

**Bupa Insurance Limited**

**Annual Report and Accounts for the financial year ended  
31 December 2024**

# Contents

Page

<b>Strategic Report</b> .....	<a href="#">4</a>
<b>Directors' Report</b> .....	<a href="#">16</a>
<b>Statement of Directors' Responsibilities</b> .....	<a href="#">23</a>
<b>Independent Auditors' Report to the Members of Bupa Insurance Limited</b> .....	<a href="#">24</a>
<b>Statement of Comprehensive Income</b> .....	<a href="#">29</a>
<b>Statement of Financial Position</b> .....	<a href="#">26</a>
<b>Statement of Cash Flows</b> .....	<a href="#">31</a>
<b>Statement of Changes in Equity</b> .....	<a href="#">32</a>
<b>Notes to the Financial Statements</b> .....	<a href="#">33</a>

## **Annual Report and Accounts**

### **Officers and Professional Advisers**

#### **Directors**

D J Brumpton	
A F Cabrelli	
C P Carroll	(appointed 13 January 2025)
P J Evans	
S J O'Connor	
A M Oldfield	(appointed 13 June 2024)
R A Phipps (Chair)	
R K Thakrar	
A Torry	(appointed 1 April 2024)

#### **Company Secretary**

Bupa Secretaries Limited (Company Secretary)

#### **Registered Office**

1 Angel Court,  
London,  
EC2R 7HJ

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountant and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

# Strategic Report

## for the year ended 31 December 2024

The Directors present their Annual Report and Accounts of Bupa Insurance Limited (the "Company") for the financial year ended 31 December 2024. The ultimate parent of the Company is The British United Provident Association Limited ("Bupa" and together with its subsidiaries "Bupa Group").

### Principal activities

The Company is the UK's largest health insurer and a leading provider of domestic and international health insurance providing cover to 3,540k customers worldwide.

The Company is part of the Bupa Group, an international healthcare group. Bupa was established in 1947 when 17 British provident associations and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers. Over the past 75 years Bupa Group's global footprint has grown from our origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Türkiye, Mexico, the US, Brazil, the Middle East, India and Ireland.

We are driven by Bupa's purpose, helping people live longer, healthier, happier lives and making a better world. It defines everything we do for our customers, inspiring and motivating us to improve our performance. The Company provides health insurance to individual, corporate and small to medium enterprise ("SME") customers, as well as inward reinsurance and a number of other health insurance products, such as cash plans and dental insurance.

The two main health insurance portfolios are private medical insurance ("PMI") predominantly in the UK market; and international private medical insurance ("IPMI") provided for individual consumers and employees requiring cover beyond their usual country of residence. The latter is underwritten both directly and through inward reinsurance.

Our principal operations take place in the UK, with an active branch sited in Switzerland. Branches in Denmark and Cyprus have no active policies and will be removed once formal closure is complete. We have inwards reinsurance arrangements with partner insurers in Asia and the Middle East and fellow Bupa Group insurers in Egypt and Hong Kong.

The Company's people, strategic management and operational services, including the provision of mediation and administrative services, are primarily provided by Bupa Insurance Services Limited and some smaller Bupa Group companies (together "our service companies"). The Company's directors are also the directors of Bupa Insurance Services Limited. The Board consider the interests of key stakeholders and the risks faced by each company separately. Within the Company's Annual Report and Accounts, consideration is given to decisions that impact its customers, regulators, people (including both direct employees and those employed by our service companies), the communities in which they work and the wider environment as well as related risks.

### Key performance indicators (KPIs)

	2024	2023
Insured customer lives (thousands)	3,540	3,139
Insurance revenue (£m)	3,338	2,901
Insurance service result (£m)	120	149
Net financial income (£m)	59	71
Profit before taxation (£m)	180	210
Loss ratio <sup>1</sup>	74.2 %	71.9 %
Combined operating ratio <sup>2</sup>	96.4 %	94.9 %
Solvency II (SII) coverage ratio (estimated) <sup>3</sup>	175.0 %	196.0 %

<sup>1</sup> Loss ratio is calculated as incurred claims, net of amounts recoverable from reinsurers for incurred claims, expressed as a percentage of insurance revenue, net of premiums ceded to reinsurers.

<sup>2</sup> Combined operating ratio is calculated as insurance service expense plus net gain/loss from reinsurance contracts held expressed as a percentage of insurance revenue.

<sup>3</sup> The Solvency Capital Position and related disclosures are estimated values and are unaudited at the time of approval of the financial statements.

### Results

Profit before tax decreased by £30m to £180m (2023: £210m) driven by higher insurance service expense, due to increased commission expenses and claims. Commission increased following strong growth in insurance revenue and a full year of a new distribution arrangement, which began in December 2023. Our claims have increased due to increased customers and medical cost inflation and the timing of the return of premium provision release in the prior year.

The insurance service result decreased by £29m to £120m ((2023: £149m) due to a higher loss ratio as claims incurred increased by more than insurance revenue, driven by product mix and the return of premium provision release.

Customer numbers continued to increase in 2024 by 423k to 3,540k driven by strong performance in UK PMI and Dental with IPMI and Cash Plan product lines also seeing continued growth. Insurance revenue increased by £437m primarily due to customer growth, including customers from the new distribution arrangement.

## Strategic Report (continued)

### for the year ended 31 December 2024

Insurance service expense, comprising claims incurred and operating expenses attributable to the policies we issue, has increased by £462m to £3,214m and led to an increase in loss ratio and combined operating ratio. The increase in claims incurred reflects the significant growth in customers, the mix of business and higher claims costs driven by inflationary impacts particularly in SME, Consumer and Dental. The release of the return of premium provision within insurance service expenses compared to the timing of deferred claims settlement also contributes to the year on year increase in insurance service expenses. The other insurance expenses increased further due to higher commission as a result of higher sales volume through the intermediary channel and commission for the new distribution arrangement.

Net financial income decreased by £12m to £59m (2023: £71m net financial income) driven predominantly by lower mark to market gains on the investment portfolio as a result of the inflation outlook and foreign exchange movements. This was offset by an increase in Interest income due to investments locked in at fixed higher interest rates in the year.

Our Solvency Coverage ratio<sup>1</sup> remains strong at 175.0% (2023: 196.0%). The reduction in coverage from the prior year reflects an increase in our solvency capital requirement to £335m (2023: £293m) following strong premium growth, increasing the insurance risk component. Our Eligible Own Funds have increased to £586m (2023: £573m) with profit in the year largely offset by dividends paid. Further detail on our Solvency Capital can be found on pages 12-13.

#### Development

In our UK Insurance business we have continued to invest in a digital customer experience with the migration of customers from Blua to the My Bupa app and strong digital account growth. We also launched ConnectedCare, which showcases Bupa's unique ability to join up health insurance and healthcare provision. This included a new dental allowance for our consumer health insurance customers for use at Bupa Dental Care practices, and face to face GP appointments at Bupa Health Clinics. This is helping us to deliver more integrated customer experience with high quality personalised care.

The new distribution arrangement which launched in December 2023 sees us underwriting health insurance sold under the distributor's brand. The whole portfolio has now renewed onto policies underwritten by us.

In Bupa Global, our IPMI business, we have continued to focus on responding to the distinct needs of our customers and people across global locations, whilst maximising the efficiency of our operating model, improving systems and providing more digital support for our customers.

#### Engaging with our stakeholders (Section 172(1) statement)

This statement sets out how the Board has acted in a way that promotes the success of the Company in helping to contribute to and achieve Bupa's purpose of helping people live longer, healthier, happier lives and making a better world. Bupa's status as a company without shareholders means that we can focus on the long-term achievement of our purpose and reinvest our profits into providing more and better healthcare for the benefit of current and future customers.

When making decisions, the Board considers:

- the likely long-term impact of the decision;
- the interests or concerns of, and impact on, our key stakeholders and in particular, the need to consider customer impact and to ensure good outcomes for our customers;
- the impact of our decisions and operations on the communities in which we operate, and the environment;
- the need to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Company's people, strategic management and operational services are provided by our service companies and are herein referred to as our people.

We consider our customers, people, immediate shareholder (Bupa Finance plc) and ultimate parent company, Bupa, regulators, suppliers and the communities we operate in to be our key stakeholder groups, and their views and concerns are considered as part of the development of our business model and strategy.

The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote the Company's long-term sustainability and success and good outcomes for customers. It is important for all levels of the business to engage with stakeholder groups to gain a better understanding of their interests and concerns and the impact our decisions have on them. Further detail on how we engage with our key stakeholder groups is set out below.

#### Customers

---

<sup>1</sup> The Solvency II capital position (eligible Own Funds, SCR and coverage ratio) is estimated and unaudited.

## Strategic Report (continued)

### for the year ended 31 December 2024

Bupa's ambition is to be the world's most customer-centric healthcare company and its three ambition KPIs, to have 40% of customer care touchpoints owned by Bupa, 60% active digital customers and a Net Promoter Score ("NPS") score of 80, all relate to our customers. This means a commitment to excellent customer experience, through great service and value, frictionless access and quality healthcare. Our strategy focuses on customer experience through continuous innovation, a commitment to sustainability, and business growth underpinned by high standards of corporate governance. This puts customers at the core of everything we do. Customer needs and preferences are evolving rapidly as consumers become increasingly engaged with their own health and expect more from service providers in all aspects of their lives, including healthcare. We champion quality, medically evidenced treatment and care, and seek to deliver value for money, provide exceptional care, keep our customers' data safe and help customers navigate the complex world of healthcare.

Direct customer feedback is an important tool to help us improve their experience and leaders are encouraged to use our Customer Listening app to gain insights on the issues that customers raise and to provide feedback on how customer experiences could be improved.

The Board receives regular reports including the CEO's Report and Performance Dashboards and the Risk Committee reviews key insights from the Consumer Outcomes Dashboard, which provides an overview of the Consumer Outcomes being delivered across a range of metrics, such as Products and Services, Price and Value, Consumer Understanding, and Consumer Support which track key customer metrics, such as NPS, complaints and customer research.

The Board has also received regular updates during 2024 on the progress against the three ambition KPIs and the Board and Risk Committee continued to focus on customers through reporting on areas including, but not limited to, pricing fairness, product reviews and fair value assessments. In addition, in July 2024, the Board reviewed its first Consumer Duty annual assessment. The Risk Committee continues to monitor the Company's compliance with the Consumer Duty requirements including but not limited to, reviewing key insights from the Consumer Outcomes Dashboard at all of its meetings. Ms. Brumpton continued to act as Consumer Duty Champion during 2024.

#### *People*

Our people play a vital role in the care and experiences we give to our customers, driving transformation and embodying our purpose. We aim to be the best, most diverse workforce and a great place to work, making a positive impact on the lives of our customers, our performance and the communities in which we operate.

We care for our people by engaging and empowering them to perform at their best, supporting their physical and mental wellbeing, and by embracing diversity and inclusion. Our purpose and values are the foundation of our culture, creating an environment where people feel like they belong and make a meaningful contribution to the delivery of our strategy.

The CEO and People Director report regularly to the Board and its Nomination and Remuneration committees on various people topics, including: people strategy; diversity and inclusion; management succession; talent management; remuneration and benefits; and pay gap (gender and ethnicity). The Audit Committee reports to the Board on issues raised through the Speak Up whistleblowing service.

Bupa measures employee engagement through its global People Pulse survey twice per year for all employees; results and key actions are shared with the Board. In our most recent survey in November 2024, 91% of colleagues from the Company's service company participated, overall engagement was 79 (+2 compared to May 24) and colleagues left 11,795 comments, providing insights to enable the prioritisation of management actions. Seven of our key drivers either reached or exceeded external high-performance benchmarks. These benchmarks are based on the scores of the companies in the top decile on each survey item. We saw improvement particularly in areas related to Wellbeing, Connection, Career Opportunities and Manager Inspiration.

#### *Shareholder*

The Company's immediate parent company is Bupa Finance plc, which has a number of listed debt securities in issue. The ultimate parent company Bupa is therefore required to operate in accordance with the relevant UK Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation in respect of its announcements of financial results and operations.

The Board has a number of ways in which it engages with Bupa. These include:

- a current Bupa Non-Executive Director sits on the Board;
  - periodic attendance at Board and Committee meetings of individuals identified as a Group Entity Senior Manager, SMF7 under the Senior Managers and Certification Regime, as they exercise significant influence over the Company;
  - annual attendance of the Board Chair and Chief Executive Officer at the Bupa Board; and
  - annual attendance of the Risk, Remuneration and Audit Committee Chairs at Bupa's equivalent Board Committees.
- Furthermore, the Board adheres to the matters reserved for the Board of Bupa and Bupa's Enterprise Subsidiary Governance Policy.

#### *Regulators*

## Strategic Report (continued)

### for the year ended 31 December 2024

The Company operates in a highly regulated environment. The Company is authorised by the Prudential Regulation Authority ("PRA") and regulated by both the Financial Conduct Authority ("FCA") and the PRA. Consistent with their statutory and operational objectives, our regulators ultimately aim to promote the safety and soundness of regulated firms, protect customers and ensure that they receive good outcomes. There has been an increased focus on the need for products and services to provide value and for firms to ensure that they provide appropriate support to customers in financial difficulty and customers with other characteristics of vulnerability. This focus clearly aligns with our group ambition to be the most customer-centric healthcare company in the world.

Considerable work has been undertaken in the past twelve months to ensure we remain adequately capitalised and have sufficient liquidity. We have also made good progress on our operational resilience including our arrangements for stressed and unstressed exits.

We continue to focus on the effective delivery of good customer outcomes and on the avoidance of foreseeable harm, building on the work on the implementation of the Consumer Duty in summer 2023; and we continue to focus on ensuring we have effective product governance and oversight arrangements in place so that we can demonstrate our products deliver fair value.

Members of the Board and members of the Company's leadership team engage with the PRA and FCA in accordance with schedules defined by the two regulators but also on operational and other matters in accordance with the obligations of the Company to have open and transparent relationships with its regulators. Further, we share Board and Risk Committee packs with the regulators as they require them.

#### *Outsourcers, Suppliers and Providers*

Third-party suppliers are critical to delivering a high-quality service to our customers. We aim to treat our suppliers fairly and pay them within agreed timescales, holding ourselves to high standards of business conduct. The Risk Committee receives regular reporting in respect of suppliers, including those providing services and healthcare for our customers. We work with our suppliers to ensure that they have effective controls in place to protect our customers.

#### *Communities and Environment*

Bupa's purpose of helping people live longer, healthier, happier lives and making a better world means we want to build a healthier future for people and the planet. Bupa Group has set science-based targets for CO2 reduction and committed to reducing emissions to reach net zero by 2040 with a milestone to have cut direct emissions (scopes 1-2) by 40% by 2025. We have also committed to the targets in the Association of British Insurers' Climate Change Roadmap.

In 2024, the Company, along with our service company Bupa Insurance Services Limited, reduced its direct emissions (scopes 1-2) by 63% vs its 2019 baseline and 51% vs 2023.

A major contributor to the Company's indirect emissions are customer claims. To tackle these, we are engaging with our largest healthcare providers and suppliers so they can align with our net zero targets. We aim to provide the best possible care that's also better for the planet. To support this, we're growing our at-home care (such as virtual GP, physio and mental health services) to reduce patient travel and avoid emitting thousands of tonnes of CO2. In 2024, 620,000 appointments have been held virtually, avoiding approximately 680 tCO2 linked to patient travel.

We continue to significantly reduce the amount of paper our service companies use. We provide digital corporate membership packs as standard, plus 50% of UK customers now hold a digital account. 75% of our Claims advices have been issued digitally and 46% of all documents have been e-fulfilled.

