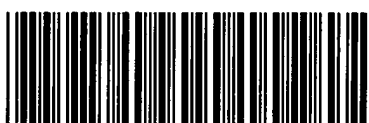

Registered number 03264846

Assurant Group Limited
Annual report and financial statements
for the year ended 31 December 2022

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Company information

Registered Number: 03264846

Directors:
G Bartlett
C Formby Hernandez
S Purdy
M Schofield
S Shepherd
P Thomas

Company secretary: N Paddock

Registered office:
Emerald Buildings
Westmere Drive
Crewe
Cheshire
CW1 6UN
United Kingdom

Independent auditors:
Deloitte LLP
The Hanover Building
Corporation Street
Manchester
M4 4AH

Strategic report

The directors present their strategic report for Assurant Group Limited (the Company) for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is to act as a holding company for insurance and non-insurance subsidiaries in the United Kingdom and European Union ("EU"). Details of subsidiaries are given in note 6 to the financial statements.

The Company is part of Assurant in the UK and Europe ("Assurant Europe Group" or "AEG"). AEG is part of the International business unit of Assurant, Inc. ("AIZ"), a Fortune 500 company listed on the New York Stock Exchange. AIZ is a leading global provider of housing and lifestyle solutions that support, protect and connect major consumer purchases. Anticipating the evolving needs of consumers, Assurant partners with the world's leading brands to develop innovative products and services and to deliver an enhanced customer experience. Via such brands, Assurant provides consumers with a range of protection products and services, and is among the market leaders in mobile device solutions; extended service contracts; vehicle protection services; renters insurance and lender placed homeowners insurance.

Review of the Business

Results and dividends

The profit before taxation for the year is £31,798,000 (2021: £36,330,000). The Company received dividends in the year of £33,475,000 (2021: £35,768,000) from subsidiary companies and has paid dividends of £20,000,000 (2021: £4,673,000) to its shareholder. The Directors do not recommend the payment of any further dividend in respect of the year ended 31 December 2022.

Key performance indicators ('KPIs')

The board of directors (the Board) consider the key performance indicators for the Company to be net assets.

Financial performance

The results for the year ended 31 December 2022 and the state of affairs of the Company at that date are set out in the financial statements on pages 12 to 24. The Company recorded a profit after tax of £32,053,000 (2021: £36,330,000).

Administrative expenses for the year ended 31 December 2022 increased by £1,830,000 to an expense of £81,000 compared to credit of £1,749,000 in 2021; this is due to adverse foreign exchange results in the year (2021: favourable). The Company has incurred an impairment charge following the Management's review of investments of £1,212,000 (2021: £633,000), and is explained in note 6 to the financial statements.

Financial position

The Company has amounts receivable balances from other group companies of £923,000 (2021: £2,844,000) which are due within one year. Similarly, the Company owes £10,363,000 (2021: £12,930,000) to group companies that includes long term loans from group companies. During the year the Company repaid an unsecured loan, including interest, of £12,901,000 to one of its subsidiaries ahead of maturity date of 31 December 2023. The Company issued share capital of £6,000,000 (2021: £nil) during the year to its sole shareholder, that was in turn used to receive £9,000,000 (2021: £nil) shares by making additional investment in one of the UK subsidiaries.

The Company has cash at bank of £1,238,000 (2021: £245,000) and has net assets of £214,481,000 (2021: £196,428,000).

As the Company has no external borrowings and most of its payable balances are to group companies which are under common management, the directors are satisfied with the financial position of the Company and its ability to meet its liabilities as they fall due.

Principal risks and uncertainties

The principal risks faced by the Company are credit and liquidity risk which are managed as part of AEG's risk management framework and are disclosed within the Directors' report in the Financial instruments section. The Company is not exposed to any significant currency risk other than holding interest in foreign subsidiaries.

