

ISSUED
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COMPANY PROFILE	&	FINANCIAL STRENGTH
R E P O R T S		

User Guide

AKG

Accessible - Comparative - Independent

Analysis by AKG Actuaries & Consultants Ltd

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AKG Actuaries & Consultants Ltd has made every effort to ensure the accuracy of the content of this publication and to ensure that the information contained is as current as possible at the date of issue, but AKG cannot accept any liability in respect of, or resulting from, errors or omissions. Many of the financial statistics in this report are derived from companies' annual returns to the FSA. AKG gratefully acknowledges the permission of Standard & Poor's to extract data from their SynTheys Life database system.

Background

In the UK, financial advisers are required to consider the financial strength of organisations with whom they deal. Analysts and others also need information on which to assess life assurance companies.

AKG's Company Profile & Financial Strength Reports are designed to meet the information needs of advisers and analysts alike. The reports cover a broad spectrum of long term insurers operating in the UK, with particular emphasis on those operating in the intermediary market. The reports encompass both life companies and friendly societies.

Two different styles of report are included:

1. For each of the leading provider companies in the market, which participate in the production of the reports, a FULL report is included, containing detailed analysis of all relevant aspects of its long-term business operations, together with a comprehensive set of AKG ratings - Financial Strength Ratings at an Overall level and also separately for Non Profit, Unit Linked and With Profits business; together with Supporting Ratings for the key areas of Image and Strategy, Service and Annual Review. FULL reports also contain an abbreviated analysis (including a full set of Financial Strength Ratings) in respect of each other relevant long-term insurer within the group.
2. For each remaining provider company, a SHORT report is included, containing an abbreviated analysis of the major aspects of its long-term business operations, together with an Overall Financial Strength Rating.

Each report collates relevant information from a range of sources such as a company's returns to the FSA, its report & accounts and material provided by the companies themselves, and incorporates expert independent assessment. For FULL report companies, the process is augmented by regular meetings and communications with AKG.

In today's environment, UK insurance groups adopt a wide variety of different approaches to marketing their wares. For example, some insurance groups operate under a single brand name, but they accept business via (or reinsure business to) a number of different insurance subsidiaries (e.g. Aviva, Scottish Widows). Other groups operate under several different brand names, which can be completely dissimilar from one another (e.g. The Royal London Mutual Insurance Society Ltd has operated under the Royal London, Scottish Life, Scottish Provident and Bright Grey brands). AKG's Company Profile & Financial Strength Reports focus on the recognised brand names that organisations use for marketing purposes. Thus companies such as Royal London feature in more than one different full report, because they operate in quite different ways, via multiple brands.

For further, in-depth analysis of with profits funds, AKG publishes an annual UK Life Office With Profits Report.

What's changed?

As in previous years, the annual release of reports follows extensive assessment activity of the latest statutory financial data, together with other financial and supporting information and, in the case of full report assessments, further interrogative elements. However, since January 2009 AKG has formalised an ability, for which the requisite activity already existed within the underlying AKG assessment process, for ongoing monitoring and review of assessments and ratings. This means that whilst always taking a 'long term view' of financial strength and adding depth and richness of data through the annual revision process, the assessments, ratings and their reports are part of a constant, dynamic process and can be reissued if required at any mid-year point.

In purchasing the newly issued reports, users will receive any updated reports automatically (and without further charge), until the next annual review point.

Format - Full Reports

The full reports include:

- **Brand-related information:**

- **Index**
Index showing the list of companies covered, and the page number of each section in the report.
- **Overview**
A broad overview of the background to the group of companies covered by the report.
- **Corporate Structure (simplified)**
A diagrammatic representation of the relationship between the key companies in the group.
- **Ratings**
A summary of all of the AKG ratings shown elsewhere in the report. This comprises: product-specific (i.e. With Profits, Non Profit and Unit Linked) Financial Strength Star Ratings, where applicable, and an Overall Financial Strength Rating for each separate company covered by the report, together with Supporting Star Ratings (i.e. Service, Image and Strategy and Annual Review) for the brand (i.e. these ratings are always the same for every company covered by the report). A ☐ symbol is shown where a particular rating is not relevant.