Bupa is committed to creating healthier communities by funding practical projects which improve people and planet health. In 2024 Bupa invested £2.7m back into communities, with £1.8m being grants made by the Bupa Foundation. Key activities included:

- Our Healthy Cities programme saw Bupa employees, customers and suppliers take part in a 30-day step challenge to improve their wellbeing. More than 7,000 people took part, including Bupa customers, Mars, Aveva and GallifordTry, which all had overwhelmingly positive feedback. Collectively, participants took 1.3 billion steps, and in return the Bupa Foundation invested £1m in regenerating nature in urban environments. This included planting over 40,000 urban trees as well as the launch of a £550,000 'Green Community Grant' fund in partnership with Groundwork, which helped 295 schools and community groups across the UK to regenerate local green spaces. These programmes will positively impact thousands of people.
- We continued our partnership with the social mobility charity, Career Ready. In addition to mentoring, workplace visits and career insight sessions, Bupa also hosted 24 paid interns over the summer, and created an additional £30,000 fund to offer paid internships for disabled students.
- To help inspire and educate the next generation, the Bupa Foundation partnered with Eco-Schools (part of Keep Britain Tidy) to launch two national school campaigns (the 'Healthy Summer Toolkit' and 'Cut your Carbon'), which were supported by a suite of learning resources and free teacher training on environmental education. This reached over 500,000 students.
- More than 6,000 hours were volunteered in 2024, supporting tree planting projects, homeless charities, hospices and more.

## Strategic Report (continued)

for the year ended 31 December 2024

### *Key decisions and their impact on stakeholders*

The table below sets out a number of key decisions taken by the Board during the year, how stakeholder views were taken into account and how competing interests were balanced.

Board Decision	How we took stakeholders into account	Long-term implications
----------------	---------------------------------------	------------------------



## Strategic Report (continued)

for the year ended 31 December 2024

<p><b>Setting our 3 Year Plan</b></p>	<p><b>Customers, Regulators and Shareholder Action</b></p> <p>The Board approved the annual budget and base operating plan for the following three years after consideration of the Company's annual strategy review. The Board monitors performance delivery against this Plan, taking action and engaging further where necessary.</p> <p><b>Stakeholder considerations</b></p> <p>The Board chose a three-year assessment period because it ties in with our internal strategic planning process. Our planning considers all important financial and regulatory measures over the period and stresses the key risks facing the Company.</p> <p>The Board continued to consider the evolution of claims experience through 2024 and how medical inflation was influencing the claims profile. This analysis helped inform the planning process and underlying key Plan assumptions.</p> <p>Stress and scenario testing was performed on the Plan and reviewed by the Board to ensure the Company would remain solvent and financially robust under adverse conditions.</p>	<p>The Plan aims to:</p> <ul style="list-style-type: none"> <li>– deliver on the Company's strategic ambition including our customer ambition KPIs;</li> <li>– deliver outstanding experiences and outcomes for our customers, whilst ensuring that they continue to receive good outcomes from their products;</li> <li>– ensure our business is sustainable and grows in the long-term;</li> <li>– ensure adequate investment is planned to support our strategic goals;</li> <li>– retain our competitive advantage by providing high quality products and services; and</li> <li>– limit our impact on the environment.</li> </ul>
---------------------------------------	--	--

## Strategic Report (continued)

for the year ended 31 December 2024

Succession Planning and Board Changes	Customers, Regulators, People, Suppliers and Shareholder	Long term implications
	<p><b>Action</b></p> <p>During the year, supported by the Nomination Committee, the Board approved two key Executive Director appointments and one Non-Executive Director appointment as follows:</p> <ul style="list-style-type: none"> <li>the appointment of Mrs A M Oldfield as CFO with effect from 13 June 2024;</li> <li>the appointment of Mr C P Carroll as CEO which took effect from 13 January 2025; and</li> <li>the appointment of Mrs A Torry as a Non-Executive Director with effect from 1 April 2024 and Chair of the Risk Committee with effect from 2 December 2024 as part of the Non-Executive Director succession planning.</li> </ul> <p>Interim Executive Director appointments of Mr C A J Ruiz-Jarabo and Mr R J K Washington to the Board during 2024 provided leadership, experience and continuity during the recruitment process for the permanent CEO.</p> <p>As part of its ongoing executive talent and succession planning, the Nomination Committee and Board considered its Diversity Policy during the search process for all of the new appointments.</p> <p><b>Stakeholder considerations</b></p> <p>As part of the CEO recruitment process, the Board recognised Mr C P Carroll's insurance experience, leadership qualities and experience in creating world class customer experience, having acted as Managing Director, Health Insurance for Bupa Australia. In identifying a new CFO, the Board noted Mrs A M Oldfield's significant knowledge of our customer base and commercial and financial knowledge gained through her 13 year tenure with Bupa. Both appointments demonstrated the Board's desire to promote internal talent and global mobility.</p> <p>In considering Mrs A Torry as a Non-Executive Director and Risk Committee Chair, the Board noted Mrs A Torry's wealth of experience from the insurance industry and considered that Mrs A Torry's relevant experience would allow the Board to continue to ensure good customer outcomes in its decision making. The Company's ultimate shareholder views were taken into account in accordance</p>	<p>The appointment of a new CEO and CFO has an impact on all stakeholder groups, given their responsibility for implementing strategy for the long-term success of the Company. The Non-Executive Directors perform an important role overseeing and challenging the Executive.</p> <p>The role of the Nomination Committee is to ensure a formal, rigorous and transparent procedure for the appointment of Non-Executive Directors to the Board; ensure plans are in place for succession to the Board and senior management; oversee Inclusion and Diversity arrangements and assist the Board in ensuring its composition is regularly reviewed and refreshed.</p>

## Strategic Report (continued)

for the year ended 31 December 2024

<b>Continuing to Provide Good Outcomes to Customers</b>	<b>Customers and Regulators Action</b> The Board has remained committed to ensuring the Financial Conduct Authority's Consumer Duty remains at the heart of the approach to customer outcomes. The Board has continued to evolve and enhance its approach to meeting the requirements of the Consumer Duty rules. In July 2024 the Board reviewed its first Consumer Duty Annual Assessment. Throughout the year, the Risk Committee reviewed and enhanced the Consumer Outcomes Dashboard and engaged external third-party assurance to ensure monitoring is thorough and comprehensive.  <b>Stakeholder considerations</b> In July 2024, the Board reviewed the first Consumer Duty Annual Assessment of how we deliver outcomes for customers. From the monitoring undertaken, the Board considered that the vast majority of customers received good outcomes, while recognising there was further action required to embed the Consumer Duty requirements. In considering the Annual Assessment, the Board considered views from the Second Line, Third Line and the Board Consumer Duty Champion.	<b>Long term implications:</b>  Our strategy supports our purpose and has customers as a central theme. In support of our ambition we have developed a comprehensive 'system' based on Micro-Moments i.e. the most important points of the customer journey where we actively seek feedback from customers. Our formal governance ensures we know who is responsible for customer outcomes, what the expected standards are and enables us to monitor performance. Where we need to improve, we have mechanisms in place to drive improvement. Our Consumer Outcomes Dashboard is our overlay of regular monitoring and evidencing of our customer outcomes position and uses indicators developed specifically for the Consumer Duty.
<b>Dividends</b>	<b>Customers, Regulators and Shareholder Action</b> In 2024, the directors declared two interim dividends totalling £118m which were paid to its immediate parent company.  <b>Stakeholder considerations</b> The Board considered the necessary investment in business operations along with the financial strength of the Company, such as liquidity, solvency and capital, including under stressed conditions, before approving the payment of dividends.	Prudent financial management supports the long-term success of the Company and its ultimate shareholder, Bupa, and motivates management to deliver strong and sustainable business performance aligned with Bupa's purpose: helping people live longer, healthier, happier lives and make a better world.

### Principal risks and uncertainties

Both the business performance and operations are subject to a number of risks and uncertainties. Taking these macro-level conditions and the sector specific risks around competition and demand into account, there is a large range of potential outcomes that might impact the Company, our customer segments and our supply network. The Directors consider that the key risks and uncertainties relate to economic risk (for example impact of inflation on claims), insurance risk, operational risk (including information security, privacy risks and operational resilience risks), investment risk, external market conditions, government and policy change, regulatory risk, and sustainability.

Performance and risks are monitored by the Board and senior management using operational, financial and other data. The Company's Chief Risk Officer provides regular reporting to the Board Risk Committee on the risk profile of the Company and the key mitigation activities in place.

#### Economic risk

The Company operates in an economic environment which continues to be challenging. Uncertain growth and heightened inflation impact business performance in a variety of ways, including increased costs and higher interest rates impacting households and fiscal policy responses.

The Company's response will balance delivery of the Plan and the medium to long-term strategic goals, through effective coordination and clear accountabilities across the business. Continued robust Stress and Scenario Testing ("SST") on the Company's Plan will be key to informing decision making.

The SST exercise this year considered the economic impact of worsening geopolitical tensions including impacts to new business volumes and existing business lapses, and new regulation leading to adverse tax legislation changes and pressure on

## Strategic Report (continued)

### for the year ended 31 December 2024

profit margins. The SST exercise demonstrates that through the use of key management actions the Company can maintain sufficient liquidity and capital coverage over the Plan period to withstand a variety of severe scenarios and stresses of this nature.

The Company's prospective solvency position is regularly monitored, and management actions are identified where required to ensure the Company remains within risk appetite.

#### **Insurance risk**

The Company seeks to take insurance risk, in the natural course of business, within the Board's risk appetite. Insurance risk can arise when the frequency, size or timing of claims on insurance policies varies from that expected, leading to an unexpected impact on financial returns. The Company is exposed to a number of factors due to writing medical insurance business, including medical inflation, changes in utilisation of independent healthcare, shifts in demographics, changes in population health, developments in healthcare delivery and technology, and catastrophes. Each of these factors could affect product pricing, reserving, and claim risk accumulation. In addition, general macroeconomic trends and changes in government policy could affect the lapse and persistency behaviour of current and prospective customers. Claims have seen continued volatility during 2024 and the outlook on claims inflation remains uncertain.

The Company's size and experience enables it to achieve stability in provider contracting for UK operations and it benefits from geographic diversification elsewhere. Claims uncertainty heightens the risk of inadequate pricing and/or underwriting of insurance policies, and of claims experience being materially adverse to expectations. The Company uses its data and experience to develop products that meet customers' needs and are priced competitively and fairly. In addition, the Company applies controls to underwriting and claims settlement. A significant mitigating factor is that most business written is for short-term risks, which enables regular opportunities for re-pricing in the event of changes in claims trends or market conditions. Refer to the insurance risk section in note 22.1.

#### **Operational Risk**

The Company manages operational risks arising from its people, processes and systems through the three lines model. First line management are responsible for identifying, managing, monitoring and reporting on risks, through documented policies and established processes and controls. The second line Risk function provides oversight and challenge, while the third line provides independent assurance. Appropriate key controls are in place to mitigate potential risks and the Company continues to develop its risk and control culture, in order to embed risk management and key controls assurance within the first line.

Information security risks are those associated with non-compliance with data protection, privacy and information governance requirements and remain key risks for the Company, as they are for all insurance companies. The Company continues to develop controls and strengthen controls already in place where necessary to address these risks, including enhancing our event monitoring and incident management.

The services provided by the Company are underpinned by information technology systems and infrastructure that enable the delivery of core processes and products. Failure of these systems may reduce the ability of the Company to deliver products and services to its customer base or increase the risk of information security breaches. In addition, the Company continues to focus on monitoring and managing third-party supplier risks and continues to build on existing capability in this area.

The Company's IT services are provided by teams which are overseen by the Company's Chief Information Officer and team. These IT teams are responsible for the development, maintenance and monitoring of IT services. The Company ensures the continued development and enhancement of all IT services to keep pace with the evolving technology risk landscape and to provide and maintain the level of services required by the business and adequately protect sensitive customer and business data. Our office-based staff now work in a hybrid model mixing office and home working, enabled by technology to ensure that we continue to serve our customers and work together effectively. The longer-term impact of hybrid working on our colleagues has been assessed and appropriate support and checks have been put in place for our people. For our customers we continue to enhance remote services and digitise the customer experience.

Workforce expectations continue to change and the Company is tackling workforce and skills availability in the context of cost of living pressures and tight labour markets. Attracting and retaining highly engaged employees and maintaining an inclusive and resilient workforce capable of providing great service to customers remains a key area of focus for senior management. The Company continues to enhance both financial and non-financial elements of its employee proposition to address changing workforce expectations, maintaining its competitiveness in the market in the medium term and ensuring that capacity and skills availability do not affect its operations, strategic and growth ambitions, or its ability to deliver good customer outcomes.

Significant programmes of transformational change are underway to keep pace with technological developments and the Company is investing (i) to digitise our customers' experience, (ii) in information technology and security to protect our customers' privacy, (iii) to better manage and use its data and (iv) to ensure our suppliers meet appropriate standards for services provided to our customers. Risks from transformational change are managed through programme delivery methodologies such as Agile practices. The Company is focused on ensuring it has the right levels of experience and robust succession plans to simultaneously manage the business and deliver effective transformational change in pursuit of its strategic

## Strategic Report (continued)

### for the year ended 31 December 2024

objectives. Lastly, an operational resilience framework exists to support continuity of business services from potential significant disruptions or failures to effectively implement transformational change.

#### **Investment risk**

Our long-term financial strategy is to facilitate sustainable long-term growth in the insurance business, while minimising risk from our financial investment portfolio to an acceptable level. The majority of the Company's investment portfolio is held in highly liquid cash and cash equivalents with highly rated counterparties, matching the short-term nature of the insurance liabilities. The Company also maintains a limited Return-Seeking Assets ("RSA") portfolio comprised of bonds and loans to generate long-term performance at an acceptable level of risk.

Investment risk is managed using a framework of prudent risk appetites and exposure limits. A value-at-risk based limit constrains the overall level of investment risk and the investment risk charge contribution to the Company's Solvency Capital Requirement ("SCR"). A liquidity risk appetite ensures adequacy of liquid resources in stress scenarios, counterparty exposure limits are used to reduce credit risk, and further limits are used to support the management of climate risk.

The Company's Responsible Investment approach ensures that Economic, Social and Governance ("ESG") factors are integrated within investment management, including the exclusion of certain sectors and the use of ESG ratings in manager selection and review processes. Targets have been set to reduce financed carbon emissions from within the investment portfolio in line with Bupa Group's ambition to achieve Net Zero by 2040.

#### **Market and competitor activity**

Health insurance markets are highly competitive with companies seeking to attract customers through marketing, new products and benefits and price. There is also demand for innovation to meet the different needs of corporate customers and individuals, with increasing customer expectations on the use of technology to provide healthcare services. The Company keeps its competitive position in each of its markets under continuous scrutiny and regularly reviews strategic and tactical objectives.

#### **Government and policy change**

As part of the strategic planning process, analysis is performed on the impact of possible political change on the Company's business model, such as a change in UK Government or changes resulting in greater taxation for individuals and companies. The Company continues to engage with policymakers and seeks to maintain a constructive dialogue with governments in its main areas of operation, promoting the benefits of high-quality, independent healthcare alongside public provision.

#### **Regulatory Risk**

The Company seeks to comply with all regulatory standards and to maintain awareness of, and where possible, anticipate regulatory change. Its principal financial regulators are the PRA and the FCA, with which the Board and senior managers maintain close supervisory relationships. Both regulatory authorities have a significant regulatory agenda with increased focus on insurers. Key areas of interest include customer protection, the fair treatment of vulnerable customers, operational resilience, information security, culture and governance, fair pricing and value, and ESG outcomes. Following the introduction of the Consumer Duty, the FCA continues to place significant emphasis on good outcomes for customers and fair value. The individual accountability regimes require regulated firms and senior management to act appropriately and with due care. The Company seeks to mitigate the risk that it may fail to meet regulatory expectations through regular engagement with regulators, an effective governance framework and a three lines model which helps to ensure the identification and management of relevant requirements and associated risks.

#### **Climate change**

Climate change is one of the major challenges we face as a society and has the potential to heighten and accelerate the Company's existing risk profile. The Company assesses how its risk profile may be driven by the physical and transition risks associated with climate change. The Company has minimal direct investment and insurance exposures in respect of the physical risks associated with climate change. However, the Company may be impacted by adverse economic outcomes from the transition to a lower-carbon economy if its products become less affordable for customers. In addition to economic impacts, the Company is exposed to reputation and regulatory compliance risk in the short-term and the impact on health, and hence claims experience, over a longer time frame. The ability to reprice policies annually provides a significant mitigant to adverse claims and expense experience.