Strategic report (continued)

Principal risks and uncertainties (continued)

Additional risks to the Company are:

Valuation of Investment in subsidiaries

The Company holds material investments in group companies that are valued at cost unless their value has been impaired, in which case they are valued at the higher of their realisable value or value in use. There is uncertainty in respect of the value of these assets that may be realisable in the future. Investment valuations are assessed for impairment at least annually and where necessary an impairment in value is recognised in the profit and loss account.

Outlook

The Company will continue to operate as a holding company, providing management oversight to its subsidiaries. As the underlying subsidiaries continue to be profitable over the next few years the Company will continue to receive income in the form of dividends.

Inflation and war in Ukraine

In February 2022, the Russian Federation invaded Ukraine, which triggered the start of a period of global economic uncertainty and the establishment of new sanctions against the Russian Federation and Belarus. The Company's subsidiaries are impacted by the inflationary effect that the reduced import of energy from the Russian Federation has on general price levels worldwide and the impact these price levels have on the entities that the one of the Company's subsidiaries invests in via its bond portfolio. The subsidiaries are not directly impacted as they don't have any exposure to Russian Federation or Ukraine. The subsidiaries current year operational result was impacted only modestly by inflation but the investment portfolio of one of the subsidiaries lost significant value as a consequence of market interest rates adapting to the high inflationary environment.

Section 172 statement

The individual directors are aware and mindful of their duty under s.172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company in maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company (together, the "S.172(1) Matters").

Induction materials provided to directors on appointment include an explanation of directors' duties, including the S.172(1) Matters, and the Board is periodically reminded of the S.172(1) Matters, particularly when a strategic decision is due to be taken by the Board.

The Board recognises that difficult decisions must sometimes be taken which require each director to exercise independent judgment and apply reasonable care, skill and diligence in the decision-making process. In doing so, the Board recognises its responsibilities to the Company's different, but mainly interrelated, stakeholder groups.

The Board has determined the Company's key stakeholder groups to be: Regulators, Shareholders and the Community (together, the "Stakeholder Groups"). Each Stakeholder Group plays an important role in the ability of the Company to execute its strategy and deliver on its unwavering purpose; to protect what matters most in accordance with Assurant's uncompromising values.

The Company has processes in place to capture and consider the views of its Stakeholder Groups and share their views at relevant levels within the business, including with the Board, to ensure that regard is given to these views in decision-making processes. Examples are provided below of typical methods of engagement with the Stakeholder Groups and how the Board stays apprised of their views to inform its decision-making.

Strategic report (continued)

Section 172 statement (continued)

Regulators

The Company proactively participates in periodic meetings and interactions with its regulators as appropriate to fully understand regulatory views and feedback, including full and active participation in industry thematic reviews and application of any resulting learnings to drive business improvements.

The Company operates a horizon-scanning process to ensure that upcoming regulatory change, consultations, guidance and “hot topics” are known and understood by the business, enabling any resulting internal actions to be taken.

Regulatory matters are reported, discussed and actioned at all levels within the Company’s governance framework. The Chief Compliance Officer reports regulatory matters directly to a Board-level committee on at least a quarterly basis and Board-level deep dives and briefings into regulatory topics are held as and when required. This ensures that directors are kept informed of regulatory views and matters to enable the Board to make decisions that are aligned with regulatory objectives and views and the Company’s Senior Managers and Certification Regime framework.

During the year, the FCA’s new Consumer Duty requirements were, and continue to be, a key focus, with various Board briefings and Board scrutiny taking place. The Board Chair (an independent non-executive director) was appointed by the Board as Consumer Duty Champion and has been heavily involved, along with other directors, in ensuring that the Consumer Duty implementation plan was approved by the Board in October 2022 and that appropriate resources are in place to ensure delivery by 31 July 2023 for current products.

Shareholders

AIZ, the Company’s ultimate parent company, has ongoing engagement with its stockholders on a wide range of topics of particular importance including, but not limited to, company strategy, financial performance and objectives, Enterprise’s environmental, social and governance (ESG) policies, practices and initiatives, executive compensation, diversity, equity and inclusion and climate risks. A senior employee of AIZ serves on the Board as a group non-executive director with a specific mandate to keep the Board informed as to shareholder (AIZ) views and provide alignment with AIZ. This is facilitated via a standing agenda item at quarterly Board meetings.