- **Summary Financial Data**

For each report which involves more than one operating life company, a page of 'Summary Financial Data' is included, showing aggregated financial data for the last three financial years for each relevant operating company (including any which may no longer be operating). A number of tables are shown:

- **Key Financial Data**
Three tables summarising data shown later in the report for each operating company separately:
 - **Long Term Business Admissible Assets - By Company**
 - **Long Term Business Admissible Assets - By Asset Type**
 - **Long Term Business Liabilities and Margins - By Type**
- **Net Inflow Data**
Three tables summarising each company's Net Inflow/Outflow (i.e. Premiums less Claims) in respect of its Long Term Business operations. N.B. This data is not shown later in the report:
 - **Net Inflow - By Company**
 - **Net Inflow - By Payment Type**
Inflow/outflow, split by: Premiums, Death/disability payments, Surrenders, Annuity payments, Maturities.
 - **Net Inflow - By Business Type**
- **New Business Data**
Four tables summarising data shown later in the report for each operating company separately:
 - **New Business Single Premiums - By Company**
 - **New Business Single Premiums - By Business Type**
The aggregate totals, split by: UK Life, UK Pension, and Overseas.
 - **New Business Regular Premiums - By Company**
 - **New Business Regular Premiums - By Business Type**
The aggregate totals, split by: UK Life, UK Pension, and Overseas.
- **AKG Comment**

- **Information on the main company:**

For each report, detailed analysis is provided in respect of the firm which is judged to be the primary operating entity within the group. The main firm may be either an insurance company or a friendly society.

- **Corporate Data**
 - **Ownership**
The ultimate owner of the firm (or the majority owner if there is more than one owner). For UK registered companies, this information is disclosed in the company's statutory accounts. For overseas owners, the country of domicile is also shown. Shows 'Mutual' for a mutual company or for a friendly society.
 - **Open to New Business?**
Whether the firm is open to new long-term business or not. Companies that only write increments on existing policies and/or vesting annuities and/or only accept new members on existing pension schemes are treated as 'closed' for this purpose.

Format - Full Reports (continued)

- **Corporate Data (continued)**
 - **Year Established**
The year that the current corporate entity started operating, which, for a company, is usually the year of incorporation obtainable from records at Companies House.
 - **Head Office**
The address and contact numbers of the Head Office (usually defined as the location of the company's most senior management. Need not necessarily be the company's registered office address.)
 - **Administration Office**
The address and contact numbers of the main Administration Office, if that differs from the Head Office.
 - **Website - Consumer**
The URL of the main website for consumers.
 - **Website - IFA**
The URL of the main website for intermediaries.
 - **Key Personnel**
A short list of the senior individuals considered to be of most interest to readers, such as chief executive, actuary etc.
 - **Company Background**
A broad overview of the general background of the company, including any significant historical changes such as predecessor companies, transfers/mergers, name changes etc.
- **Overall Financial Strength**
 - **Overall Financial Strength Summary**
A brief summary of the key factors that AKG feels are most pertinent to its assessment of the company's Overall Financial Strength.
 - **Overall Financial Strength Rating**
AKG's assessment (on a scale of A, B+, B, B-, C, D) of the company's overall financial strength. See the later section 'Guide to AKG Ratings' for further details of the methodology used.
- **Reinsurance**
 - **Approach**
Brief details of the significance of reinsurance arrangements within the company, the scope of the major treaties in-force, the main reinsurers used, and whether or not the reinsurers are authorised to conduct business in the UK.
 - **Analysis of Reserves**
A table showing reserves separately for the gross business, reinsurance ceded externally, reinsurance ceded intra-group and the net business.
Source: Returns to the FSA: Form 50, lines 18, 28, 38 and 48, column 4.
- **Non Profit Business**
 - **General**
An overview of the relative volume and type of non profit business written by the company, in terms of both new business and the in-force portfolio.
 - **Non Profit Reserves**
A table showing the net total non profit reserves separately for UK Life, UK Pensions, Overseas.
Source: Form 50, line 42.
 - **Non Profit Financial Strength**
A brief summary of the key factors that AKG feels are most pertinent to its assessment of the company's Non Profit Financial Strength.
 - **Non Profit Financial Strength Rating**
AKG's assessment (on a scale of 1 to 5 stars) of the company's financial strength in respect of non profit business. See the later section 'Guide to AKG Ratings' for further details of the methodology used.
- **Unit Linked Business**
 - **Approach**
An overview of the relative volume and type of property linked and index linked business written by the company, in terms of both new business and the in-force portfolio.
 - **Linked Reserves**
A table showing the net total property linked and index linked reserves, split by UK Life, UK Pensions, Overseas.
Source: Form 50, lines 44-47.
 - **Unit Linked Financial Strength**
A brief summary of the key factors that AKG feels are most pertinent to its assessment of the company's Unit Linked Financial Strength.
 - **Unit Linked Financial Strength Rating**
AKG's assessment (on a scale of 1 to 5 stars) of the company's financial strength in respect of unit linked business. See the later section 'Guide to AKG Ratings' for further details of the methodology used.