The Company monitors and assesses the potential financial and operational impacts of climate change as part of its Own Risk and Solvency Assessment process, through emerging risk horizon scanning and SST. Although not formally part of the PRA's Climate Biennial Exploratory Scenario ("CBES") exercise, Bupa has undertaken assessments in line with the Late Action and No Additional Action scenarios set out by the PRA. This allows analysis of both physical and transition risk exposures and it has highlighted that while the more severe physical environmental impacts may not be felt immediately, the transitional commercial implications are likely to materialise more quickly as individuals, corporates and governments increase their understanding of climate risks and react. Exercises of this nature will continue to shape the development of our climate change risk management approach.

## Strategic Report (continued)

### for the year ended 31 December 2024

A Bupa Group-led programme is in place supported by suitable governance structures to manage the risks associated with climate change. This programme extends to wider Environmental, Social and Governance risks and aims to ensure compliance with regulatory requirements in relation to the risk management framework, disclosure and SST. The Company's Chief Risk Officer is responsible for overseeing the identification and management of financial and other risks from climate change. The Company is committed to being a responsible and sustainable business and actively promotes positive environmental practices.

#### Solvency Capital

The Company maintains regulatory capital in line with its capital management objective as set out in note 23. The Company is subject to the requirements of the Solvency II Directive, as enacted in the UK, and must hold sufficient Eligible Own Funds to cover its SCR. The Solvency II Eligible Own Funds as at 31 December 2024 were £586m (2023: £573m), well in excess of the SCR.

#### Solvency II Capital Position<sup>1</sup>

	2024	2023
	£m	£m
Eligible Own Funds	586	573
Solvency Capital Requirement	335	293
Surplus	251	280
Solvency Ratio	175 %	196 %

#### Solvency II Eligible Own Funds<sup>1</sup>

	2024	2023
	£m	£m
IFRS Equity Attributable to Shareholders	432	417
Valuation Differences	154	156
Solvency II Eligible Own Funds	586	573

#### Solvency II Capital Requirements

The SCR is calculated in accordance with the Standard Formula specified in the Solvency II Directive, as enacted in the UK. The Company has obtained approval from the PRA to substitute the insurance premium risk parameter in the formula with an Undertaking Specific Parameter ("USP") which reflects the Company's own loss experience.

#### Analysis of the Solvency Capital Requirement<sup>1</sup>

% of Diversified SCR	2024	2023
Premium & Reserve Risk	40.0 %	35.0 %
Operational Risk	23.0 %	24.0 %
Market Risk	15.0 %	15.0 %
Lapse Risk	19.0 %	24.0 %
Counterparty Risk	2.0 %	1.0 %
Catastrophe Risk	1.0 %	1.0 %
Total	100.0 %	100.0 %

#### Future Outlook

The Company is well positioned for sustainable growth and is committed to driving investment in innovation, creating seamless customer pathways across our offerings to provide access and value to customers, and be an employer of choice for our people.

Approved by the Board on 4 March 2025 and signed on its behalf by:

<sup>1</sup> The Solvency II capital position (eligible Own Funds, SCR and coverage ratio) is estimated and unaudited.

**Strategic Report (continued)**  
**for the year ended 31 December 2024**

A M Oldfield

**Director**

# Directors' Report

## for the year ended 31 December 2024

### Results and dividends

The profit for the financial year after taxation amounted to £133m (2023: £157m). The Directors declared two interim dividends totalling £118m during the year ended 31 December 2024 (2023: £126m).

### Directors

The directors of the Company who were in office during the year and up to the date of signing the Annual Report and Accounts are shown on page 3. The directors who served for part of the year are given below:

C P Carroll	(appointed 13 January 2025)
S Langan	(resigned 15 May 2024)
S Moynihan	(resigned 13 June 2024)
A M Oldfield	(appointed 13 June 2024)
A P Perry	(resigned 14 June 2024)
C A J Ruiz-Jarabo	(appointed 14 June 2024, resigned 13 January 2025)
A Torry	(appointed 1 April 2024)
R J K Washington	(appointed 14 June 2024, resigned 13 January 2025)

### Insurance and indemnities

Bupa has a directors' and officers' insurance policy in place, together with indemnities for the Directors and certain senior managers, to the extent permitted by English law and the Company's Articles of Association.

These cover all losses arising out of, or in connection with, the execution of their powers, duties, and responsibilities, as Directors of the Company or of any of its subsidiaries. These have been in place throughout 2024 and to the date of this Annual Report. There are no other qualifying third-party indemnity provisions or pension indemnity provisions in place.

### Financial Risk Management

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in note 22.

### Employees

Details of the number of persons employed and gross remuneration are contained in note 5 to the financial statements. The Company's people, strategic management and operational services are provided by our service companies. Every effort is made by the Directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance. A summary of how the directors have engaged with employees and taken account of their interests is included in the Section 172 statement in the Strategic Report.

### Diversity and Inclusion

At Bupa, our Diversity and Inclusion strategy is vital to being the world's most customer-centric healthcare company and a leading employer of choice. We are steadfast in our commitment to fostering an inclusive and equitable workplace, and equal opportunities for all identities.

Our Group-wide diversity and inclusion framework is centred around three areas: Inclusive Culture where everyone feels a sense of belonging and our people feel able to bring their true selves to work and be their very best; Inclusive Leadership where our leaders visibly role model inclusive leadership, building diverse teams and creating safe environments where our people develop and grow; and Inclusive Practices that are fair and unbiased and allow us to attract, support and promote more people and increase diversity.

### Employment policy

The Company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company's performance through management channels. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

The Bupa Code clearly sets out the expectations of all our people and our leaders. Speak Up provides the opportunity for all employees to raise their views anonymously. The approach to managing performance includes setting performance expectations. Schemes exist to incentivise, recognise and reward performance.

### Stakeholders

A summary of how directors have engaged with suppliers, customers and others in a business relationship with the Company is included in the Section 172 statement in the Strategic Report.

### Streamlined energy and Carbon reporting and Non-Financial and Sustainability Information



## **Directors' Report (continued)**

for the year ended 31 December 2024

The Company is exempt from reporting company specific information as it is a subsidiary of Bupa and consolidated reporting is included in the Annual Report and Accounts of that company. Further detail on the commitments made by the Company and Bupa relating to carbon emissions can be found in the Section 172 statement within the Strategic Report.

# Directors' Report (continued)

for the year ended 31 December 2024

## Corporate governance arrangements applied by the Company

The Company is required by UK company legislation to disclose its corporate governance arrangements, including which corporate governance code it chooses to apply. Bupa, the Company's ultimate parent, applies the UK Corporate Governance Code 2018 ("the Code"). The Company, to the extent it is appropriate for a large, wholly owned subsidiary company, models its system of governance on the Principles of the Code applied by Bupa.

The table below sets out how the Principles of the Code have been applied within the Company's system of governance during 2024.

Principle	How we apply the Principle
1. Board Leadership and Company Purpose	
A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	<p>The Board is responsible for the long-term sustainable success of the Company for the benefit of its customers and wider stakeholders, now and in the future.</p> <p>The Board works to achieve this by:</p> <ul style="list-style-type: none"> <li>– providing clear leadership in setting the Company's strategy, culture and risk appetite to achieve its purpose;</li> <li>– overseeing management's implementation of strategy within a prudent and effective governance structure using a three lines model;</li> <li>– receiving regular management information on customers and their views of the Company and our products; and</li> <li>– reviewing the results of employee surveys.</li> </ul>
B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	<p>The schedule of matters reserved to the Board includes:</p> <ul style="list-style-type: none"> <li>– Setting the overall direction of the business having regard to long-term objectives, business strategy, purpose, values, standards and culture whilst acting to deliver good outcomes for its customers; and</li> <li>– Reviewing performance in the light of the Company's strategy, objectives, business plan and budgets and ensuring that any necessary resources are in place in order to meet these objectives.</li> </ul> <p>The Board holds an annual strategy day and considers strategy topics at Board meetings throughout the year. The Risk Committee and Board receive regular updates on conduct throughout the year.</p>
C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	<p>The Board annually approves the Company's Plan, ensuring that sufficient resources are available to achieve the Company's objectives.</p> <p>The Board retains ultimate responsibility for risk management and internal controls, with delegated oversight carried out by the Audit and Risk Committees.</p> <p>On the recommendation of the Risk Committee, the Board sets the Company's Risk Appetite and Risk Management Framework. These set out the principal risks facing the Company and the nature and extent of risk the Board is willing for the Company to take in order to achieve its strategic objectives.</p> <p>The Company's enterprise risk policies are approved by the Board or relevant committee and overseen by the Risk Committee.</p>
D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	<p>We are a customer-focused business reliant on our people to deliver a great service.</p> <p>The Board receives regular management information and considers the impact of decisions on relevant stakeholders, with particular focus on customer impact. There is a programme of engagement with our key stakeholders: customers, our people, our shareholder and our regulators.</p>

**Directors' Report (continued)**  
for the year ended 31 December 2024

<p>E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concerns.</p>	<p>The values of the Company are driven from the top by the Bupa Group through the Bupa Code, which all employees must adhere to. Employees in the Conduct Rules population must also adhere to the regulatory Conduct Rules and undertake mandatory training on an annual basis. Directors' statutory duties are also set out in the Board's Corporate Governance Manual.</p> <p>The Risk Committee, through the Consumer Outcomes Dashboard, receives detailed management information which includes metrics on people and culture issues.</p> <p>A 'Speak Up' process enables employees to raise any issues confidentially if they feel unable to discuss them with their manager. The Audit Committee receives annual reports on the issues raised under the Speak Up Policy. The Board also receives the results of the People Pulse surveys twice a year which provide an indication of the levels of employee engagement and any key issues which need to be elevated to the Board's attention.</p>
<p>2. Division of Responsibilities</p>	
<p>F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.</p>	<p>The Chair leads the Board in an open and transparent manner, encouraging debate and challenge. The Chair plays a pivotal role in fostering the effectiveness of the Board and the individual directors both in and outside the Boardroom. The Chair works with the Company Secretary to ensure that sufficient time is available to discuss the agenda items for each Board meeting and to ensure that papers are of a high standard and circulated in a timely manner.</p>
<p>G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.</p>	<p>The Board comprises the Chief Executive Officer, Chief Financial Officer, Managing Director of Bupa Global, the Chair (who was independent on appointment), and five independent Non-Executive Directors (one of whom sits on the Bupa Board).</p> <p>The roles of the Chair and Chief Executive Officer are separate with distinct accountabilities set out in their role profiles and Statements of Responsibility required under the Senior Managers &amp; Certification Regime.</p> <p>The Chief Executive Officer is responsible for the day-to-day leadership and management of the business, in line with the risk appetite and annual and long-term objectives approved by the Board.</p> <p>The Chief Executive Officer cascades their authority through a delegated authority framework. The Non-Executive Directors provide an independent view on the running of our business, governance and boardroom best practice. They oversee and constructively challenge management in its implementation of strategy within the Company's system of governance and the risk appetite set by the Board.</p>
<p>H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p>	<p>Prior to their appointment as a director (and on any subsequent re-appointment for a further term), the Nomination Committee considers whether each Non-Executive Director has sufficient time to devote to their role with the Company. This is re-assessed by the Board annually and in light of any changes to a Non-Executive Director's external commitments during the year.</p> <p>Time commitment assessments are also provided to the Company's regulators on the appointment of new directors.</p>

**Directors' Report (continued)**  
for the year ended 31 December 2024

<p>I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The Company Secretary advises the Board on company law and corporate governance matters. The Company Secretary works with the Chair and Committee chairs to ensure that the right matters are escalated to the Board and Committees at the appropriate time and that sufficient time is devoted to strategic matters.</p> <p>The Company Secretary works with management to ensure that the Board receives papers of a high quality in a timely manner and has provided Board Paper training to Board paper authors during the year. The Company Secretary arranges Directors' induction and ongoing training and supports the succession planning for Non-Executive Directors and the recruitment of new Non-Executive Directors. The Company Secretary is responsible for ensuring compliance with the Group's Enterprise Subsidiary Governance Policy which sets minimum standards of corporate governance across the Bupa Group.</p> <p>The appointment and removal of the Company Secretary is a matter reserved to the Board.</p>
<p>3. Composition, Succession and Evaluation</p>	
<p>J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The Nomination Committee is responsible for:</p> <ul style="list-style-type: none"> <li>ensuring there is a formal, rigorous and transparent procedure for the appointment of Non-Executive Directors to the Board;</li> <li>ensuring plans are in place for succession to the Board and senior management positions and oversee the development of a diverse pipeline for succession;</li> <li>overseeing Inclusion and Diversity arrangements across the business; and</li> <li>assisting the Board in ensuring its composition and the composition of the Board Committees is regularly reviewed and refreshed.</li> </ul> <p>All Board recruitment takes into account the Board Diversity Policy.</p>
<p>K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</p>	<p>The Nomination Committee reviews the balance, composition and structure of the Board, including reviewing the skills of each Non-Executive Director.</p> <p>In considering succession plans for the Board, the Nomination Committee also keeps the length of service of each Board member under review, recommends the re-appointment of the Non-Executive Directors and any extensions to their term and ensures that Board recruitment is commenced in a timely manner to regularly refresh the membership of the Board.</p>
<p>L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</p>	<p>The annual board evaluation considers the composition and diversity of the Board and how effectively members work together.</p> <p>For 2024, the Board evaluation was delivered through an Internal Board Effectiveness review, conducted via questionnaires. The Chair separately led an evaluation of each Director, with the Senior Independent Director leading the evaluation of the Chair.</p>
<p>4. Audit, Risk and Internal Control</p>	

## Directors' Report (continued)

for the year ended 31 December 2024

M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	<p>The Board delegates detailed oversight of the internal audit function and the external auditors to the Audit Committee, together with oversight of the Company's system of internal controls over the integrity of the Annual Report and Accounts.</p> <p>On the recommendation of the Audit Committee, the Board reviewed and approved the 2024 Annual Report and Accounts.</p> <p>The Audit Committee leads the annual processes for assessing the effectiveness of the internal and external audit functions.</p>
N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee reviewed the 2024 Annual Report and Accounts in early 2025 and was satisfied that it presents a fair, balanced and understandable assessment of the Company's position and prospects. It reported its findings to the Board.
O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	<p>An annual assessment of compliance with the enterprise risk policies is undertaken by management, overseen by the Risk function and reported to the Audit and Risk Committees.</p> <p>The Risk and Audit Committees monitor the Company's risk management and internal control systems on behalf of the Board on a continuous basis and the Risk Committee reviews the Company's principal risks and recommends any changes to risk appetite to the Board.</p>
5. Remuneration	
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.	<p>The Company applies the Bupa-wide remuneration policy to all its employees. This remuneration policy, set by the Group Remuneration Committee ("Group RemCo"), is designed to deliver market-competitive remuneration to promote the long-term success of Bupa and link reward to Bupa's strategic goals and purpose while promoting a prudent approach to risk.</p> <p>In assessing incentive outcomes, the Company's Remuneration Committee and the Group RemCo take into account actions and recommendations from executive and non-executive channels for the year to determine whether appropriate risk events have been recognised and dealt with accordingly.</p>
Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	<p>The Company's Remuneration Committee provides its view, informed by considerations including their oversight of the Company, regulatory requirements and their knowledge of best practice, to the Group RemCo regarding the on-going appropriateness and relevance of the Bupa-wide remuneration policy, which the Group RemCo will take into account when considering amendments to the remuneration policy.</p> <p>No Director is involved in deciding their own remuneration outcome.</p>
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The Company's Remuneration Committee governs the remuneration of key executives and considers if results have been achieved in a way that aligns with Bupa's values and with sustainable underlying business performance. The Company's Remuneration Committee is comprised of independent non-executive directors and there is cross-membership between the Company's Risk Committee and the Remuneration Committee. The Company's Remuneration Committee has robust discussions on remuneration outcomes for the key executives, taking into account all relevant internal and external factors to ensure that any exercise of the Committee's discretion is suitable and justifiable.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

## **Directors' Report (continued)**

for the year ended 31 December 2024

- Each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **External Auditors Appointment**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board on 4 March 2025 and signed on its behalf by:

**A M Oldfield**  
Director

## Statement of Directors' Responsibilities

for the year ended 31 December 2024

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards; and
- assess the Company's ability to continue as a going concern basis and use the going concern basis of accounting unless they intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors consider that the Annual Report and Accounts taken as a whole are fair, balanced and understandable, and provide the information necessary for the shareholder to assess the Company's position and performance, business model and strategy.