Community

Assurant’s core values - common sense, common decency, uncommon thinking, uncommon results - guide the Company’s actions and inspire its commitment to be a responsible corporate citizen. As part of Assurant’s Social Responsibility Framework, the Company actively engages in strengthening its local community, while operating its business with a meaningful environmental commitment.

For example, the Company participates in local business community groups to better understand what matters to those in its community and how the Company can utilise its expertise and support to add value.

In 2022, the Board continued to oversee the development of a local Enterprise, Social and Governance Framework, aligned to that of the ultimate parent company, AIZ. The Framework includes specific oversight of Impact on Society, which will focus on the Company’s involvement in responsible investing, climate action, environmental matters and giving and volunteering.

Approved by the Board of Directors and signed on its behalf by:



C Formby,
Chief Executive Officer
19 June 2023

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

As permitted by section 414C (11) of the Companies Act 2006, certain information is not included in the Directors' report as this is shown in the Strategic report. This information is:

- Principal activities of the Company
- Business review and outlook
- Results and dividends
- Principal risks and uncertainties
- Statement on engagement with regulators, shareholders and the community (included as part of the Section 172 statement in the Strategic report)

Directors

The directors set out below have held office during the year and up to the date of preparation of these financial statements, unless otherwise stated:

- G Bartlett (appointed 1 January 2023)
- C Formby Hernandez
- C Kersley (resigned 31 December 2022)
- R Morales-Gomez (resigned 2 February 2023)
- S Purdy
- C Sarfo-Agyare (resigned 20 December 2022)
- M Schofield (appointed 2 February 2023)
- S Shepherd (appointed 2 February 2023)
- P Thomas (appointed 26 April 2023)

Directors' qualifying third party and pension indemnity provisions

There are no qualifying indemnity provisions for the benefit of any of the existing or previous directors of the Company.

Political contributions

No donations were made for charitable or political purposes (2021: £nil).

Financial instruments

Credit risk

The Company's principal financial assets are cash at bank and receivables from group companies. The Company does not have significant exposure to external credit risk.

Liquidity risk

In order to maintain sufficient liquidity for on-going operations and future developments, the Company uses a mixture of loans from other group companies and short-term intercompany trading facilities.



Directors' report (continued)

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting when preparing these financial statements. In making this assessment, the directors have taken into consideration the financial position and performance of the company, its principal risks and its external solvency and capital requirements. Further details regarding the directors' assessment is included in note 1c on page 14.

Directors' report (continued)

Post balance sheet events

Subsequent to the year end, on 13 March 2023, a subsidiary of the Company, Assurant Life Limited, was placed into member's voluntary liquidation in accordance with Chapter III of Part IV of the Insolvency Act 1896. The Company has no other post balance sheet events to disclose.

Independent auditors

The Company has elected, in accordance with Section 487 of the Companies Act 2006, to dispense with the obligation to appoint auditors annually. Deloitte LLP has indicated their willingness to remain in office.

Approved by the Board of Directors and signed on its behalf by:



C Formby,
Chief Executive Officer
19 June 2023

Independent auditors' report to the member of Assurant Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Assurant Group Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the member of Assurant Group Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and applicable tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- impairment of investments in subsidiaries: in order to address the risk of fraud identified, we assessed the design and implementation of controls in place over the key assumptions applied by management within its forecasts and impairment assessments, tested the mechanical accuracy of management's impairment model assessed the historical accuracy of management's forecasting process and engaged with internal valuation specialists in order to assess the reasonableness of assumptions applied.