Format - Full Reports (continued)

- **With Profits Business**
 - **Approach**

An overview of how the company operates its with profits business, including key issues such as how many with profits funds it maintains.
 - **With Profit Reserves**

A table showing the net total with profits reserves separately for UK Life, UK Pensions, Overseas.
Source: Form 50, lines 41 and 43.
 - **Profit Sharing Philosophy**

The broad principles on which profits are shared between the company's with profits policyholders and its shareholders.
 - **Asset Allocation**

An indication of the investment mix of the with profits funds, drawing attention to any significant changes therein in recent years.
 - **Distribution of Surplus**

A table showing the total amounts distributed to with profits policyholders and other transfers out of funds containing with profits business.
Source: Form 58, lines 46 and 47 for policyholders and other transfers respectively.
 - **With Profits Realistic Balance Sheet**

Where available, a table showing, at a total company level, key elements of the company's With Profits Realistic Balance Sheets. The table is followed by comments on the company's with profits realistic balance sheet position.
Source: Form 19; Working Capital from line 68, Risk Capital Margin from line 65 and Realistic Excess Available Capital from line 67. Each item is also expressed as a % of the Assets Available, line 29.
 - **With Profits Financial Strength**

A brief summary of the key factors that AKG feels are most pertinent to its assessment of the company's With Profits Financial Strength.
 - **With Profits Financial Strength Rating**

AKG's assessment (on a scale of 1 to 5 stars) of the company's financial strength in respect of with profits business. See the later section 'Guide to AKG Ratings' for details of the methodology used.
- **Key Financial Data**
 - **Capital Resources (format for UK registered companies)**

A table showing the makeup of the capital resources available to support the long-term business separated into Tier One and Tier Two classifications. It also indicates the extent to which supporting capital resides outside the long term fund. Explanatory comments from AKG are included immediately below the table.
Source: Form 3: Core tier one capital from line 19, Tier one waivers from line 24, Other tier one from lines 25 to 28, Tier one deductions from line 37, Total tier one capital from line 39, Tier two capital from line 69, Adjustments and deductions from line 71, less lines 73 to 77, Total Capital Resources from line 79, CR outside fund from Form 2, line 12.
 - **Capital (format for non-UK registered companies)**

A table showing the makeup of the total amount of 'Other than long-term business assets' available to meet the solvency margin requirements of the company's long-term business in each of the last three accounting periods. Explanatory comments from AKG are included immediately below the table.
Source: Form 10: Paid-up Shares Etc from lines 27 and 51, Unpaid Capital Etc from lines 24 and 25, Subordinated Loan Capital from line 26, Balance of Net Assets from line 56.
 - **Long Term Business Admissible Assets**

A table showing the breakdown of the company's long-term business assets over the company's last three accounting periods, excluding any which are inadmissible. Explanatory comments from AKG are included immediately below the table.
Source: Form 13: Fixed Interest from lines 45, 46 and 51, Equities from lines 41,42 and 43, Property from line 11, linked from lines 58 and 59, Other from all remaining detail lines.
 - **Free Assets**

A table showing the makeup of the company's free assets. The 'published free assets' is defined as 'the excess of available capital resources over the capital resources requirement'. The published free assets can include elements of financial engineering (such as implicit items, financial reinsurance and contingent loans), so AKG shows also the amount of free assets with financial engineering excluded.
Source: Published Free Assets from Form 2, line 42, Financial Engineering from Form 3, line 96.
 - **Free Asset Ratios**

A table showing the makeup of the company's free asset ratio. The free asset ratio components are the amounts shown as making up the published free assets in the preceding table, in each case expressed as a percentage of the company's total long-term admissible assets.
Source: The Free Asset amounts described above, expressed as a percentage of the total long-term

Format - Full Reports (continued)

○ **Key Financial Data (continued)**

▪ **CRR Coverage Ratios**

A table showing the degree to which available capital resources cover the company's capital resource requirement (CRR), both including and excluding any financial engineering. Explanatory comments from AKG on free assets, free asset ratios and CRR ratios are included after this table.

