R0310	Gross - Direct Business	221,603																221,603
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted													-159				-159
R0340	Reinsurers' share	162,540												-160				162,381
R0400	Net	59,063							0					1	0	0	0	59,064
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0							0					0	0	0	0	0
R0550	**Expenses incurred**	92,493							0					253	62	66	62	92,936
R1200	**Other expenses**																	
R1300	**Total expenses**																	92,936

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	280,213	419,066	6,484,895	2,103,796				297,065	9,585,034
R1420	Reinsurers' share	32,438	81,241	66,621	525,891				59,524	765,716
R1500	Net	247,775	337,826	6,418,273	1,577,905			0	237,541	8,819,319
	Premiums earned									
R1510	Gross	277,298	419,066	6,484,895	2,103,359				297,065	9,581,683
R1520	Reinsurers' share	32,293	81,241	66,621	525,589				59,524	765,268
R1600	Net	245,005	337,826	6,418,273	1,577,770			0	237,541	8,816,415
	Claims incurred									
R1610	Gross	176,739	138,717	5,002,334	1,843,992				794,446	7,956,229
R1620	Reinsurers' share	30,882	25,326	26,710	971,279				267,380	1,321,576
R1700	Net	145,857	113,392	4,975,624	872,713			0	527,066	6,634,653
	Changes in other technical provisions									
R1710	Gross	57,240	75,645	3,340,719	123,648				-343,989	3,253,263
R1720	Reinsurers' share	-8,037	-47,613	-7,182	-680,300				-157,542	-900,674
R1800	Net	65,277	123,258	3,347,901	803,948			0	-186,447	4,153,937
R1900	**Expenses incurred**	60,010	59,014	286,646	195,267			0	16,412	617,350
R2500	**Other expenses**									7,259
R2600	**Total expenses**									624,609

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business		398,902					398,902
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted		40					40
R0140	Reinsurers' share		303,703					303,703
R0200	Net	0	95,240	0	0	0	0	95,240
	Premiums earned							
R0210	Gross - Direct Business		336,671					336,671
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted		40					40
R0240	Reinsurers' share		245,440					245,440
R0300	Net	0	91,272	0	0	0	0	91,272
	Claims incurred							
R0310	Gross - Direct Business		221,603					221,603
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted		-159					-159
R0340	Reinsurers' share		166,471					166,471
R0400	Net	0	54,974	0	0	0	0	54,974
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**		92,936					92,936
R1200	**Other expenses**							
R1300	**Total expenses**							92,936

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			IE	DE	CA	US	IT	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	2,315,682	6,352,858	620,491	284,950	9,370	257	9,583,608
R1420	Reinsurers' share	394,524	371,192	0	0	0	0	765,716
R1500	Net	1,921,158	5,981,667	620,491	284,950	9,370	257	8,817,892
	Premiums earned							
R1510	Gross	2,310,523	6,351,353	620,491	284,950	9,370	257	9,576,943
R1520	Reinsurers' share	393,775	371,192	0	0	0	0	764,967
R1600	Net	1,916,748	5,980,161	620,491	284,950	9,370	257	8,811,976
	Claims incurred							
R1610	Gross	2,656,178	4,754,444	200,831	259,339	68,481	15,615	7,954,888
R1620	Reinsurers' share	764,480	557,097	0	0	0	0	1,321,576
R1700	Net	1,891,698	4,197,347	200,831	259,339	68,481	15,615	6,633,311
	Changes in other technical provisions							
R1710	Gross	232,590	2,989,139	105,064	44,206	-24,902	3,695	3,349,792
R1720	Reinsurers' share	-346,068	-519,756	-4,189	0	0	0	-870,013
R1800	Net	578,659	3,508,895	109,252	44,206	-24,902	3,695	4,219,805
R1900	**Expenses incurred**	154,013	285,231	178,110	0	0	0	617,354
R2500	**Other expenses**							7,259
R2600	**Total expenses**							624,613

S.22.01.22

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	76,497,194	1,629,413	265,171	327,763	776,849
R0020	Basic own funds	6,002,925	-1,506,919	-147,554	-224,285	-756,952
R0050	Eligible own funds to meet Solvency Capital Requirement	6,002,925	-1,506,919	-147,554	-224,285	-756,952
R0090	Solvency Capital Requirement	4,138,651	115,806	40,221	51,605	183,649