# Independent Auditors' Report to the members of Bupa Insurance Limited for the year ended 31 December 2024

## Report on the audit of the financial statements

### Opinion

In our opinion, Bupa Insurance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2024; Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Regulated Entities Audit Committee (REAC).

### Basis for opinion

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

### Independence

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

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

Other than those disclosed in note 6, we have provided no non-audit services to the company in the period under audit.

### Our audit approach

#### Context

Bupa Insurance Limited is a provider of health insurance. The company is part of the Bupa Group, an international healthcare group. The company has two main health insurance segments being domestic private medical insurance predominantly in the UK market ("UK PMI"), and international private medical insurance ("IPMI") provided for individual consumers and employees requiring cover beyond their usual country of residence. The year-ended 31 December 2024 is our fourth year as the external auditors of the company. We have utilised our understanding of the entity gained from the year ended 31 December 2023 audit cycle along with our 2024 risk assessment procedures to inform our view of the audit risks and as part of developing our planned audit approach to address those risks. Given the locations of the activities of the company, our team has been UK-based.

#### Overview

##### Audit scope

- The scope of our audit is driven by statutory requirements in the UK. Our audit objective is to obtain sufficient relevant and reliable audit evidence to enable us to issue an opinion on the statutory financial statements. As part of our audit, we focused on balances and disclosures which represented a risk of material misstatement to the users of the financial statements.

##### Key audit matters

- Appropriateness of methodologies and assumptions used in the valuation of the actuarially determined portion of the Liability for Incurred Claims (LFIC).

##### Materiality

- Overall materiality: £8,890,000 (2023: £8,840,000) based on 5% of a three-year average of profit before taxation.
- Performance materiality: £6,660,000 (2023: £6,630,000).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters



# Independent Auditors' Report to the members of Bupa Insurance Limited

## for the year ended 31 December 2024

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

First time adoption of IFRS 17 'Insurance contracts' and Accounting for the Return of Premium (RoP) liability, which were key audit matters last year, are no longer included because the key judgements regarding the accounting policies and methodology were made in the first year of adoption of IFRS 17 and will continue in the subsequent years. In addition, Return of Premium liability was fully released in the prior year and therefore not relevant for the current year.. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Appropriateness of methodologies and assumptions used in the valuation of the actuarially determined portion of the Liability for Incurred Claims (LFIC)</i></p> <p>Refer to note 19 'Insurance and reinsurance contracts'.</p> <p>The Company's claims liabilities are short-term in nature. Management has valued modelled reserves using its actuarial reserving methodology. The key assumptions used by management include claims development patterns, claims cost inflation, seasonality and expected loss ratios.</p> <p>In addition, management calculates non-modelled reserves in order to take into consideration factors either not included in the underlying claims data or not captured appropriately by traditional actuarial projection techniques.</p> <p>Given the complexity and judgemental nature of methodology and assumptions used to value the actuarially determined portion of LFIC, we consider this to be a key audit matter.</p>	<p>We obtained an understanding of the controls governing the actuarially determined portion of LFIC and tested the design and implementation of these controls.</p> <p>We engaged our actuarial specialists to test the PMI and IPMI modelled best estimate claims reserves within the LFIC as at 31 December 2024.</p> <p><b>Modelled reserves</b></p> <p>Individual projections were performed on selected classes of business, which aggregate to 91% of PMI and IPMI actuarially determined portion of LFIC (being the main segments).</p> <p>We performed key indicator testing on the remainder of the modelled best estimate claims reserves to identify risks or trends that require further investigation. No issues were identified.</p> <p>In performing our independent projections of the estimates, our actuarial specialists have made expert judgements in the selection of their reserving assumptions which include:</p> <ul style="list-style-type: none"> <li>• Claims development patterns;</li> <li>• Claims cost inflation;</li> <li>• Seasonality adjustments; and</li> <li>• Initial expected loss ratios.</li> </ul> <p>We compared our independent estimates to those of management and investigated significant differences to understand management's estimate and whether management's assumptions and methodology are reasonable.</p> <p><b>Non-modelled reserves</b></p> <p>We have tested non-modelled reserves by obtaining the relevant supporting documentation such as underlying agreements and calculations and assessing the appropriateness of any actuarial assumptions applied.</p> <p>Through the procedures detailed above and having considered the specific nature and circumstances of the company's business, we have concluded that management's assumptions and methodologies used in the valuation of the actuarially determined portion of the LFIC are appropriate.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

# Independent Auditors' Report to the members of Bupa Insurance Limited

## for the year ended 31 December 2024

### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall company materiality</b>	£8,890,000 (2023: £8,84,000)
<b>How we determined it</b>	5% of a three-year average of profit before tax
<b>Rationale for benchmark applied</b>	In determining our materiality, we have considered financial metrics and benchmarks which we believe to be relevant to the primary users of the financial statements. Based on our understanding of the business and the key stakeholders, we have selected profit before tax as the primary measure used by the shareholders in assessing the performance of the company. Consistent with the prior year we have used a three-year average to normalise profit levels. Since Covid, during which health treatments were suppressed, the Company undertook a return of premium to customers. Both of these factors have led to a volatile result in recent years.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £6,660,000 (2023: £6,630,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Regulated Entities Audit Committee (REAC) that we would report to them misstatements identified during our audit above £444,000 (2023: £442,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

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

- Obtaining, evaluating and challenging management's going concern assessment, with a key focus on financial performance, cashflow and solvency including stress tests under various scenarios. Scenarios include rising and worsening geopolitical tensions and the changes in political environment; and
- Considering other information obtained during the course of the audit (for example regulatory correspondence) and publicly available market information to identify any evidence that would contradict management's assessment of going concern.

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

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

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

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

# **Independent Auditors' Report to the members of Bupa Insurance Limited**

for the year ended 31 December 2024

## **Reporting on other information**

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

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

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

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

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

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

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Prudential Regulation Authority and Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and Tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries, or introducing bias in relation to areas involving significant judgement or estimation such as the actuarially determined portion of Liability for Incurred Claims ('LFIC'). Audit procedures performed by the engagement team included:

- Discussions with the Regulated Entities Audit Committee and management involved in the company's Risk and Compliance functions and legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulation and fraud;

# **Independent Auditors' Report to the members of Bupa Insurance Limited**

## **for the year ended 31 December 2024**

- Reviewing relevant meeting minutes including those of the Board, Risk and Audit Committees;
- Attendance at the Regulated Entities Audit Committee and the Regulated Entities Reporting and Disclosure Committee;
- Procedures relating to the valuation of the actuarially determined portion of the LFIC; and
- Identifying and testing certain types of journal entries based on the defined risk criteria.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

### **Use of this report**

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

### **Appointment**

Following the recommendation of the Regulated Entities Audit Committee (REAC), we were appointed by the directors on 6 July 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2021 to 31 December 2024.

Siobhan Byrne (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
4 March 2025

# Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Insurance revenue		3,338	2,901
Insurance service expenses	2	(3,214)	(2,752)
Insurance service result before reinsurance contracts held		124	149
Net expense from reinsurance contracts held	2	(4)	—
<b>Insurance service result</b>		<b>120</b>	<b>149</b>
Other revenue	3	4	4
Other operating expenses	4	(3)	(3)
Other income and charges	7	—	(11)
<b>Total other expenses, income and charges</b>		<b>(3)</b>	<b>(14)</b>
<b>Profit before financial income and expense</b>		<b>121</b>	<b>139</b>
<b>Financial income and expense</b>			
Financial income	8	71	81
Financial expense	8	(4)	(4)
Financial expense from insurance contracts held		(8)	(6)
<b>Net financial income</b>		<b>59</b>	<b>71</b>
Profit before taxation expense		180	210
<b>Taxation expense</b>	9	<b>(47)</b>	<b>(53)</b>
<b>Profit for the year</b>		<b>133</b>	<b>157</b>
<b>Comprehensive income for the year</b>		<b>133</b>	<b>157</b>

Notes 1-26 form part of these financial statements.

# Statement of Financial Position

as at 31 December 2024

	Note	2024 £m	2023 £m
<b>Assets</b>			
Property, plant and equipment	10	17	17
Investment property	11	38	38
Restricted assets	12	1	2
Financial investments	13	1,242	914
Derivative assets	14	7	11
Reinsurance contract assets	19	44	38
Current taxation assets		17	5
Other receivables	14	19	17
Cash and cash equivalents	15	129	282
<b>Total assets</b>		<b>1,514</b>	<b>1,324</b>
<b>Liabilities</b>			
Lease liabilities	16	17	17
Deferred taxation liabilities	17	2	2
Derivative liabilities	20	8	9
Provisions for liabilities and charges	18	1	1
Insurance contract liabilities	19	898	802
Other payables	20	156	76
<b>Total liabilities</b>		<b>1,082</b>	<b>907</b>
<b>Net assets</b>		<b>432</b>	<b>417</b>
<b>Equity</b>			
Share capital	21	187	187
Income and expenditure reserve		245	230
<b>Equity attributable to shareholder</b>		<b>432</b>	<b>417</b>
<b>Total equity</b>		<b>432</b>	<b>417</b>

Notes 1-26 form part of these financial statements.

The financial statements on pages 25 to 55 were approved by the Board of Directors on 4 March 2025 and signed on its behalf by:

**A M Oldfield**  
Director

**R K Thakrar**  
Director

# Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
<b>Operating activities</b>			
Profit before taxation expense		180	210
Adjustments for:			
Net financial income	8	(59)	(71)
Other non-cash items		1	11
Increase in insurance contract liabilities		93	26
Increase in reinsurance contract assets		(5)	(12)
(Increase)/decrease in other receivables, and other assets		(4)	1
Increase in other payables and other liabilities		84	18
<b>Cash generated from operations</b>		<b>290</b>	<b>183</b>
Income taxation paid		(59)	(11)
<b>Net cash generated from operating activities</b>		<b>231</b>	<b>172</b>
<b>Cash flow from investing activities</b>			
Purchases of financial investments, excluding deposits with credit institutions		(481)	(392)
Proceeds from sale and maturities of financial investments, excluding deposits with credit institutions		255	431
Net investments into deposits with credit institutions		(86)	46
Interest received		56	34
Investment management expenses		(2)	—
<b>Net cash (used in)/from investing activities</b>		<b>(258)</b>	<b>119</b>
<b>Cash flow from financing activities</b>			
Interest paid		(9)	(9)
Dividends paid		(118)	(126)
<b>Net cash used in financing activities</b>		<b>(127)</b>	<b>(135)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(154)</b>	<b>156</b>
Cash and cash equivalents at beginning of year		284	130
Effect of exchange rate changes		—	(2)
<b>Cash and cash equivalents at end of year<sup>1</sup></b>	<b>15</b>	<b>130</b>	<b>284</b>

<sup>1</sup> Cash and cash equivalents at the end of the year, as presented in the statement of cash flows, includes restricted assets of £1m (FY 2023: £2m, see note 12). These restricted assets are not considered a component of cash and cash equivalents within the disclosures made in Note 15.

Notes 1-26 form part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2024

	Share capital	Income and expenditure reserve	Total equity
For year ended 31 December 2024	£m	£m	£m
Balance as at 1 January 2024	187	230	417
Profit for the year	—	133	133
Total comprehensive income for the year	—	133	133
Dividends paid	—	(118)	(118)
Balance as at 31 December 2024	187	245	432

	Share capital	Income and expenditure reserve	Total equity
For year ended 31 December 2023	£m	£m	£m
Balance as at 1 January 2023	187	199	386
Profit for the year	—	157	157
Total comprehensive income for the year	—	157	157
Dividends paid	—	(126)	(126)
Balance as at 31 December 2023	187	230	417

Notes 1-26 form part of these financial statements.



# Notes to the Financial Statements

## for the year ended 31 December 2024

### 1. Basis of preparation

#### 1.1 Basis of preparation

Bupa Insurance Limited (the "Company"), a company incorporated in England and Wales and domiciled in the United Kingdom, is the UK's largest health insurer and a leading provider of international health insurance. These financial statements have been prepared in accordance with UK-adopted international accounting standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company is a private company limited by shares under the Companies Act 2006 and is incorporated in England and Wales. The Company's registered office address is 1 Angel Court, London, EC2R 7HJ.

The financial statements were approved by the Board of Directors on 4 March 2025. The Directors have reviewed and approved the Company's accounting policies which have been applied consistently to all the years presented.

The financial statements are prepared on a going concern basis and under the historical cost convention, modified by the revaluation of investment property, and financial investments at fair value.

The presentation of line items within the Statement of Financial Position is broadly in order of liquidity. Current assets and liabilities disclosed in the notes to the Financial Statements are those expected to be recovered or settled in less than one year.

The financial statements are presented in sterling, which is also the Company's functional currency, rounded to millions.

#### 1.2 Accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. It also requires management to exercise judgement in applying the Company's accounting policies. The estimates and assumptions are based on historical experience and other related variables, updated to reflect current trading performance. The estimates and assumptions are reviewed on an ongoing basis and are considered to be appropriate but actual results may differ from these estimates.

Key judgements are those made by management in applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements. Assumptions and estimates that are significant to the financial statements are those where there is a risk of material adjustment to the carrying value of assets and liabilities in the next financial year. The areas involving a higher degree of judgement or complexity, or where estimates are significant to the financial statements, are set out below and in more detail in the related notes. Details of judgements applied in the initial application of the standard have been included in note 1.4 a) below.

# Notes to the Financial Statements

for the year ended 31 December 2024

Area	Details	Note
<b>Investment property</b>	<p>The Company has an investment property which is an office building and leased to another Bupa Group Company. It is measured at fair value and is valued annually by an independent professional valuer.</p> <p><b>Sources of estimation uncertainty</b> The key assumption for valuing the investment property is the net initial yield and reflects the investment characteristics of the property including building quality, location, tenant and lease term.</p>	11
<b>Insurance contracts</b>	<p><b>Accounting judgements</b> <i>Premium allocation approach ("PAA")</i> The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition. For a small number of insurance contracts, which have a coverage period that is greater than 12 months, the Company elects to apply the PAA, if at the inception of the contract the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Measurement Model ("GMM").</p> <p><b>Sources of estimation uncertainty</b> <i>Best estimate claims provision</i> Estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims include claims development, claims costs inflation, medical trends and seasonality.</p>	19
<b>Return of premium provision</b>	<p>In the prior year the Company held a return of premium provision to reflect its April 2020 commitment to pass back any exceptional financial benefit ultimately arising from COVID-19 to eligible customers. The provision was fully released during 2023.</p> <p><b>Accounting judgements</b> Judgement has been exercised in determining the constructive obligation created by the April 2020 commitment has been met.</p> <p><b>Sources of estimation uncertainty</b> The key assumption in determining the constructive obligation is met is the deferred claims emergence at the reporting date.</p>	19

## 1.3 Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Annual Report and Accounts and in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Strategic Report, Directors' Report, Financial Statements and notes.

The going concern assessment has been made with consideration to the principal impacts and risks posed to the Company. As part of their assessment of the Company's ability to continue as a going concern the Directors looked at the financial performance, capital management, cash flow, solvency and future outlook of the Company, including under a number of reasonably plausible severe scenarios and severe and concurrent risks as part of stress testing and reverse stress testing. Scenarios considered were a scenario that considers rising and worsening geopolitical tensions and another that considers the changes in political environment. Under such scenarios, significant short-term reductions in profitability arise, however the Company would still remain within its risk appetites for regulatory solvency and liquidity. Additional management actions would allow the downside impact to be further mitigated by reducing expenditure, reducing dividends to the Company's parent or divesting investments.

As part of their assessment, the Directors have given due regard to the liquidity, regulatory capital and the ability of the company to meet obligations over a three-year time horizon in line with our planning cycle and reflective of the short-tail nature of our business. The Company is well capitalised with a strong liquidity position and investment grade credit rating, with £938m of liquid assets available at 31 December 2024 and a Solvency II capital ratio of 175%<sup>1</sup>. The Directors have a reasonable expectation that the Company is expected to remain well-capitalised over the Company's three-year planning horizon.