Source: The Coverage Ratio (Published) is calculated as Form 3 line 13 divided by Form 3 line 41. The Coverage Ratio (Excl Fin Eng) is calculated as Form 3 line 13 less Form 3 line 96, all divided by Form 3 line 41.

▪ **Long Term Business Liabilities and Margins**

A table showing the breakdown of the company's long-term business liabilities and margins over the company's last three accounting periods. The concept of 'liabilities and margins' is effectively defined by the regulatory disclosure requirements. The usual position is that a company's total long-term assets (as shown in the earlier table) equals its liabilities plus any 'margins' it holds (such as investment reserves, and any surplus amounts carried forward inside its long-term funds). Explanatory comments from AKG are included immediately below the table.

Source: Non Linked Non Profit from Form 50, line 42; Non Linked With Profits from Form 50, line 41, plus any amounts included in Form 58, lines 43, 44 and 45 which relate to Non Linked With Profits business; Accumulating With Profits from Form 50, line 43, plus any amounts included in Form 58, lines 43, 44 and 45 which relate to Accumulating With Profits business; Linked from Form 50, lines 44 to 47; Surplus c/f from Form 14, line 13; Other Liabilities from Form 14, line 49 plus line 12; Investment Reserves from Form 14, line 51; Total Liabilities & Margins from Form 14, line 59.

▪ **Key Revenue Items**

A table showing key lines from the company's long-term business revenue accounts over its last three accounting periods. Explanatory comments from AKG are included immediately below the table.

Source: Mainly Form 40. Premiums taken from line 11, Investment Income from Line 12, Investment Increase from lines 13 and 14, Commissions from lines 41 and 42 of Form 43, Policy Claims from line 21, Expenses from lines 43, 44 and 45 of Form 43, Transfer to P&L from line 26, Increase in Fund from line 39.

▪ **Expense Ratios**

A table showing AKG's calculation of key expense ratios on a consistent basis over the company's last three accounting periods. These ratios are necessarily calculated in a simplistic way, designed to be appropriate to permit useful comparisons between different companies, as well as highlighting trends within companies over the three year period. Note that distortions can occur for companies with unusual product mixes, or high volumes of reinsurance, so care is needed in the interpretation of these ratios. Explanatory comments from AKG are included immediately below the table. The table includes three expense ratios, namely:

New Business Ratio (% of APE) - gross commissions and acquisition expenses expressed as a percentage of gross New APE (New Regular Premiums + 10% of New Single Premiums).

Renewal Ratio (% of Regular Premiums) - gross renewal commissions, maintenance expenses and other management expenses expressed as a percentage of gross regular premiums. The methodology employed is not suitable for calculating renewal expense ratios for companies which write only, or predominantly, single premium business, so 'n/a' is shown on the renewal expense ratio line for such companies.

Renewal Ratio (% p.a. of Mean Fund) - renewal commissions, maintenance expenses and other management expenses (net of reinsurance) expressed as a percentage of the mean long term fund assets over the year.

Source: New Business Ratio (% of APE) is the total of Form 43, lines 11 and 13, as a percentage of the annual premium equivalent (AP + 10% SP) of the new business from Form 46 (lines 21, 22, 25 and 26). Renewal Ratio (% of Regular Premiums) is calculated from the total of lines 12, 14 and 15 in Form 43 as a percentage of Form 41, line 11. Renewal Ratio (% p.a. of Mean Fund) is calculated from the total of lines 42, 44 and 45 in Form 43 as a percentage of the average of Form 13, Line 89, Column 1 and

○ **New Business Data**

▪ **Detailed analysis by product line**

A table showing a detailed analysis of the make up of new business during the company's last accounting period, using a standardised AKG list of product types, and split by single and regular premium contracts.

Source: Form 47, columns 4 and 6, total direct insurance business, analysed by product type. The volumes of external and intra-group reinsurance accepted and Industrial Branch business written are also identified.

▪ **New Single Premiums**

A table and graph showing the mix of the company's new single premium business over the last three accounting periods.

Source: Form 46, lines 25 and 26, column 4, total business, including both direct insurance business and external reinsurance accepted.