Annex

S.23.01.22
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	404,155	404,155		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	1,605,219	1,605,219		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	597,650	597,650		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	242	242			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	2,472,979	2,472,979			
R0140	Subordinated liabilities	941,885		0	941,885	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	7,175				
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	85,277	85,277			
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	85,277	85,277	0	0	0
R0290	**Total basic own funds after deductions**	5,929,679	4,987,794	0	941,885	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	71,014	71,014			
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	2,232	2,232			
R0440	**Total own funds of other financial sectors**	73,246	73,246	0	0	0

S.23.01.22
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector					
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	5,929,679	4,987,794	0	941,885	0
R0530	Total available own funds to meet the minimum consolidated group SCR	5,929,679	4,987,794	0	941,885	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	5,929,679	4,987,794	0	941,885	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	5,235,892	4,987,794	0	248,098	
R0610	**Minimum consolidated Group SCR**	1,240,490				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	422.08%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	6,002,925	5,061,040	0	941,885	0
R0680	**Group SCR**	4,138,651				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	145.05%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	5,080,552
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	2,607,266
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	295
R0750	Other non available own funds	11
R0760	**Reconciliation reserve**	2,472,979
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	1,179,125
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	31,490
R0790	**Total Expected profits included in future premiums (EPIFP)**	1,210,615

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3,119,761		
R0020	Counterparty default risk	91,930		
R0030	Life underwriting risk	2,059,373		
R0040	Health underwriting risk	425,321		
R0050	Non-life underwriting risk	1,018		
R0060	Diversification	-1,368,853		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	4,328,549		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	203,011
R0140	Loss-absorbing capacity of technical provisions	-29,696
R0150	Loss-absorbing capacity of deferred taxes	-391,357
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	4,110,507
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	4,110,507
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	3,093,694
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	270,539
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	746,274
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	1,240,490
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	28,144
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	28,144
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0

Annex

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	635400WDWOKBOL	LEI	Affinity First Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
2	GB	213800HGKGFNFSU	LEI	Albany Life Assurance Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
3	GB	213800BSUBWOZN	LEI	Canada Life (U.K.) Limited	Other	,	Non-mutual	N/A
4	GB	213800N6FQGY4U7	LEI	Canada Life Asset Management Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
5	IE	213800ZK7A1XGTC	LEI	Canada Life Assurance Europe plc	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
6	IE	635400XTV9YKQ5K	LEI	Canada Life Europe Investment Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
7	IE	635400YDFGPIPRX	LEI	Canada Life Europe Management Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
8	GB	2138006PCDCPNVP	LEI	Canada Life European Real Estate Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
9	GB	2138002XKQVZND4	LEI	Canada Life Fund Managers (U.K.) Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
10	GB	213800UDG1MA9AN	LEI	Canada Life Group Services (U.K.) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
11	IE	635400H1ZCYDF1S	LEI	Canada Life Group Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
12	GB	213800FRKLFQ7WK	LEI	Canada Life Holdings (U.K.) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
13	IE	635400L3E1R493ER	LEI	Canada Life International Assurance (Ireland) DAC	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
14	IE	635400IDLU81ASLA	LEI	Canada Life International Re dac	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
15	GB	210942	Specific code	Canada Life Ireland Holdings Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
16	IE	635400CHXZPQFC4	LEI	Canada Life Irish Holding Company Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
17	GB	2138008IED3SFNHH	LEI	Canada Life Irish Operations Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
18	GB	JD3QAJDNG52JLJX	LEI	Canada Life Limited	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
19	GB	213800BMEYTWCIM	LEI	Canada Life Management (U.K.) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
20	GB	213800156ABS3CPF	LEI	Canada Life Pension Managers and Trustees Limite	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
21	BM	635400SGYGLH2TF	LEI	Canada Life Reinsurance International Limited	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Bermuda Monetary Authority
22	BB	635400WMOD3PHIP	LEI	Canada Life Reinsurance Limited	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Services Commission, Barbados
23	GB	213800PF5I8D9Y41	LEI	Canada Life Services (U.K.) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
24	GB	2138009TKVN8NB9	LEI	Canada Life Trustee Services (U.K.) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
25	IM	013234V	Specific code	Chesterhill Investments Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
26	IE	635400SECKC2JQU	LEI	CL Abbey Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
27	GB	213800MY6OLHCK	LEI	CLFIS (U.K.) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
28	IE	635400GGXFZAHN	LEI	Cornmarket Group Financial Services Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland

Annex

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: YES/NO	Inclusion in the scope of Group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	635400WDWOKBOL	LEI	49.00%	49.00%	49.00%		Significant	49.00%	Included in the scope		Method 1: Adjusted equity method
2	GB	213800HGKGFNFSU	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
3	GB	213800BSUBWOZN/	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
4	GB	213800N6FQGY4U7	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
5	IE	213800ZK7A1XGTC	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
6	IE	635400XTV9YKQ5K	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
7	IE	635400YDFGPIPRX/	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
8	GB	2138006PCDCPNVP	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
9	GB	2138002XKQVZND4	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
10	GB	213800UDG1MA9AN	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
11	IE	635400H1ZCYDF1SI	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
12	GB	213800FRKLFQ7WK	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
13	IE	635400L3E1R493ER	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
14	IE	635400IDLU81ASLA	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
15	GB	210942	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
16	IE	635400CHXZPQFC4	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
17	GB	2138008IED3SFNHH	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
18	GB	JD3QAJDNG52JLJX	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
19	GB	213800BMEYTWCIM	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
20	GB	213800156ABS3CPF	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
21	BM	635400SGYGLH2TF	LEI	70.00%	100.00%	70.00%		Dominant	70.00%	Included in the scope		Method 1: Full consolidation
22	BB	635400WMOD3PHIF	LEI	75.00%	100.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Full consolidation
23	GB	213800PF5I8D9Y41	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
24	GB	2138009TKVN8NB9	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25	IM	013234V	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
26	IE	635400SECKC2JQUI	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
27	GB	213800MY6OLHCKC	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
28	IE	635400GGXFZAHNC	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
29	GB	635400FBR5OL6NL	LEI	Cornmarket Insurance Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
30	IE	635400GEZ19SGQ8	LEI	Cornmarket Retail Trading Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
31	GB	SC122216	Specific code	EIS Financial Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
32	IE	635400CNPZNMPLL	LEI	GloHealth Financial Services Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
33	GB	2138007RWKPR2PX	LEI	Hotel Operations (Cardiff) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
34	GB	21380039AGLO5KW	LEI	Hotel Operations (Walsall) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
35	US	635400YXOAFSOBH	LEI	Ilona Financial Group, Inc.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
36	IE	635400BSMKY1KO9	LEI	Irish Life Associate Holdings Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
37	IE	YYV6S3OE6EWZYI2	LEI	Irish Life Assurance plc	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
38	IE	635400NNVQODVER	LEI	Irish Life Financial Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
39	IE	635400NX6YMZWZ	LEI	Irish Life Group Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
40	IE	635400ENG5BJ2BD	LEI	Irish Life Group Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
41	IE	213800CKQ3LRQAA	LEI	Irish Life Health dac	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
42	IE	TWBHJZDB2TYBXZ	LEI	Irish Life Investment Managers Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
43	IE	635400P6FF1QJF1	LEI	Irish Life Irish Holdings Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
44	IE	635400AFPORY5TC	LEI	Irish Life Trustee Services	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
45	IE	6354008IAPAUG4S	LEI	Irish Progressive Services International Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
46	IE	635400ZKUEHGWB	LEI	London Life and General Reinsurance dac	Composite undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
47	IE	635400WBWRK5CF	LEI	Penpro Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
48	IE	635400OGCJBX1UF	LEI	Setanta Asset Management Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
49	IE	635400TRDOEXCZ2	LEI	Summit Asset Managers Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
50	GB	213800EKLMOKKEP	LEI	The Canada Life Group (U.K.) Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
51	IE	635400VJGWKKUV	LEI	Vestone Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A

Annex

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Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
29	GB	635400FBR5OL6NLI	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
30	IE	635400GEZ19SGQ8	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
31	GB	SC122216	Specific code	25.00%	25.00%	25.00%		Significant	25.00%	Included in the scope		Method 1: Adjusted equity method
32	IE	635400CNPZNMPLL	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
33	GB	2138007RWKPR2PX	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
34	GB	21380039AGLO5KW	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
35	US	635400YXOAFSOBH	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
36	IE	635400BSMKY1KO9	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
37	IE	YYV6S3OE6EWZYI2	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
38	IE	635400NNVQODVER	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
39	IE	635400NX6YMZWZF	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
40	IE	635400ENG5BJ2BD	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
41	IE	213800CKQ3LRQAA	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
42	IE	TWBHJZDB2TYBXZF	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
43	IE	635400P6FF1QJF1X	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
44	IE	635400AFPORY5TC	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
45	IE	6354008IAPAUG4SR	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
46	IE	635400ZKUEHGWBI	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
47	IE	635400WBWRK5CF	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
48	IE	635400OGCJBX1UF	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
49	IE	635400TRDOEXCZ2	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
50	GB	213800EKLMOKKEP	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
51	IE	635400VJGWKKUV9	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

The Canada Life Group (U.K.) Limited

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