Independent auditors' report to the member of Assurant Group Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

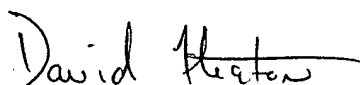
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Heaton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
19 June 2023

Profit and loss account and statement of total comprehensive income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover		-	-
Administrative (expenses)/credit		(81)	1,749
Operating (loss)/profit		<u>(81)</u>	<u>1,749</u>
Income from shares in group undertakings		33,475	35,768
Interest receivable and similar income from group undertakings		6	61
Interest payable and similar expenses to group undertakings		(390)	(615)
Valuation adjustment in respect of interest in subsidiaries	6	(1,212)	(633)
Profit before taxation	3	<u>31,798</u>	<u>36,330</u>
Tax on profit	5	255	-
Profit and total comprehensive income for the financial year		<u>32,053</u>	<u>36,330</u>

Other than following transactions in relation to a subsidiary, that was subsequently placed into member's voluntary liquidation, all profit and loss account transactions relate to continuing operations:

	2022 £'000	2021 £'000
Included in profit and loss account:		
Dividend income	1,000	-
Valuation adjustments to carrying value of interest in the subsidiary	(1,212)	(633)

The notes on pages 14 to 21 form an integral part of these financial statements.



Balance sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Investments - unlisted	6	<u>222,532</u>	<u>219,694</u>
		222,532	219,694
Current assets			
Debtors amounts falling due within one year			
Amounts owed by group undertakings	7	923	2,844
Other debtors	7	255	-
Cash at bank and in hand		<u>1,238</u>	<u>245</u>
Total current assets		2,416	3,089
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	8	(10,363)	(12,930)
Other creditors	8	<u>(104)</u>	<u>(524)</u>
Total current liabilities		(10,467)	(13,454)
Total assets less current liabilities		214,481	209,329
Creditors: Amounts falling due after more than one year	9	-	(12,901)
Net Assets		<u>214,481</u>	<u>196,428</u>
Capital and reserves			
Called up share capital	10	46,000	40,000
Profit and loss account		<u>168,481</u>	<u>156,428</u>
Total shareholder's funds		<u>214,481</u>	<u>196,428</u>

The notes on pages 14 to 21 form an integral part of these financial statements.

The financial statements on pages 11 to 21 were approved and authorised for issue by the Board of Directors on 19 June 2023 and were signed on its behalf by:

C Formby,
19 June 2023

Statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
January 1, 2021	277,109	6,277	(118,615)	164,771
Profit and total comprehensive income for the financial year	-	-	36,330	36,330
Change in composition of capital	(237,109)	(6,277)	243,386	-
Dividends paid			(4,673)	(4,673)
At December 31, 2021	40,000	-	156,428	196,428
Profit and total comprehensive income for the financial year	-	-	32,053	32,053
Issuance of share capital (note 10)	6,000	-	-	6,000
Dividends paid (note 11)	-	-	(20,000)	(20,000)
At December 31, 2022	46,000	-	168,481	214,481

The notes on pages 14 to 21 form an integral part of these financial statements.

Notes to the financial statements

Assurant Group Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given under the company information on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 4. The Company does not have any employees.

1. Accounting policies

a. General information and basis of accounting

The financial statements have been prepared under the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410") and the provisions of Companies Act 2006. The financial statements have been prepared on the historical cost basis and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. As permitted by section 1.12 of FRS 102, exemptions have been taken in these financial statements in relation to presentation of a cash flow statements and remuneration of key management personnel and financial instruments disclosures. As the Company is a wholly owned subsidiary it has taken advantage of the exemption permitted in FRS 102 Section 33 Related Party Disclosures, not to disclose transactions or balances with other wholly owned members of the same group.