Format - Full Reports (continued)

- **New Business Data (continued)**

- **New Regular Premiums**

- A table and graph showing the mix of the company's new regular premium business over the last three accounting periods. Explanatory comments from AKG about the new business product mix and trends therein are included immediately below the table.

- Source: Form 46, lines 21 and 22, column 4, total business, including both direct insurance business and external reinsurance accepted.*

- **Information on each additional company covered by the report**

In addition to detailed coverage on the main company, full reports include a one page analysis in respect of each additional long-term insurer within the group which is relevant to that brand.

A multitude of different circumstances and relationships are encountered in practice. An additional company may be a sister company, a subsidiary company, or even, in some circumstances, the parent company, of the main company. It may be open or closed to new business. It may write business directly in its own right; it may be a reinsurance vehicle for business written elsewhere in the group, or it may operate in both ways.

The following items are shown for each additional company included in the report, in each case defined in exactly the same way as for the main company (as described above):

- **Corporate Data**

- **Ownership**
 - **Open to New Business?**
 - **Year Established**
 - **Key Personnel**
 - **Company Background**

- **Overall Financial Strength**

- **Overall Financial Strength Rating**
 - **Overall Financial Strength Summary**

- **Key Financial Data**

- **Long Term Business Admissible Assets**
 - **Free Assets**
 - **Free Asset Ratios**
 - **CRR Coverage Ratios**
 - **Long Term Business Liabilities and Margins**

- **New Business Data**

- **New Single Premiums**
 - **New Regular Premiums**

- **Further brand-related information:**

- **Distribution**

- **Method**
An overview of the methods by which the organisation distributes its products for the brand concerned.
 - **Distribution Split**
A table showing the current approximate split of new business by distribution channel, split by single premium and regular premium new business.
 - **Image and Strategy**
AKG's views on how the brand is perceived in the marketplace and the current strategy adopted.
 - **AKG's Image and Strategy Star Rating**
AKG's assessment (on a scale of 1 to 5 stars) of the brand's current performance in the area of its image and strategy. See the later section 'Guide to AKG Ratings' for further details of the methodology used.

- **Products**

- **Overall Product Philosophy**
The organisation's outlook as to the range of products it offers under the brand name.
 - **Products Currently Marketed**
A summary of the types of products currently marketed under the brand name by the companies covered in the report, using generic product names wherever possible, rather than company-specific product names. The list is subdivided into Investment Products, Protection Products, Pension Products and Group Products, and split by issuing company in each case.

Format - Full Reports (continued)

- **Service**
 - **AKG's Service Star Rating**
AKG's assessment (on a scale of 1 to 5 stars) of the brand's current performance in the area of customer service. See the later section 'Guide to AKG Ratings' for further details of the methodology used.
 - **Approach**
An overview of the organisation's approach to servicing business under the brand name.
 - **e-Business**
Details of the organisation's approach to conducting business electronically, either direct with policyholders or via IFAs. Particular emphasis is given to the extent of on-line submission systems etc.
 - **Service Standards & Awards**
The organisation's approach to setting tangible service standards, together with details of any service-related awards. Performance and trends in industry-wide service awards are particularly relevant.
 - **Outsourcing**
Details of any relevant outsourcing arrangements in respect of policy administration for the brand.

- **Investment**
 - **Overall Approach**
An overview of the organisation's approach to managing the investments of the long-term funds. The names of any investment management firms used are shown wherever possible, together with details of any relevant investment principles followed.
 - **Funds Under Management**
The current amount of funds under management within the life operation, any larger group that it is a part of, and/or the primary fund managers. The objective is to put the scale of the operations of the respective parties into perspective.

- **Annual Review**
 - **AKG's Annual Review Star Rating**
AKG's assessment (on a scale of 1 to 5 stars) of the brand's performance, relative to others in the market, during the year under review. See the later section 'Guide to AKG Ratings' for further details of the methodology used.
 - **AKG's Annual Review Summary**
AKG's comments on how the brand has performed during the year under review, particularly relative to its peers.