<sup>1</sup>The Solvency Capital Position and related disclosures are estimated values and are unaudited at the time of approval of the financial statements.

# Notes to the Financial Statements

## for the year ended 31 December 2024

### 1.4 Changes in accounting policies

The Company has consistently applied the accounting policies to all years presented in these financial statements.

#### a) Other

A number of amended standards and interpretations became applicable for the current reporting year. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

### 1.5 Forthcoming financial reporting requirements

A number of financial reporting standards, amendments and interpretations have been issued but are not effective for the year ended 31 December 2024 and have not been early adopted by the Company. These include:

#### a) IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024 the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will supersede IAS 1 Presentation of Financial Statements, providing general presentation requirements for financial statements prepared in line with IFRS accounting standards.

The standard requires new subtotals in the income statement, including operating profit. Entities must provide disclosures about management-defined performance measures. The standard also provides additional guidance on the aggregation and disaggregation of data in financial statements.

IFRS 18 is effective for the Company from 1 January 2027, subject to endorsement in the UK, which has not yet taken place. The application of this standard is currently being evaluated by the Company. The standard is expected to impact presentation and disclosure, but have no impact on recognition and measurement.

### 1.6 Accounting policies

#### a) Foreign currencies

The activities of the foreign branches are carried out as an extension of the Company. All foreign branches have a sterling functional currency.

Transactions in foreign currencies are translated to the functional currency of the Company (sterling). Realised exchange differences arising on transactions of foreign currency amounts are recorded in the Income Statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognised in operating expenses, except where the gain or loss arises on financial assets or liabilities and then it is presented in financial income or expense as appropriate. Non-monetary assets and liabilities denominated in a foreign currency at historic cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in a foreign currency which are held at fair value are translated using the exchange rate ruling at the date that the fair value was determined.

#### b) Investment properties

Investment properties are physical assets that are not occupied by the Company and are leased to Bupa Group companies to generate rental income or held by the Company for capital appreciation or both.

Investment properties are measured at fair value, determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

In an active market, investment properties are valued annually by an independent valuer, holding a recognised and relevant professional qualification, and with recent experience in the location and category of investment property being valued.

Any gain or loss arising from a change in the fair value is recognised in the Income Statement within other income and charges, as appropriate.

#### c) Provisions for other risks

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event(s), it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Although provisions are made where payments can be reliably estimated, the amounts provided are based upon a number of assumptions that are inherently uncertain and therefore the amount that is ultimately paid could differ from the amount recorded.

#### d) Basis of accounting for insurance and reinsurance contracts

Underwriting activities are accounted for on an annual accident year basis.

# Notes to the Financial Statements

## for the year ended 31 December 2024

### i. Insurance revenue

The Company recognises insurance revenue based on the passage of time over the coverage period of the group of contracts. Insurance revenues are shown gross of commissions payable and net of insurance premium taxes that may apply in certain jurisdictions.

### ii. Reinsurance contracts held

The Company releases ceded insurance premiums on the pattern of time basis over the coverage period. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums.

### iii. Insurance service expense

Insurance service expenses comprise expenses directly attributable to fulfilling a group of insurance contracts. Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore included within insurance service expenses. The Company classifies the majority of expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Insurance claims are amounts payable under insurance contracts arising from the occurrence of an insured claims episode. A claims episode is an insured medical service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs.

Incurred claims comprise insurance claims paid during the year together with related handling costs and the movement in the gross provision for claims in the period. See note 19.1 for details of the liability for incurred claims.

Acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company's policy is to expense acquisition costs as they are incurred where the coverage period of each contract in the group is no more than one year. The remaining acquisition costs are allocated to the relevant portfolio of insurance contracts and reduce the LFRC. The allocated acquisition costs are amortised consistently with the pattern of insurance revenue recognition.

Changes in the risk adjustment for non-financial risk are presented in the insurance service result and not disaggregated into an insurance service component and an insurance finance component.

For contracts or groups of contracts which contain a profit share based on underwriting performance, a best estimate provision is recognised in the liability for incurred claims and an insurance service expense in the income statement.

### iv. Amounts recoverable from reinsurers for incurred claims

All directly attributable reinsurance expenses, including claims handling costs, are expensed as incurred.

### v. Unit of account

A portfolio of insurance contracts is defined as insurance contracts subject to similar risks and managed together. The Company sells domestic and international private medical insurance ("IPMI"), dental insurance and cash plans. For each of these product lines, cash flows are generally expected to respond similarly in direction and timing to changes in assumptions. The Company manages its insurance business through the UK and Bupa Global 'Business Units'. The Company has defined portfolios as these product lines. Portfolios are further divided into groups of contracts for the identification of onerous contracts.

Each portfolio is subsequently disaggregated into groups of contracts:

- that are onerous at initial recognition;
- that have no significant possibility of becoming onerous subsequently; and
- all remaining contracts.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. An assessment is made whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company assesses the profitability of a set of contracts at which it has reasonable and supportable information annually. The insurance contracts remain within the same group from initial recognition until they are derecognised.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Company's policy is that for reinsurance contracts held, each individual reinsurance contract is considered a group.

### vi. Recognition and derecognition

Groups of insurance and reinsurance contracts are initially recognised from the earliest of the beginning of the coverage period; the date when the first payment from a policyholder in the group becomes due; and when the group of contracts or the underlying insurance contract becomes onerous.

However, for proportionate reinsurance, recognition is delayed to the later of the date that any underlying insurance contract is initially recognised or the beginning of the coverage period of the group of reinsurance contracts held.

A group of insurance contracts or reinsurance contracts are derecognised when all rights and obligations are extinguished, or a contract modification meaning the contract is no longer eligible for the PAA occurs.

### vii. Contract boundary and fulfilment cash flows

Cash flows are within the boundary of an insurance or reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period. For insurance contracts, the Company has a substantive right when it can compel the

## Notes to the Financial Statements

### for the year ended 31 December 2024

policyholder to pay the premiums or a substantive obligation when it has to provide the policyholder with insurance contract services. For reinsurance contracts held, the substantive right is to receive reinsurance services and the substantive obligation is to pay amounts to the reinsurer.

Cash flows within the contract boundary relate directly to the fulfilment of the contract and include cash flows relating to the collection of premiums and pay out for claims, benefits and expenses.

Cash flows are outside of the contract boundary of an insurance contract when the Company's substantive rights and obligations end. This mainly occurs when the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks.

Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

#### **viii. Premium allocation approach eligibility**

The Company applies the PAA for the measurement of the insurance contracts. The majority of the Company's contracts automatically qualify as the coverage period of each contract in the group is one year or less. As a result, the Company has taken the available policy choice to apply the PAA to these contracts. The Company also has a small number of policy groups with a coverage period of greater than a year. For these groups of contracts, the Company assesses annually whether the measurement of the liability for remaining coverage ("LFRC") under the PAA is expected to differ materially from that under the GMM. This requires the use of GMM and materiality thresholds determined by management for these policies, as well as the selection of reasonably expected scenarios against which eligibility is assessed. As a result of this assessment, these remaining contracts are also eligible for the PAA measurement model.

#### **ix. Measurement**

##### *Liability for remaining coverage*

On initial recognition of each group of insurance contracts, the carrying amount of the LFRC is based on the premiums received less any directly attributable acquisition costs deferred. In subsequent periods, the LFRC is increased for any additional premiums received and decreased for the recognition of insurance revenue and insurance acquisition cash flows that are released on a straight line basis over the coverage period. The Company's default policy is not to adjust the LFRC to reflect the time value of money and the effect of financial risk, as the Company expects on initial recognition of each group of contracts that the time between providing each part of the services and the related premium due date is no more than one year.

##### *Insurance acquisition cash flows*

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. It includes external and internal costs and incremental direct and indirect costs.

The Company's policy is to expense acquisition costs as they are incurred where the coverage period of a contract in the group is no more than one year. For the remaining contracts, with a longer coverage period, insurance acquisition costs are allocated to the relevant portfolio of insurance contracts and reduce the LFRC. The allocated acquisition costs are amortised consistently with the pattern of insurance revenue recognition.

##### *Onerous contracts*

If facts and circumstances indicate that a group of contracts is onerous, detailed testing is performed. The loss component is valued by comparing the carrying amount of the LFRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment using a confidence level approach. The loss component is recognised as an increase to the LFRC and an expense in the Income Statement. Subsequently, the loss component is reassessed with any movements in the loss component adjusting the LFRC and being recognised within the Income Statement.

##### *Liability for incurred claims*

The LFIC represents the estimated liability arising from claims episodes in current and preceding financial years which have not yet given rise to claims paid. A claims episode is an insured medical service that the Company has an obligation to fund which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs. The liability includes an allowance for claims management and handling expenses.

The Company recognises the LFIC of a group of insurance contracts as the present value of the expected cash flows required to settle the obligation with an adjustment for non-financial risk. The Company does not adjust the future cash flows either for the time value of money or for the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence except in exceptional circumstances, as described in the 'Discounting' section below.

The LFIC is set in line with Bupa's Claims Reserving standards, at a level to achieve an appropriate probability of sufficiency and is estimated based on current information. The ultimate liability may vary as a result of subsequent information and events. Adjustments to the claims estimates for prior years are included in the Income Statement in the financial year in which the change is made. The methods used and estimates made for the LFIC are reviewed regularly.

##### *Risk adjustment*

The risk adjustment reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has estimated the risk

## Notes to the Financial Statements

### for the year ended 31 December 2024

adjustment using a confidence level approach at the 75th percentile (FY 2023: 75th percentile) and any movements in the risk adjustment are recognised in full within the insurance service result.

#### *Reinsurance contracts held*

For reinsurance contracts held, the Company applies the PAA for the majority of reinsurance contracts as the coverage period is one year or less. For the remaining contracts, the Company applies the PAA as it reasonably expects that the resulting measurement would not differ materially from the result of applying the requirements in the GMM for reinsurance contracts held.

The Company measures the asset for remaining coverage ("AFRC") on initial recognition for reinsurance held as the amount of ceding premiums paid. Subsequently the remaining coverage is increased for ceding premiums paid and decreased for amounts of ceding premiums recognised as insurance expenses for the services received in the period. The Company releases ceded reinsurance premiums on the pattern of time basis over the coverage period. The Company does not adjust the AFRC for the time value of money as the time between providing the coverage and the related underlying premium is one year or less.

The carrying amount of a group of reinsurance contracts held also includes coverage of the incurred claims as an asset for incurred claims ("AFIC"), comprising the fulfilment cash flows related to the past service allocated to the group. The Company does not adjust the AFIC for the time value of money as recoveries are expected to be paid within one year of occurrence.

The remaining coverage for reinsurance contracts is not adjusted for the time value of money as the Company expects on initial recognition that the time between providing each part of the services and the underlying contract's premium due date and payment of incurred claims is expected to be no more than one year.

The estimates for future cash flows of the reinsurance should allow for the risk of non-performance by reinsurers, which is the probability weighted expected value of the effect of reinsurance counterparty failure to fulfil contractual obligations. Bupa's policy is to set the non-performance risk to zero as there are restrictions in place on the credit quality and amount of reinsurance ceded to individual counterparties and Bupa uses reinsurance only to a limited extent mitigate insurance risks.

#### *Net gain on reinsurance contracts held*

Onerous contracts assessment is not applicable for reinsurance contracts held under IFRS 17 as an insurer expects either to incur a net cost of purchasing the reinsurance, or sometimes, to make a net gain from purchasing the reinsurance if claim events occur. If facts and circumstances indicate that a group of reinsurance contracts has been purchased at a net gain, detailed testing is performed. A loss-recovery component is valued by comparing the carrying amount of the AFRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment using a confidence level approach. The loss-recovery component is recognised as an increase to the AFRC and revenue in the Income Statement. Subsequently, the loss-recovery component is reassessed with any movements in the loss-recovery component adjusting the AFRC and being recognised within the Income Statement.

#### *Discounting*

The Company does not apply discounting to the majority of policies. However, the Company has applied discounting to the LFIC for certain groups of contracts as a proportion of the claims are settled over a period that is greater than one year. Where discounting is applied, the Company policy is to use Prudential Regulation Authority ("PRA") specified discount rates. When facts and circumstances change, the Company reassesses whether the exceptional use of discounting remains appropriate.

#### *Return of exceptional financial benefit arising from COVID-19*

In circumstances where a return of premiums is due to policyholders, a provision is established within the LFIC. An insurance provision for a return of premiums was established in 2020 in respect of the Company's commitment to pass back to eligible customers any exceptional financial benefit experienced by the UK PMI business that ultimately arose as a result of the COVID-19 pandemic. As a result of a step-change in claims, the estimate for delayed claims rebounding was reassessed and the return of premium provision of £59m was released in full during 2023. The release of the provision reduced the 2023 insurance service expense.

#### **e) Current and deferred taxation**

The taxation expense on the profit for the year comprises current and deferred taxation.

Current taxation comprises the expected taxation payable or receivable on the taxable profit or loss for the year using taxation rates enacted or substantively enacted at the reporting date, and any adjustments to the taxation payable or receivable in respect of previous years.

Deferred taxation is recognised in full on all timing differences that have originated, but not reversed, at the reporting date which result in an obligation to pay more, or a right to pay less or to receive more taxation benefits, with the following exceptions:

- Provision is made for taxation on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the reporting date there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the reporting date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- No deferred taxation is recognised in respect of Pillar Two top-up tax.

## Notes to the Financial Statements

### for the year ended 31 December 2024

Deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

#### f) Related party transactions

Related party transactions are transactions between the Company and related individuals or entities by nature of influence or control. The Company has such relationships with its key management personnel and fellow group companies. The disclosure of transactions with these parties enables readers to form a view of the impact of related party relationships on the Company.

All transactions with related parties are conducted on an arm's-length basis. There were material transactions during the year with fellow group insurers and insurance service companies and with key management personnel.

The key management personnel are the Company's Directors which includes the general managers of the two main business units through which the company operates.

#### g) Financial income and expense

Financial income comprises interest income, realised gains on investments, changes in the fair value of items recognised at fair value through profit or loss, changes in the fair value of derivatives and foreign exchange gains and losses. Interest income except in relation to assets classified as fair value through profit or loss, is recognised in financial income as it accrues, using the effective interest method.

Financial expense include interest payable, realised losses on investments, changes in the fair value of items recognised at fair value through profit or loss, changes in the fair value of derivatives and other investment expenses.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

Changes in the value of financial assets designated as at fair value through profit or loss are recognised within financial income or expense as an unrealised gain or loss while the asset is held. This represents the difference between the carrying value at the balance sheet date and the carrying value at the previous reporting date or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

#### h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments (including money market funds) with original maturities of three months or less which are subject to an insignificant risk of change in value.

#### i) Financial Investments

The Company has classified its financial investments into the following categories: fair value through profit or loss and amortised cost. The Directors determine the classification of all financial investments at initial recognition. Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Company has transferred substantially all risks and rewards of ownership.

Measurement	Criteria and treatment
Fair value through profit or loss	Debt and equity instruments where performance is managed and evaluated on a fair value basis and the objective is to realise cash flows through the sale of the assets. The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the Income Statement in the year in which they arise.
Amortised cost	Non-derivative debt instruments where the contractual characteristics of the financial assets represent solely payments of principal and interest and the objective is to hold the instrument to collect cash flows over its life. Any disposals are expected to be infrequent or insignificant. The investments are measured at amortised cost using the effective interest method, less any impairment losses. Any discount or premium on purchase is amortised over the life of the investment in the Income Statement.

Impairment provisions on financial investments held at amortised costs are based on expected credit losses ("ECL"). This is calculated based on either 12-month or life-time ECL depending on whether there has been a significant increase in credit risk since initial recognition. An assumption can be made that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date, for example, investment grade. As all the financial assets at amortised cost are either investment grade or short-term, a 12-month ECL is applied. For financial investments, an option pricing probability model is used as the basis for assessing ECL. An analysis of ECL provisions is provided in note 22.3.

Financial investments carried at fair value are measured using different valuation inputs categorised into a three-level hierarchy. The different levels have been defined by reference to the lowest level input that is significant to the fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

## Notes to the Financial Statements

### for the year ended 31 December 2024

- Level 2: inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### j) Derivative financial instruments

Derivative financial instruments consist of currency forward contracts and swaps. Derivatives are initially recognised and subsequently measured at fair value; with attributable transaction costs recognised in the Income Statement when incurred.