The Company has taken advantage of the exemption from preparing consolidated financial statements, under the Companies Act 2006 Part 15 Section 401, as the results of the Company and all of its subsidiaries are consolidated in the financial statements of the ultimate parent undertaking, which are publicly available, as referred to in note 13.

b. Functional and presentation currency

The functional currency of the Company is considered to be pounds sterling (GBP) since it is the currency of the primary economic environment in which the Company operates. The presentational currency of the financial statements is also pounds sterling. Except as otherwise indicated, all financial information presented in GBP has been rounded to the nearest thousand (£'000).

c. Going concern

In assessing whether the Company is a going concern, the directors have considered the following:

- the Company's financial position as at 31 December 2022, noting that it has net assets of £214,481,000;
- the Company with its subsidiaries has headroom above its externally imposed solvency capital requirements (actual Solvency ratio of 257%), and Board-approved appetite levels, as at 31 December 2022, and is forecast to retain appropriate levels of headroom against such requirements for a period of at least twelve months from the date of approval of these financial statements;
- forecasts of the Company and its subsidiaries results for the following three years indicating that the Company and its subsidiaries will continue to be profitable and generate net cash inflows in each year of the plan period;
- the results of AEG's Own Risk and Solvency Assessment ('ORSA'), which includes consideration of the financial impacts that reasonably possible volatility in the Company and subsidiaries external environment, arising from future known and contingent events in general, and the impact of inflation in particular, which was assessed to be within the financial absorption capacity of the Company and its subsidiaries; and
- the results of adverse scenario testing, incorporating the impacts that the principal risk and uncertainties disclosed in Strategic report, could have on the Company's financial (solvency) position and determined it could withstand such scenarios.

Following the above stated considerations, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for a period of at least twelve months from the date the financial statements were approved and accordingly that application of the going concern basis of preparation is appropriate.

Notes to the financial statements

1. Accounting policies (continued)

d. Taxation

Taxation for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference

e. Investments (unlisted)

Investments in subsidiary undertakings are included in the balance sheet at cost unless their value has been impaired, in which case they are valued at the higher of their realisable value or value in use.

f. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

g. Financial instruments

Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets are initially measured at transaction price (including transaction costs). The Company holds only basic financial assets that comprise of amounts owed by group companies. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the financial statements

1. Accounting policies (continued)

g. Financial instruments (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

The Company holds only basic financial liabilities that include other payables that are classified as payable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid. Financial liabilities are subsequently measured at amortised cost using effective interest rate method. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

h. Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account as described below.

Investments - unlisted

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or Cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

Other financial assets

At each reporting date the Company assesses whether financial assets are impaired. A financial asset is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably. For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. All such impairment losses are recognised in the profit and loss account.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset only to the extent that the revised recoverable value does not exceed the carrying value had no impairment been recognised.

Notes to the financial statements

1. Accounting policies (continued)

i. Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rates of exchange ruling at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the time of the transaction and no subsequent retranslations of the assets or liabilities are made. Revenue transactions in foreign currencies are translated to the functional currency at an average rate for the year. Exchange gains and losses on retranslation or settlement of foreign currency balances are recognised in the profit and loss account.

j. Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

Accounting judgements

In the course of preparing the financial statements, no material judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations that have had a significant effect on the amounts recognised in the financial statements.

Accounting estimates

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make estimates and assumptions about the carrying amounts of material assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are considered to be reasonable and relevant under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments (unlisted)

At each reporting date a review is performed to assess whether there is any indication that any of the investments may be impaired. If an indication of impairment is identified the Company calculates the recoverable amount of the investment. Where the recoverable amount of the investment is lower than the carrying amount an impairment charge is recognised.

A level of judgement is required in the assessment of whether indicators of impairment exist in relation to each investment and consequently whether the recoverable amount of the investment should be reviewed. Judgement is also required in the selection of an appropriate discount rate to adjust for risk and the time value of money when calculating the investment's recoverable amount.

An impairment charge has been recognised in the year in respect of the Company's investments in a subsidiary that was placed into liquidation subsequent to the year end. No impairment has been recognised in the year in respect of any other subsidiaries of the Company. The assessment of investment valuation was based on fair values and discounted cash flows arising from the activities of the subsidiary companies. An average discount rate of 16.2% (2021: 18.5%) was applied, being the weighted average cost of capital of the relevant business lines of the Company's cash generating units. The investment value is materially sensitive to the discount rate and growth rate. In an extreme scenario of discount rate rising to 25% with a 3% reduction in growth in the business, there would still be no impairment required to the carrying value of investments.