The fair value of currency forward contracts, swaps and options is determined using forward exchange rates derived from market sourced data at the reporting date, with the resulting value discounted back to present value.

All derivative contracts are subject to a credit support annex with variation margin receivable included within other receivables and variation margin payable included within other payables.

#### k) Receivables

Insurance and inwards reinsurance receivables are carried at amortised cost net of provision for impairment losses and are included within the LFRIC. Non-insurance receivables are carried at amortised cost net of lifetime ECL.

Where appropriate, a provision matrix is used to estimate ECL. Under a provision matrix, receivables are grouped into customer segments and further divided into categories by age. Historical credit loss experience and any relevant forward-looking information is then used to establish the ECL provision for each category. Based on this methodology, non-insurance receivables ECL provisions have been assessed as £nil (2023: £nil).

Recoverable amounts from reinsurance contracts held are included within AFRC.

#### l) Payables

Payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### m) Leases of property

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Either a change in rate or index could result in the remeasurement of lease liability. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or reassessment of an extension or termination option. The leases currently held by the Company do not contain any extension or terminations options.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restoration costs, is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the contractual lease term where occupancy of the property is expected to be longer than the existing contract.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (£4,000 or less). Lease payments associated with these leases are expensed on a straight-line basis over the lease term within the Income Statement.



# Notes to the Financial Statements

for the year ended 31 December 2024

## 2. Insurance service result

### Insurance service expense

	2024	2023
	£m	£m
Incurring claims and other expenses <sup>1</sup>	3,228	2,829
Amortisation of insurance acquisition cash flows	4	—
Losses on onerous contracts and reversals of those losses	(1)	1
Changes to liabilities for incurred claims relating to past service	(17)	(78)
<b>Total insurance service expenses</b>	<b>3,214</b>	<b>2,752</b>

<sup>1</sup> Includes claims incurred of £2,495m (2023: £2,106m) comprising claims paid, claims management expenses and changes in provisions for claims.

### Reinsurance contracts held

	2024	2023
	£m	£m
Premiums ceded to reinsurers	159	141
Reinsurance commission income	(19)	(19)
<b>Total allocation of reinsurance premiums</b>	<b>140</b>	<b>122</b>
Amount recoverable for incurred claims and other expenses	137	121
Changes to amounts recoverable for incurred claims relating to past service	(1)	1
<b>Total amount recoverable from reinsurers for incurred claims</b>	<b>136</b>	<b>122</b>
<b>Net expenses from reinsurance contracts held</b>	<b>4</b>	<b>—</b>

## 3. Other revenue

Other income of £4m (2023: £4m) primarily represents income from leasing the Company's investment property to a fellow Bupa Group company.

## 4. Other operating expenses

	2024	2023
	£m	£m
Other operating expenses	3	3
<b>Total</b>	<b>3</b>	<b>3</b>

## 5. Staff costs

The Company has one employee in the Switzerland office. All other staff are remunerated and employed through the Company's service company, Bupa Insurance Services Limited and costs are recharged to the Company. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of Bupa Insurance Services Limited, which acts as a service company to a number of Bupa subsidiaries.

Bupa Insurance Service Limited incurred staff costs of £190m (2023: £168m) of which £175m (2023: £154m) was charged to the Company as part of the service agreement.

The average number of employees directly employed by the Company during the year was as follows:

	2024	2023
Employees	1.0	1.5

	2024	2023
Sales and general administration	1.0	1.5
<b>Total</b>	<b>1.0</b>	<b>1.5</b>

	2024	2023
	£m	£m
Wages and salaries	0.3	0.3
Social security costs	—	0.1
<b>Total</b>	<b>0.3</b>	<b>0.4</b>

## 6. Auditors' remuneration

# Notes to the Financial Statements

for the year ended 31 December 2024

	2024	2023 restated
	£m	£m
Fees payable to the Company's auditors for the audit services	1.35	1.82
Non-audit assurance services	0.20	0.19
<b>Total</b>	<b>1.55</b>	<b>2.01</b>

Fees payable to the Company's auditors represent the amount for the audit of the Company's annual financial statements and are exclusive of VAT. The 2023 fees payable to the Company's auditor for the audit services have been restated from £1.77m to £1.82m for fees related to the Company's branch in Switzerland.

## 7. Other income and charges

Other income and charges of £nil (2023: £11m loss). The 2023 loss arose due to a reduction in fair value of the Company's Investment Property.

## 8. Financial income and financial expense

### Financial income

	2024	2023
	£m	£m
<b>Interest income:</b>		
Investments at fair value through profit or loss	13	2
Investments at amortised cost	49	41
<b>Net movement in fair value:</b>		
Investments at fair value through profit or loss	7	20
Net foreign exchange translation (loss)/gain	(1)	5
Other finance income	3	13
<b>Total financial income</b>	<b>71</b>	<b>81</b>

### Financial expense

	2024	2023
	£m	£m
Interest expense on financial liabilities at amortised cost	(2)	(2)
Other financial expense	(2)	(2)
<b>Total financial expense</b>	<b>(4)</b>	<b>(4)</b>

## 9. Taxation expense

	2024	2023
	£m	£m
<b>Analysis of taxation charge in the financial year</b>		
<b>Change to Current taxation expense</b>		
UK taxation on income for the year	44	34
UK taxation adjustments in respect of prior years	(1)	1
<b>Total UK current taxation expense</b>	<b>43</b>	<b>35</b>
Double taxation relief	(4)	(1)
Foreign taxation on income for the year	5	1
Foreign taxation adjustments in respect of prior years	3	—
<b>Total foreign current taxation expense</b>	<b>8</b>	<b>1</b>
<b>Total current taxation expense</b>	<b>47</b>	<b>35</b>
<b>Deferred taxation expense</b>		
Origination and reversal of temporary differences	—	18
<b>Total deferred taxation expense</b>	<b>—</b>	<b>18</b>
<b>Taxation expense</b>	<b>47</b>	<b>53</b>

The UK corporation taxation rate increased to 25% in 2024 from a blended rate of 23.5% in 2023 due to an increase from 19% to 25% with effect from 1 April 2023. Deferred taxation on temporary differences expected to reverse after the Balance Sheet date are recognised at 25%.

The total taxation expense recognised in the Income Statement of £47m (2023: £53m) represents a headline effective tax rate of 26.0% (2023: 25.3%) against a statutory UK prevailing tax rate of 25.0% (2023: 23.5%).

### Reconciliation of effective tax rate

The differences between the total current taxation charge shown above and the amount calculated by applying the standard rate of UK corporation taxation to the profit before taxation is as follows:

# Notes to the Financial Statements

for the year ended 31 December 2024

	2024	2023
	£m	£m
Profit before taxation expense	180	210
UK corporation taxation rate	25.0 %	23.5 %
Taxation at the UK corporation taxation rate	45	49
<b>Effects of the recurring taxation reconciliation items:</b>		
Deductions not allowable for taxation purposes	—	3
	—	3
<b>Effects of non-recurring taxation reconciliation items:</b>		
Taxation adjustments in respect of prior years	2	1
<b>Taxation expense at the effective rate of 26.0% (2023: 25.3%)</b>	<b>47</b>	<b>53</b>

As at 31 December 2024, the Company had deductible temporary differences relating to unrelieved foreign taxation of £4.5m (2023: £1.4m) for which no deferred taxation asset was recognised due to uncertainty over the utilisation of those temporary differences.

## 10. Property, plant and equipment

The Company's property comprise two car park leases recognised as right-of-use assets.

	2024	2023
Cost or valuation	£m	£m
At 1 January	19	19
<b>At 31 December</b>	<b>19</b>	<b>19</b>
Accumulated depreciation		
At 1 January	(2)	(2)
<b>At 31 December</b>	<b>(2)</b>	<b>(2)</b>
<b>Net book value at 31 December</b>	<b>17</b>	<b>17</b>

## 11. Investment property

	2024	2023
	£m	£m
At beginning of year	38	49
Decrease in fair value	—	(11)
<b>At end of year</b>	<b>38</b>	<b>38</b>

Investment property is measured at fair value, determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location and factoring in an appropriate yield. The Company holds an investment property which is an office building, Bupa Place, leased to another Bupa Group company.

Investment property held is classified as level three in the fair value hierarchy. In an active market, the portfolio is valued annually by an independent valuer, holding a recognised and relevant professional qualification, and with recent experience in the location and category of investment property being valued. For Bupa Place a net initial yield of 7.75% (2023: 7.75%) is used by the independent valuer and reflects the investment characteristics of the property including building quality, location, tenant and lease term. A change in the yield of value (0.25) would result in a change in fair value of plus £1.3m or minus £1.2m (2023: plus £1.3m or minus £1.2m). The historical cost of investment property is £55m (2023: £55m).

Following an independent valuation, the investment property value has not changed from prior year.

## 12. Restricted assets

	2024	2023
	£m	£m
Restricted cash deposits	1	2
<b>Total</b>	<b>1</b>	<b>2</b>

The restricted cash deposits of £1m (2023: £2m) relate to claims funds held on behalf of corporate customers. These amounts may be used only to discharge those obligations and potential liabilities if and when they crystallise.

## 13. Financial investments

# Notes to the Financial Statements

for the year ended 31 December 2024

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£m	£m	£m	£m
<b>Fair value through profit or loss:</b>				
Corporate debt securities and secured loans	371	371	302	302
Government debt securities	36	36	21	21
Pooled investment funds	54	54	63	63
<b>Amortised cost:</b>				
Corporate debt securities and secured loans	551	554	385	388
Deposits with credit institutions	230	230	143	143
<b>Total financial investments</b>	<b>1,242</b>	<b>1,245</b>	<b>914</b>	<b>917</b>
Non-current	600	601	488	491
Current	642	644	426	426

## Fair value of financial investments

The fair value of a financial instrument is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. The fair values of quoted investments in active markets are based on current bid prices. The fair values for all other financial investments for which there is no active market are determined through discounted cash flow valuation techniques using observable inputs or are sourced from multiple independent third parties.

The fair value of financial instruments are determined using different valuation inputs categorised into the three levels within the fair value hierarchy as described in note 1.

An analysis is as follows:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
<b>2024</b>				
<b>Fair value through profit or loss:</b>				
Corporate debt securities and secured loans	—	371	—	371
Government debt securities	—	36	—	36
Pooled investment funds	54	—	—	54
<b>Amortised cost:</b>				
Corporate debt securities and secured loans	185	369	—	554
Deposits with credit institutions	—	230	—	230
<b>Total financial investments</b>	<b>239</b>	<b>1,006</b>	<b>—</b>	<b>1,245</b>

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
<b>2023</b>				
<b>Fair value through profit or loss:</b>				
Corporate debt securities and secured loans	—	302	—	302
Government debt securities	—	21	—	21
Pooled investment funds	63	—	—	63
<b>Amortised cost:</b>				
Corporate debt securities and secured loans	186	202	—	388
Deposits with credit institutions	—	143	—	143
<b>Total financial investments</b>	<b>249</b>	<b>668</b>	<b>—</b>	<b>917</b>

There are no level 3 investments in 2024 (2023: nil).

## 14. Other receivables and derivative assets

### 14.1 Other receivables

	2024	2023
	£m	£m
Amounts owed by Bupa Group undertakings	16	12
Other receivables	3	5
<b>Total other receivables</b>	<b>19</b>	<b>17</b>

Other receivables are carried at amortised cost net of provisions for ECLs. Information regarding the ageing of other receivables is shown in note 22. All other receivables are classified as receivables under IFRS 15, as a receivable is an entity's right to consideration that is unconditional i.e., only the passage of time is required before payment is due.

### 14.2 Derivative assets

# Notes to the Financial Statements

for the year ended 31 December 2024

	2024	2023
	£m	£m
<b>Derivative assets</b>	<b>7</b>	<b>11</b>

All derivatives are categorised as level two in the fair value hierarchy. The Company holds foreign currency forward and swaps contracts to mitigate the Company's currency exposure. Please refer to note 22.2 Foreign exchange risk for more details.

## 15. Cash and cash equivalents

	2024	2023
	£m	£m
Cash at bank and in hand	129	282
<b>Total</b>	<b>129</b>	<b>282</b>

Cash at bank and in hand includes £116m (2023: £187m) of cash equivalents.

## 16. Lease liabilities

The Company's leases comprise two car park leases.

	2024	2023
	£m	£m
At the beginning of the year	17	17
Repayments	(1)	(1)
Interest on lease liabilities	1	1
<b>Total lease liabilities</b>	<b>17</b>	<b>17</b>
Current	1	1
Non-current	16	16

Maturity analysis of lease liabilities is presented in note 22.4.

Information on right-of-use assets is reported in note 10. Interest on lease liabilities is reported within financial expenses (see note 8).

## 17. Deferred taxation

	2024	2023
	£m	£m
At the beginning of the year – net deferred taxation (liability)/asset	(1.5)	16.6
Charged to the Income Statement	—	(18.1)
<b>At the end of the year – net deferred taxation liability</b>	<b>(1.5)</b>	<b>(1.5)</b>

Net deferred taxation liability is analysed as follows:

	2024	2023
	£m	£m
Accelerated capital allowances	(2)	(1)
Taxation value of losses carried forward	—	(1)
<b>Total</b>	<b>(2)</b>	<b>(2)</b>

## 18. Provisions for liabilities and charges

	Regulatory £m	Other £m	Total £m
<b>2024</b>			
At beginning of year	—	1	1
Charged for the year	4	1	5
Utilisation in the year	(4)	(1)	(5)
<b>At end of year</b>	<b>—</b>	<b>1</b>	<b>1</b>

Regulatory provisions relate to levies payable to the PRA and the FCA. Such levies are generally determined on a capped percentage of revenues basis. Payments are normally made annually, although the frequency may be increased or decreased at the discretion of the regulatory body. The provision is a best estimate of the forthcoming payments considering the likely liability and expected business performance.

Other provisions relate principally to customer remediation provisions:

# Notes to the Financial Statements

for the year ended 31 December 2024

- Customer remediation provision of £1m (2023: £1m) to provide for the costs of compensation where necessary to ensure that we deliver good customer outcomes. Due to the nature of the customer remediation provisions, the timing of payments and potential cost is uncertain.

## 19. Insurance and reinsurance contracts

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	£m	£m
<b>Insurance contracts</b>						
Non-current	—	—	(16)	(21)	(16)	(21)
Current	—	—	(882)	(781)	(882)	(781)
<b>Total insurance contract liabilities</b>	<b>—</b>	<b>—</b>	<b>(898)</b>	<b>(802)</b>	<b>(898)</b>	<b>(802)</b>
<b>Reinsurance contracts</b>						
Non-current	—	1	—	—	—	1
Current	44	37	—	—	44	37
<b>Total reinsurance contract assets</b>	<b>44</b>	<b>38</b>	<b>—</b>	<b>—</b>	<b>44</b>	<b>38</b>

### 19.1 Insurance contracts roll forward

	Excluding loss component	Liability for remaining coverage Loss component	Liability for incurred claims Estimates of present value of future cash flows	Risk adjustment	Total
For year ended 31 December 2024	£m	£m	£m	£m	£m
Insurance contract liabilities at 1 January	456	2	335	9	802
Insurance revenue	(3,338)	—	—	—	(3,338)
Insurance service expenses	4	(1)	3,212	(1)	3,214
Incurred claims and other expenses	—	—	3,222	6	3,228
Amortisation of insurance acquisition cash flows	4	—	—	—	4
Losses on onerous contracts and reversals of those losses	—	(1)	—	—	(1)
Changes to liabilities for incurred claims relating to past service	—	—	(10)	(7)	(17)
Insurance service result	(3,334)	(1)	3,212	(1)	(124)
Foreign exchange	1	—	2	—	3
Finance expense from insurance contracts held	—	—	8	—	8
<b>Total changes in statement of comprehensive income</b>	<b>(3,333)</b>	<b>(1)</b>	<b>3,222</b>	<b>(1)</b>	<b>(113)</b>
<b>Cash flows</b>					
Premiums received	3,419	—	—	—	3,419
Claims and other expenses paid	—	—	(3,206)	—	(3,206)
Insurance acquisition cash flows	(4)	—	—	—	(4)
<b>Total cash flows</b>	<b>3,415</b>	<b>—</b>	<b>(3,206)</b>	<b>—</b>	<b>209</b>
Insurance contract liabilities at 31 December	538	1	351	8	898

# Notes to the Financial Statements

for the year ended 31 December 2024

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment	Total
For year ended 31 December 2023	£m	£m	£m	£m	£m
Insurance contract liabilities at 1 January	428	1	349	9	787
Insurance revenue	(2,901)	—	—	—	(2,901)
Insurance service expenses	—	1	2,751	—	2,752
Incurred claims and other expenses	—	—	2,823	6	2,829
Losses on onerous contracts and reversals of those losses	—	1	—	—	1
Changes to liabilities for incurred claims relating to past service	—	—	(72)	(6)	(78)
Insurance service result	(2,901)	1	2,751	—	(149)
Foreign exchange	(4)	—	(6)	—	(10)
Finance (income)/expense from insurance contracts held	—	—	6	—	6
Total changes in statement of comprehensive income	(2,905)	1	2,751	—	(153)
<b>Cash flows</b>					
Premiums received	2,933	—	—	—	2,933
Claims and other expenses paid	—	—	(2,765)	—	(2,765)
Total cash flows	2,933	—	(2,765)	—	168
Insurance contract liabilities at 31 December	456	2	335	9	802

An insurance provision for a return of premiums was established in 2020 in respect of the Company's commitment to pass back to eligible customers any exceptional financial benefit experienced by the UK PMI business that ultimately arose as a result of the COVID-19 pandemic. As a result of a step-change in claims, the estimate for delayed claims rebounding was reassessed and resulted in the return of premium provision of £59m being fully released in 2023. The release of the provision reduced the incurred claims and other expenses within insurance service expenses.