Notes to the financial statements

3. Profit before taxation

The profit before taxation arrived at after charging/(crediting):

	2022 £'000	2021 £'000
Foreign exchange loss/(gain)	442	(1,215)

Analysis of independent auditors' remuneration is as follows:

Fees payable to the Company's independent auditors for the audit of the Company's annual financial statements	35	40
Audit related services	22	31
	<u>57</u>	<u>71</u>

There are no amounts paid to the Company's independent auditors and their associates in respect of services to the Company and its subsidiaries, other than the audit of financial statements and audit related services disclosed above. The audit related services provided relate to an audit of the Company's (insurance) regulatory returns. Auditors' remuneration is borne by another group company.

4. Staff cost

The Company does not have any employees.

Directors' remuneration

The aggregate amount of Directors' remuneration was £nil for the year (2021: £nil)

Directors' fees for the Company are borne by another group company. Due to their contribution been assessed as immaterial to the Company, no recharge has been made to the Company (2021: £nil).

5. Taxation on profit

a) Analysis of credit for the year	2022 £'000	2021 £'000
Origination and reversal of timing differences	(255)	-
<i>Total deferred tax</i>	<u>(255)</u>	<u>-</u>
Tax credit on profit	<u>(255)</u>	<u>-</u>

b) Factors affecting the tax credit for the year

The total tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	<u>31,798</u>	<u>36,330</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	6,042	6,903
Effects of:		
Income not taxable	(6,360)	(6,796)
Non-deductible expense	229	120
Deferred tax not recognised	(138)	72
Remeasurement of deferred tax for change of tax rates	(28)	(299)
Total tax credit for the year	<u>(255)</u>	<u>-</u>

Notes to the financial statements

5. Taxation on profit (continued)

c) Factors affecting current and future tax charges

The UK corporation tax rate for the year was 19% (2021:19%). The UK corporation tax rate will rise to 25% from 1 April 2023.

6. Investments - unlisted

	2022		
	Cost	Accumulated impairment	Net book value
	£'000	£'000	£'000
Shares in subsidiary undertakings			
As at 1 January	325,528	(105,834)	219,694
Further investment in existing subsidiaries / (impairment charges)	9,000	(1,212)	7,788
Reduction in investment held via shares buy back	(4,950)	-	(4,950)
As at 31 December	<u>329,578</u>	<u>(107,046)</u>	<u>222,532</u>

The net book value of the above investments as at 31 December 2021 was £219,694,000.

All of the interests in subsidiary undertakings are of unlisted equity instruments.

On 21 December 2022, the Company was issued 9,000,000 ordinary shares of £1 each from one of its subsidiaries.

Management are satisfied that the judgements and estimates made in relation to investment impairment reviews are reasonable. An impairment of £1,212,000 was determined and recorded in the profit and loss account (2021: £633,000). Set out below are the Company's subsidiaries as at 31 December 2022.

Undertakings in which the Company holds 100% of the nominal value of ordinary shares and voting rights are as follows:

Subsidiary	Principle activity	Info
Assurant General Insurance Limited	Non-life insurance	a.
Assurant Intermediary Limited	Insurance administration	a.
Assurant Life Limited	In voluntary liquidation	a.
Assurant Deutschland GmbH	Management services	b.
Assurant Solutions Spain S.A.	Management services	c.
Assurant Italia Agenzia di Assicurazioni s.r.l.	Management services	d.
Assurant Services Italia s.r.l	Management services and non-insurance business	d.
Lifestyle Services Group Limited	Holding company & insurance services, and non-insurance business	a.
Digital Services (UK) Limited*	Insurance services	a.
Assurant Device Care Limited*	Stock management	a.
STAMS Limited	In liquidation	a.
Assurant France S.A.S.*	Insurance services	e.

Ordinary shares entitle the owner to participate in dividends and to share in the proceeds of winding up of the Company in proportion to the number of shares and the amounts paid on the shares held.

* indirectly held

a. Incorporated in England and Wales with registered address: Emerald Buildings, Westmere Drive, Crewe, Cheshire, CW1 6UN, United Kingdom.

b. Incorporated in Germany with registered address: Fritz-Schäffer-Straße 1, 53113 Bonn, Germany

c. Incorporated in Spain with registered address: Avenida de Europa 19, 28224 Pozuelo de Alarcón, Madrid, Spain.

d. Incorporated in Italy with registered address: Piazzale Luigi Cadorna, 4, 20123 - Milano, Italy.

e. Incorporated in France with registered address: 45 Rue Denis Papin, Lotissement le Tourillon Les Milles, 13100 Aix-de-Provence, France.

Notes to the financial statements

7. Debtors amounts falling due within one year

	2022 £'000	2021 £'000
Amounts due from group companies	923	2,844
Deferred tax asset	255	-
	<u>1,178</u>	<u>2,844</u>

The deferred tax asset is in relation to tax losses in the current year and those brought forward from prior years. The movement in deferred tax assets is as follows:

	2022 £'000	2021 £'000
Balance as at 1 January	-	-
Credit to profit and loss account	255	-
Balance as at 31 December	<u>255</u>	<u>-</u>

A deferred tax asset of £1,080,000 has not been recognised in these financial statements. The Company's unused tax losses as at 31 December 2022 were £3,311,000 (2021: £3,311,000).

8. Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	10,363	12,930
Other creditors	104	524
	<u>10,467</u>	<u>13,454</u>

Amounts owed to group undertakings include intercompany loans of £2,427,000 (2021: £2,475,000) and £7,877,000 (2021: nil) with an interest of 2% (2021: 2%) and 2.5% above Bank of England's base rate (2021: nil) respectively.

All other amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

9. Creditors: Amounts falling due after more than one year

The unsecured loan including the interest was repaid during the year. This loan was charged at an interest rate of Euribor + 1.5% and was due to mature on 31 December 2023.

10. Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
46,000,000 (2021: 40,000,000) ordinary shares of £1 each	<u>46,000</u>	<u>40,000</u>

The Company has one class of ordinary shares which carry no right to fixed income. Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of the winding up of the Company, in proportion to the number of and amounts paid on the shares held.

On 19 December 2022, the Company issued 6,000,000 ordinary shares of £1 each to its sole shareholder Solutions Cayman.

Notes to the financial statements

11. Dividends

The company paid a dividend of £20,000,000 representing 50 pence per share, in respect of the year ended 31 December 2022 (2021: £4,673,000; 11.7 pence per share).

The Company's subsidiaries may be subject to restrictions on the amount of dividends they can pay to shareholders as a result of local regulatory requirements.

12. Other commitments

The Company has issued guarantees on behalf of its subsidiaries as follows:

Guaranteed subsidiary	Nature of guarantee	Financial limit	Guarantee value
Assurant Intermediary Limited (AIL)	AIL's liabilities as they arise from brokerage activity should AIL fail to meet those obligations	Unlimited	-

There are no known liabilities for the guarantee issued by the Company.

13. Immediate and ultimate parent undertakings

The immediate parent undertaking is Solutions Cayman., a wholly owned subsidiary, which in turn is jointly owned by Solutions Holdings and ABI International, both entities registered in the Grand Cayman Islands.

The ultimate parent undertaking is Assurant, Inc., a public company listed on the New York Stock Exchange, and registered in Delaware, United States of America. Assurant, Inc. is the smallest and largest group to consolidate these financial statements.

Copies of the consolidated financial statements of Assurant, Inc. can be obtained from the Company Secretary, Assurant Group Limited, Assurant, Emerald Buildings, Westmere Drive, Crewe, Cheshire, CW1 6UN.

14. Subsequent events

Subsequent to the year end, on 13 March 2023, a subsidiary of the Company, Assurant Life Limited was placed into member's voluntary liquidation in accordance with Chapter III of Part IV of the Insolvency Act 1896.

There are no other significant events occurring after the balance sheet date that require a disclosure.