## 19.2 Reinsurance contracts roll forward

	Asset for remaining coverage	Amount recoverable on incurred claims	
	Excluding loss recovery	Estimates of present value of future cash flows	Total
For year ended 31 December 2024	£m	£m	£m
Reinsurance contract assets at 1 January	(9)	47	38
Allocation of reinsurance premiums	(140)	—	(140)
Amounts recoverable from reinsurers for	—	136	136
Amounts recoverable for incurred claims and expenses	—	137	137
Changes to amounts recoverable for incurred claims relating to past service	—	(1)	(1)
Net expense from reinsurance contracts	(140)	136	(4)
<b>Cash flows</b>			
Premiums paid	128	—	128
Recoveries from reinsurance	—	(118)	(118)
Total cash flows	128	(118)	10
Reinsurance contract assets at 31 December	(21)	65	44

A risk adjustment is estimated on the amount recoverable on incurred claims using a confidence level approach at the 75th percentile (FY 2023: 75th percentile).

	Asset for remaining coverage	Amount recoverable on incurred claims	
	Excluding loss recovery	Estimates of present value of future cash flows	Total
For year ended 31 December 2023	£m	£m	£m
Reinsurance contract assets at 1 January	(9)	36	27
Allocation of reinsurance premiums	(122)	—	(122)
Amounts recoverable from reinsurers for	—	122	122
Amounts recoverable for incurred claims and expenses	—	121	121
Changes to amounts recoverable for incurred claims relating to past service	—	1	1
Net expense from reinsurance contracts	(122)	122	—
Foreign exchange	—	(1)	(1)
<b>Cash flows</b>			
Premiums paid	122	—	122
Recoveries from reinsurance	—	(110)	(110)
Total cash flows	122	(110)	12
Reinsurance contract assets at 31 December	(9)	47	38

## Assumptions for general insurance business

# Notes to the Financial Statements

## for the year ended 31 December 2024

The process of recognising liabilities arising from general insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing the extent to which any groups of contracts have become onerous.

The principal assumptions in the estimation of the liability for incurred claims relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends. The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made.

Claims development patterns are analysed. Various established reserving methods for general insurance are considered, typically basic chain ladder, Bornhuetter-Ferguson and pure risk cost methods. Additional consideration is given to the treatment of large claims, claim seasonality, claims inflation and currency effects, for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims across the Company, such claims are generally highly predictable in both frequency and average amount, and claims are settled quickly following the medical event for which benefit is claimed. Medical expense claims are, typically, substantially fully-settled within just a few months.

Key estimation uncertainty exists in determining a loss component, where facts and circumstances are identified that may indicate an onerous contract exists. A loss component is measured by comparing the current estimates of the fulfilment cash flows that relate to the remaining coverage to the carrying amount of the LFRC. Uncertainty is driven by the future cash flows which are uncertain due to their timing, size and, or probability. The underlying cash flows are determined by forecasting future claims and any other expenses, based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Insurance provisions are inevitably estimates. Actual experience or losses incurred may vary from that anticipated in the reserving estimates.

The following table shows the impact on profit before taxation of reasonably possible variations in the key assumptions in the carrying value of insurance contract liabilities at the end of the reporting period, while holding all other assumptions constant. In practice, it is likely that variations for some of the assumptions may be correlated.

	Increase in claims	Increase in expenses
<b>2024</b>		
Change in variable	5%	10%
Reduction in profit before taxation	7	1
<b>Net impact on profit before taxation</b>	<b>7</b>	<b>1</b>
<b>2023</b>		
Change in variable	5%	10%
Reduction in profit before taxation	5	1
<b>Net impact on profit before taxation</b>	<b>5</b>	<b>1</b>

### Loss components recognised for onerous contracts:

	Increase in claims	Increase in expenses
<b>2024</b>		
Variable		
Change in variable	5%	10%
Reduction in profit before taxation	0.7	0.4
<b>Net impact on profit before taxation</b>	<b>0.7</b>	<b>0.4</b>
<b>2023</b>		
Change in variable	5%	10%
Reduction in profit before taxation	1.7	0.6
<b>Net impact on profit before taxation</b>	<b>1.7</b>	<b>0.6</b>

## 20. Other payables and derivative liabilities

### 20.1 Other payables

	2024	2023
	£m	£m
Amounts owed to Bupa Group undertakings	134	41
Accruals and deferred income	21	27
Other payables	1	8
<b>Total</b>	<b>156</b>	<b>76</b>

### 20.2 Derivative liabilities

	2024	2023
	£m	£m
<b>Derivative liabilities</b>	<b>8</b>	<b>9</b>



## Notes to the Financial Statements

### for the year ended 31 December 2024

All derivatives are categorised as level two in the fair value hierarchy. The Company holds foreign currency forward contracts to mitigate the Company's currency exposure. Please refer to note 22.2 Foreign exchange risk for more details.

#### 21. Share capital

	2024	2023
	£m	£m
Allotted, called-up and fully paid		
187,208,702 ordinary shares of £1 each (2023: 187,208,702 ordinary shares of £1 each)	187	187

#### 22. Risk management

The Directors are responsible for identifying, evaluating and managing risks faced by the Company and consider the acceptable level of risk, the likelihood of these risks materialising, how to reduce the risk and the cost of operating particular controls relative to the benefit from managing the related risks.

The Company operates the 'three lines' approach to the governance of risk management:

1. Business management is responsible for the identification and assessment of risks and controls;
2. Risk and Compliance functions provide oversight and challenge the completeness and accuracy of risk assessments and the adequacy of mitigation plans; and
3. Internal audit provides independent and objective assurance on the robustness of the risk management framework, and the effectiveness of internal controls.

The principal significant risks of the Company and how they are mitigated are described on pages 10 to 12.

The Company has adopted a risk management strategy that endeavours to mitigate these risks, which is approved by the Board. In managing these exposures, the Company's Risk Committee reviews and monitors any significant risks and recommends changes to the management of insurance and investment risks.

The Company has exposure to a number of risks from its use of financial instruments and risks associated with its insurance business. These have been categorised into the following types of risk, and details of the nature, extent and how the Company has managed these risks is described below:

1. Insurance risk
2. Market risk
3. Credit risk
4. Liquidity risk

##### 22.1 Insurance risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate pricing of insurance products (potential inadequacy of insurance premiums) as well as reserving risk which relates to the potential inadequacy of claims provision.

##### Underwriting risk

Underwriting risk refers to the potential deviation of claims experience from the actuarial assumptions used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both the setting of adequate premiums rates (pricing risk) and the management of claims (claims risk) for insurance policies.

##### Pricing risk

Pricing risk relates to the setting of adequate premium rates taking into consideration the volume and characteristics of the insurance policies issued, such as future claim projections. External influences on pricing risk include (but are not limited to) competitors' pricing and product design initiatives, and economic and regulatory environments. The level of influence from these external factors can vary significantly between regions and largely depend on the maturity of health insurance markets and the role of the regulator. Actuarial analysis performed on a regular basis combined with an understanding of local market dynamics and the ability to change premium rates when necessary are effective risk mitigations. This is particularly relevant in the current inflationary environment and premium rates reflect the latest outlook on medical inflation.

The direct impacts of climate change on health are unclear but these impacts are likely to emerge over time and the short-tailed nature of our products allows us to respond to these developments, although this can be limited by pricing controls in some markets.

The Company's dominant product is an annually renewable health insurance contract. This permits insurance premium rate revisions to respond quickly to changes in customer risk profiles, claims experience and market considerations.

## Notes to the Financial Statements

### for the year ended 31 December 2024

The ability to review premium rates is a significant mitigant to pricing risk. The Company does not underwrite material insurance business that commits it to cover risks at premiums fixed beyond a 12-month period from inception or renewal.

#### Claims risk

Claims risk is the risk of claims exceeding the amounts assumed in the premium rates. This can be driven by an adverse fluctuation in the amount and incidence of claims incurred and external factors such as medical inflation greater than that included in the premium rates.

Claims risk is managed and controlled by means such as pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges. Specific claims management processes vary across the Company depending on local requirements, market environment and practice.

Adverse claims experience, for example, which is caused by external factors such as medical inflation, will affect cash flows after the date of the financial statements. Recent claims experience is reflected in these financial statements in claims paid and in the movement in the claims provisions.

Generally, the Company's health insurance contracts provide for the reimbursement of incurred medical expenses, typically in-hospital for treatment related to acute, rather than chronic, medical conditions. The contracts do not provide for capital sums or indemnified amounts. Therefore, claims experience is necessarily underpinned by prevailing rates of illness giving rise to hospitalisations. Claims risk is generally mitigated by the Company having processes to ensure that both the treatments and the consequent reimbursements are appropriate.

#### Reserving risk

Reserving risk is the risk that provisions made for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk compared to underwriting risk due to the very short-term nature of our claims development patterns. The short-term nature of the Company's insurance contracts means that movements in claims development assumptions are generally not significant. The development claims settlement patterns are kept under constant review to maintain the validity of the assumptions and, hence, the validity of the estimation of recognised insurance liabilities.

The amount of claims provision at any given time that relate to potential claims payments that have not been resolved within one year is not material to the Company. The small provisions that relate to longer than one year can be calculated with reasonable confidence.

#### Other risks relating to underwriting health insurance business

The short-term nature of claims provisions means that changes in interest rates are not expected to have a significant impact on reserving risk. In addition, the future premium income and claims outflows of health insurance premium liabilities are largely unaffected by changes in interest rates. However, changes to inflationary factors such as wage inflation and medical cost inflation affect the value of future claims outflows.

None of the Company's insurance contracts contain embedded derivatives so there are no additional financial risks, including interest rate risk, arising from the contracts.

The Company is exposed to foreign currency risk through some of the insurance liabilities which are settled in a local currency. Where possible these liabilities are matched to assets in the relevant currency to provide an economic hedge to this exposure.

The majority of the Company's insurance activities are single-line health portfolios. Even though only one line of business is involved, the Company does not have significant concentrations of insurance risk for the following reasons:

- Product diversity between domestic and expatriate, and individual and corporate health insurance; and
- A variety of claims type exposures across diverse medical providers: consultants, nursing staff, clinics, individual hospitals and hospital groups.

Only in select circumstances does the Company use reinsurance. The reinsurance used does not give rise to a material counterparty default credit risk exposure for the Company. Restrictions are in place on the credit quality and amount of reinsurance ceded to individual counterparties.

#### Geographical concentrations of risk

The Company is exposed to the risk that a single event occurs in a location which would result in a large number of claims arising under a group risk policy. This is mitigated by diversifying the Company's portfolio of risk across several countries.

#### Catastrophe risk

A natural disaster or a man-made disaster could potentially lead to a larger than expected number of claims being received over a short period of time, resulting in higher than expected claims costs. In the majority of jurisdictions, the Company is not contractually liable for such claims. Risks are reduced to a limited extent by excess of loss reinsurance provided by third-party

# Notes to the Financial Statements

## for the year ended 31 December 2024

reinsurers. Bupa's Group Actuarial function oversees and implements strategic improvements to ensure overall adequacy of these arrangements. Consideration of pandemics forms part of our regular stress and scenario testing.

### 22.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk.

The Company actively manages market risk by ensuring that the majority of its cash and investments are held with highly rated credit institutions.

Where the Company has moved away from money market investments and invested in a limited portfolio of return seeking assets (principally bonds), the Company uses a value at risk analysis ("VaR") to quantify risk, taking account of asset volatility and correlation between asset classes. The VaR is measured at the 93.3rd percentile (i.e. 1-in-15 year probability) over a 1 year horizon. The return seeking asset portfolio was £461m at 31 December 2024 (2023: £388m) and the 1-year VaR93.3 figure attributable to the portfolio is £39.4m at 31 December 2024 (2023: £36m).

In addition to local VaR analysis, the Company's overall cash and investment portfolio is managed by limiting the contribution of the combined investment risk charge to the Company's SCR.

### Foreign exchange risk

The Company is exposed to transactional foreign exchange risks arising from commercial transactions and translational foreign exchange risk arising from the Company's net exposure to foreign currency assets and liabilities.

Transactional exposures arise as a result of differences between the currency of local revenues (mainly GBP, USD and EUR) and costs (various currencies) with key exposures to the US dollar, United Arab Emirates dirham, Hong Kong dollar, Singapore dollar and Euro.

The SII Economic Balance Sheet ("EBS") is exposed to both foreign currency transactional and translational exposures. A program is in place to reduce the foreign exchange exposures and manage the foreign exchange charge within the SII SCR. The program aims to hedge a significant proportion of the forecast foreign currency exposure through forward foreign exchange contracts for the coming year. The remaining currency exposures are deemed to be acceptable but are kept under review by management.

The table below presents the net currency exposure of the Company's IFRS net assets which drive translational foreign exchange risk. The currency contracts present the open foreign currency hedges, entered into as part of the SII EBS hedging program, which aim to mitigate forecast foreign currency transactional exposures. These derivative contracts are not designated hedges. Net currency exposures including hedges presents the summation of the IFRS net currency exposure at year end and open SII EBS hedges. As the balances are unrelated, no balance sheet offset is expected.

The carrying value of net assets categorised by currency is as follows:

	Net currency exposure	Currency contracts	Net currency exposure including hedges
2024	£m	£m	£m
US dollar	(136)	(353)	(489)
United Arab dirham	—	157	157
Hong Kong dollar	(1)	55	54
Singapore dollar	3	51	54
Saudi riyal	—	33	33
Euro	73	(91)	(18)
Danish krone	(5)	—	(5)
Swiss franc	(4)	—	(4)
Other	—	5	5
<b>Total foreign currency denominated net assets</b>	<b>(70)</b>	<b>(143)</b>	<b>(213)</b>

## Notes to the Financial Statements

for the year ended 31 December 2024

	Net currency exposure	Currency contracts	Net currency exposure including hedges
	£m	£m	£m
2023			
US dollar	(108)	(272)	(380)
United Arab dirham	—	128	128
Hong Kong dollar	—	47	47
Singapore dollar	5	44	49
Euro	60	(76)	(16)
Danish krone	(6)	—	(6)
Swiss franc	(4)	—	(4)
Other	—	4	4
Total foreign currency denominated net assets	(53)	(125)	(178)

The rates used by the Company were the same as those applied across the Bupa Group and the following exchange rates applied during the financial year:

	Average rate		Closing rate	
	2024	2023	2024	2023
US dollar	1.2780	1.2439	1.2520	1.2747
United Arab dirham	4.6941	4.5700	4.5985	4.6800
Hong Kong dollar	9.9720	9.7382	9.7235	9.9543
Singapore dollar	1.7077	1.6700	1.7100	1.6800
Euro	1.1812	1.1498	1.2087	1.1543
Danish krone	8.8114	8.5685	9.0133	8.6057
Swiss franc	1.1252	1.1200	1.1363	1.0700
Australian dollars	1.9375	1.8735	2.0222	1.8711

The impact of a hypothetical 10% strengthening and weakening of sterling against the currencies below, with all other variables constant, would have increased/(decreased) profit before taxation and equity by the amounts shown below:

	Gain/(loss) included in Income Statement, strengthening 10%	(Loss)/gain included in Income Statement, weakening 10%
	£m	£m
2024		
US dollar	33	(41)
United Arab dirham	(14)	17
Hong Kong dollar	(5)	6
Singapore dollar	(5)	7
Euro	(1)	1
Danish krone	—	(1)
Swiss franc	—	1
Other	(3)	3
Total sensitivity	5	(7)

	Gain/(loss) included in Income Statement, strengthening 10%	(Loss)/gain included in Income Statement, weakening 10%
	£m	£m
2023		
US dollar	29	(35)
United Arab dirham	(12)	14
Hong Kong dollar	(5)	6
Singapore dollar	(4)	6
Euro	2	(2)
Swiss franc	(1)	1
Total sensitivity	9	(10)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk arising from fluctuations in market rates. This affects the return on variable rate assets, the cost of variable rate liabilities, the balance sheet value of its investment in fixed rate bonds and the balance sheet value of fixed rate debt issued. Variable rate assets represent a natural hedge for variable rate liabilities. The net balance on which the Company was exposed as at 31 December 2024 was £1,049m (2023: £1,040m).

## Notes to the Financial Statements

### for the year ended 31 December 2024

The impact of a hypothetical rise of 100 bps in interest rates at the reporting date, on an annualised basis, would have decreased profit and reserves by £7m (2023: £4m). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

The impact of a hypothetical fall of 100 bps in interest rates on an annualised basis would have the inverse effect to that stated in the previous paragraph.

### 22.3 Credit risk

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations. Bupa Group Treasury manages the Company's credit risk under the guidance of the Investment Committee.

Investment exposure with external counterparties is managed by ensuring there is a sufficient spread of investments and that all cash and investment counterparties are rated at least 'A' by two of the three key rating agencies used by the Company (unless specifically approved by the Investment Committee).

The investment profile at 31 December is as follows:

	2024	2023
	£m	£m
Investment grade counterparties	1,239	1,085
Non-investment grade counterparties	132	111
<b>Total</b>	<b>1,371</b>	<b>1,196</b>

Investment grade counterparties include cash at bank and in hand of £129m (2023: £282m). The investments which are held with non-investment grade counterparties are classed as debt securities and loans. Non-investment grade counterparties are those rated below BBB- / Baa3.

Information regarding the credit rating of financial assets held at amortised cost is provided below:

	Corporate debt securities and secured loans	Deposits with credit institutions	Restricted Assets	Cash and cash Equivalents	Reinsurance contract assets	Total
2024	£m	£m	£m	£m	£m	£m
AAA	182	—	—	7	12	201
AA- to AA+	209	143	—	60	17	429
A- to A+	160	87	1	61	—	309
BBB- to BBB+	—	—	—	1	13	14
Below BBB- (below investment grade)	—	—	—	—	2	2
<b>Total</b>	<b>551</b>	<b>230</b>	<b>1</b>	<b>129</b>	<b>44</b>	<b>955</b>
<b>Carrying amount</b>	<b>551</b>	<b>230</b>	<b>1</b>	<b>129</b>	<b>44</b>	<b>955</b>

	Corporate debt securities and secured loans	Deposits with credit institutions	Restricted Assets	Cash and cash Equivalents	Reinsurance contract assets	Total
2023	£m	£m	£m	£m	£m	£m
AAA	184	—	—	3	5	192
AA- to AA+	165	61	—	96	20	342
A- to A+	36	82	2	183	—	303
BBB- to BBB+	—	—	—	—	13	13
<b>Total</b>	<b>385</b>	<b>143</b>	<b>2</b>	<b>282</b>	<b>38</b>	<b>850</b>
<b>Carrying amount</b>	<b>385</b>	<b>143</b>	<b>2</b>	<b>282</b>	<b>38</b>	<b>850</b>

Information regarding the ageing of receivables arising from insurance operations, and the value of the impairment made against these assets, is provided below:

	Not past due or impaired	0-3 months	3-6 months	6 months to 1 year	Greater than 1 year
2024	£m	£m	£m	£m	£m
<b>Insurance receivables gross value</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>—</b>
<b>Insurance receivables net value</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>—</b>
<b>Trade and other receivables</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Trade and other receivables net value</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Not past due or impaired	0-3 months	3-6 months	6 months to 1 year	Greater than 1 year
2023	£m	£m	£m	£m	£m
<b>Trade and other receivables</b>	<b>4</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Trade and other receivables net value</b>	<b>4</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>

Information regarding the Expected Credit Loss provision by class of financial investments at amortised cost and fair value through profit or loss is shown below. Where an asset class has no ECL provision due to being held at fair value, no ECL column is presented.

# Notes to the Financial Statements

for the year ended 31 December 2024

	Gr os s Government debt securities	Gr os s Corporate debt securities and secured loans	ECL	Gr os s Pooled Investments Funds	Gr os s Deposits with credit institutions	ECL	Gr os s Trade and other receivables	Gr os s Restricted assets	Gr os s Cash and cash equivalents
2024	£m	£m	£m	£m	£m	£m	£m	£m	£m
At beginning of year	21	687	—	63	143	—	5	2	282
Recognition and settlement	15	235	—	(9)	87	—	(2)	(1)	(153)
At end of year	36	922	—	54	230	—	3	1	129

	Gr os s Government debt securities	Gr os s Corporate debt securities and secured loans	ECL	Gr os s Pooled Investments Funds	Gr os s Deposits with credit institutions	ECL	Gr os s Trade and other receivables	Gr os s Restricted assets	Gr os s Cash and cash equivalents
2023	£m	£m	£m	£m	£m	£m	£m	£m	£m
At beginning of year	19	698	—	58	186	—	19	1	129
Recognition and settlement	3	(10)	—	5	(43)	—	(14)	1	154
Foreign exchange and other movements	(1)	(1)	—	—	—	—	—	—	(1)
At end of year	21	687	—	63	143	—	5	2	282

## Offsetting financial assets and financial liabilities

### a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangement and similar agreements.

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets/liabilitie s presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
	£m	£m	£m	Financial instruments	Cash collateral received	£m
As at 31 December 2024						
Derivative financial assets	7	—	7	(3)	—	4
Derivative financial liabilities	(8)	—	(8)	3	2	(3)
Cash at bank and in hand	138	(9)	129	—	—	129
Other receivables	19	—	19	—	(2)	17
Other payables	(156)	—	(156)	—	—	(156)
Total	—	(9)	(9)	—	—	(9)

## Notes to the Financial Statements

for the year ended 31 December 2024

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets/liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
	£m	£m	£m	£m	£m	£m
As at 31 December 2023						
Derivative financial assets	11	—	11	(4)	(4)	3
Derivative financial liabilities	(9)	—	(9)	4	3	(2)
Cash at bank and in hand	297	(15)	282	—	—	282
Other receivables	17	—	17	—	(3)	14
Other payables	(76)	—	(76)	—	4	(72)
<b>Total</b>	<b>240</b>	<b>(15)</b>	<b>225</b>	<b>—</b>	<b>—</b>	<b>225</b>

The Company also mitigates credit risk in derivative contracts by entering into collateral agreements where appropriate. The amount of collateral received or posted is shown in the above table.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities with both electing to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

### 22.4 Liquidity risk

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company follows a prudent approach to manage its liquidity risk by holding adequate liquid assets and adheres to strict liquidity management policies as set by its Investment Committee.

A Liquidity Risk Appetite is in place to ensure that the Company has adequate liquid resources to cover potential liquidity requirements for a range of severe stress scenarios. When managing liquidity, due consideration is given to the currency of assets and liabilities, and financial statements are segregated where required for regulatory purposes.

The contractual maturities of financial liabilities and the expected maturities of other liabilities including estimated interest payments of the Company as at 31 December are as follows:

	Insurance contract liabilities	Trade and other payables	Lease liabilities	Derivative liabilities	Total
	£m	£m	£m	£m	£m
As at 31 December 2024					
2025	(882)	(156)	(1)	(8)	(1,047)
2026	(13)	—	(1)	—	(14)
2027	(3)	—	(1)	—	(4)
2028	—	—	(1)	—	(1)
2029	—	—	(1)	—	(1)
2030-2034	—	—	(3)	—	(3)
After 2034	—	—	(84)	—	(84)
<b>Total</b>	<b>(898)</b>	<b>(156)</b>	<b>(92)</b>	<b>(8)</b>	<b>(1,154)</b>

	Insurance contract liabilities	Trade and other payables	Lease liabilities	Derivative liabilities	Total
	£m	£m	£m	£m	£m
As at 31 December 2023					
2024	(781)	(76)	(1)	(9)	(867)
2025	(18)	—	(1)	—	(19)
2026	(3)	—	(1)	—	(4)
2027	—	—	(1)	—	(1)
2028	—	—	(1)	—	(1)
2029-2033	—	—	(3)	—	(3)
After 2033	—	—	(85)	—	(85)
<b>Total</b>	<b>(802)</b>	<b>(76)</b>	<b>(93)</b>	<b>(9)</b>	<b>(980)</b>

## Notes to the Financial Statements

### for the year ended 31 December 2024

The Company manages cash and cash equivalent assets either internally with high credit quality financial institutions, or externally via AAA rated Money Market Funds. The Company also maintains externally managed portfolios of longer-term debt securities. Due to the credit quality and marketability of these debt instruments, from a liquidity perspective the vast majority could be sold within days if necessary. The maturity profile of financial assets (excluding ECLs) at 31 December is as follows:

	Cash at bank and in hand	Deposits with credit institutions	Government debt securities	Corporate debt securities and secured loans	Pooled investment funds	Total
	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2024</b>						
2025	129	230	12	398	2	771
2026	—	—	1	127	—	128
2027	—	—	1	73	—	74
2028	—	—	1	156	—	157
2029	—	—	2	90	—	92
2030-2034	—	—	5	53	52	110
After 2034	—	—	14	25	—	39
<b>Total</b>	<b>129</b>	<b>230</b>	<b>36</b>	<b>922</b>	<b>54</b>	<b>1,371</b>

  

	Cash at bank and in hand	Deposits with credit institutions	Government debt securities	Corporate debt securities and secured loans	Pooled investment funds	Total
	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2023</b>						
2024	282	143	1	219	63	708
2025	—	—	1	53	—	54
2026	—	—	1	150	—	151
2027	—	—	3	68	—	71
2028	—	—	1	136	—	137
2029-2033	—	—	4	43	—	47
After 2033	—	—	10	18	—	28
<b>Total</b>	<b>282</b>	<b>143</b>	<b>21</b>	<b>687</b>	<b>63</b>	<b>1,196</b>

### 23. Capital management

The Company is subject to the requirements of the Solvency II framework, as enacted in the UK.

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all its customers, regulator and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development.

The Company must hold sufficient capital to cover its SCR. In addition, the Company maintains a buffer in excess of this capital requirement, calibrated in line with the capital risk appetite set by the Board. The SCR is calculated in accordance with the Standard Formula specified in the Solvency II framework. The Company has obtained approval from the PRA to substitute the premium risk parameter in the formula with an USP, which reflects the Company's own loss experience.

The Company's capital position is kept under constant review and is reported quarterly to the Board.

At least annually, the Company carries out an Economic Capital Assessment ("ECA") in which it makes its own quantification of how much capital is required to support its risks. The ECA is used to assess how well the Standard Formula SCR reflects the Company's actual risk profile.

The ECA forms part of the Own Risk and Solvency Assessment ("ORSA") which comprises all the activities by which the Company establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA report, which is reviewed by the Risk Committee, approved by the Board and submitted to the PRA annually.

### 24. Related party transactions

Related party transactions are transactions between the Company and related individuals or entities by nature of influence or control. The Company has such relationships with its key management personnel and fellow group companies.

All transactions with related parties are conducted on an arm's-length basis. There were material transactions during the year with fellow group insurers and insurance service companies and with key management personnel.

#### (i) Transactions with key management personnel

The key management personnel are the Company's Directors which includes the general managers of the two main business units through which the company operates.

The Directors split their time between the Company and Bupa Insurance Services Limited. Therefore, emoluments are disclosed in both companies.



# Notes to the Financial Statements

for the year ended 31 December 2024

	2024	2023
	£m	£m
Emoluments	2.38	1.81
Company contributions to defined contribution pension schemes	0.04	0.02
Amounts receivable under long-term incentive schemes	0.64	—
<b>Total</b>	<b>3.06</b>	<b>1.83</b>

The emoluments of the Directors are borne entirely by other Bupa Group companies. The table above reflects the value of the qualifying services provided by the Directors to the Company during the year.

There are no Directors who are members of a Bupa Group defined benefit pension scheme (2023: None).

The remuneration of the highest paid Director was:

	2024	2023
	£m	£m
Emoluments	0.76	0.58
Company contributions to defined contribution pension schemes	—	0.01
Amounts receivable under long-term incentive schemes	0.19	—
<b>Total</b>	<b>0.95</b>	<b>0.59</b>

## (ii) Transactions with other group companies

		2024	2023 restated <sup>1</sup>
	Related party	£m	£m
Insurance revenue	Fellow subsidiaries	87	84
Insurance service expense <sup>1</sup>	Fellow subsidiaries	(1,007)	(880)
<b>Insurance service result before reinsurance</b>		<b>(920)</b>	<b>(796)</b>
Net expense from reinsurance contracts held	Fellow subsidiaries	(9)	(4)
<b>Insurance service result</b>		<b>(929)</b>	<b>(800)</b>
Other Revenue	Fellow subsidiaries	4	4
Other Operating expenses	Fellow subsidiaries	(4)	(4)
<b>Profit before financial income and expense</b>		<b>(929)</b>	<b>(800)</b>
Reinsurance contract assets	Fellow subsidiaries	13	13
Trade and other receivables	Fellow subsidiaries	15	11
<b>Total assets</b>		<b>28</b>	<b>24</b>
Insurance contract liabilities <sup>1</sup>	Fellow subsidiaries	(70)	(67)
Trade and other payables	Fellow subsidiaries	(133)	(41)
<b>Total liabilities</b>		<b>(203)</b>	<b>(108)</b>

<sup>1</sup> The prior year has been restated to include insurance service expenses and insurance contract liabilities related to services and treatments provided by fellow Bupa Group subsidiary companies. Insurance service expenses for 2023 are restated from £780m to £880m and insurance contract liabilities from £57m to £67m.

## **Notes to the Financial Statements**

for the year ended 31 December 2024

### **25. Commitments, guarantees and contingencies**

#### **(i) Contingent liabilities**

Under a Bupa Group registration, the Company is jointly and severally liable for Value Added Tax ("VAT") due by certain other Bupa Group Companies.

Contingent liabilities can arise in the ordinary course of business, including losses which might arise from litigation, disputes, regulatory compliance (including data protection) and interpretation of tax law. It is not considered that the ultimate outcome of any contingent liabilities will have a significant adverse impact on the financial condition of the Company.

#### **(ii) Guarantees**

The Company had issued no guarantees at the reporting date.

#### **(iii) Financial commitments**

The Company had no financial commitments at the reporting date.

### **26. Immediate and ultimate parent company**

The immediate parent undertaking of the Company is Bupa Finance plc, a company incorporated in England and Wales, the registered office of which is, 1 Angel Court, London, EC2R 7HJ.

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is The British United Provident Association Limited ("Bupa"), a company incorporated in England and Wales, the registered office of which is, 1 Angel Court, London, EC2R 7HJ. The consolidated financial statements of Bupa are prepared in accordance with UK-adopted International Financial Reporting Standards and are available to the public. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc.

**Copies of the Annual Report and Accounts of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.**