Format - Short Reports

Each short report covers a subset of the information included in a full report, using an identical approach with regard to definitions (as described above). The sections included are:

- **Information on the main company:**
 - **Corporate Data**
 - Ownership
 - Open to New Business?
 - Year Established
 - Head Office
 - Administration Office
 - Website - Consumer
 - Website - IFA
 - Key Personnel
 - Company Background
 - **Overall Financial Strength**
 - Overall Financial Strength Rating
 - Overall Financial Strength Summary
 - **Key Financial Data**
 - Long Term Business Admissible Assets
 - Free Assets
 - Free Asset Ratios
 - CRR Coverage Ratios
 - Long Term Business Liabilities and Margins
 - Expense Ratios
 - **New Business Data**
 - New Single Premiums
 - New Regular Premiums
- **Further brand-related information:**
 - **Distribution**
 - Method
 - Image and Strategy
 - **Products**
 - Overall Product Philosophy
 - **Service**
 - Approach
 - **Investment**
 - Overall Approach
 - Funds Under Management
 - **Annual Review**
 - AKG's Annual Review Summary

Financial Strength Ratings - Introduction

The aim of AKG's financial strength ratings is to assist IFAs and others to assess the relative strengths of individual provider companies. AKG's concept of 'financial strength' starts with the fundamental issue of a company's ability to meet all of its guaranteed payments to policyholders, but extends beyond this by aiming to factor in the degree to which a policyholder's expectations are likely to be met - or even exceeded - in the long-term. For performance-related products, where the eventual return generally depends largely upon a company's success in consistently delivering superior investment performance, and in containing expense charges, a company's ability to meet expectations is likely to be heavily dependent upon whether or not it is able to sustain its operations in the relevant market, and whether or not it can maintain, or improve, its competitive position.

As a result, AKG believes that, ideally, the evaluation of 'financial strength' should depend upon the type of product under consideration. A particular company may be judged as very strong in the context of one particular product line, but it may be weaker in another context. An illustration of this concept is a company that currently only markets unit linked business, but which has a very small closed block of with profits business, written many years ago. Such a company may be judged as 'good' for unit linked business, whilst considered 'poor' in respect of with profits business.

Since the inception of AKG's Company Profiles and Financial Strength Reports, AKG has consistently promoted and developed the concept of providing financial strength ratings separately for each of the three major product categories - With Profits, Non Profit and Unit Linked, and these are included in FULL report assessments.

All AKG's financial strength ratings should be used with care, since even the more detailed approach described above represents something of a simplification. To illustrate this point, for example, the 'Non Profit' category covers a multiplicity of different products. It is clear that slightly different criteria should be used for, say, short-term policies with fully guaranteed terms (e.g. Guaranteed Bonds), than for longer-term policies with terms that can be varied at the company's discretion (e.g. Renewable or Reviewable Term).

AKG assesses financial strength using consistent methodology and objective measures wherever possible, and based on the detailed analysis of the company's particular strengths and weaknesses. The objectives and criteria for each of the financial strength ratings are summarised below:

With Profits Financial Strength Rating

The objective is to assess the overall strength of the company's with profits funds. The initial concern is the company's ability to meet its ongoing guaranteed, or promised, commitments, i.e. existing sum assured and bonuses. However, the company's ability to continue to compete successfully in the with profits market is also particularly relevant, given that closed funds are sometimes bad news for policyholders. In such situations, overall expenses tend to increase as a proportion of the fund and investment performance may well deteriorate. These, together with other factors, may make it difficult for companies in such situations to maintain competitive bonus rates at future declarations, although existing declared bonuses are not affected (other than possibly by MVRs).

The main criteria taken into account are: capital base and free asset position, with profits realistic balance sheet position, the amount of with profits business in-force, parental strength (and likely attitude towards supporting the company), and image and strategy.

NOTE: More detailed analysis of with profits companies is included in AKG's UK Life Office With Profits Report.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

Non Profit Financial Strength Rating

The objective is to assess the company's ability to meet all guaranteed payments arising from such contracts as term plans, annuities etc.

The main criteria taken into account are: free assets, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), and image and strategy.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

Unit Linked Financial Strength Rating

Whilst this is essentially a non profit line, and the primary objective is to assess the company's ability to meet all guaranteed payments arising, AKG also seeks to take into account the extent to which the company is likely to be able to sustain its unit linked operations, and whether or not it is likely to be able to maintain, or improve, its competitive position. Thus strategic issues are also relevant, because of their bearing on the quality of investment management offered, and because of companies' rights to increase charges etc.

The main criteria taken into account are: free assets, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), typical fund performance achievements, and image and strategy.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

Overall Financial Strength Rating

The objective is to provide a simple broad-brush indication of the general financial strength of a company. In addition to an assessment of the company's ability to meet all of its guaranteed payments to policyholders, AKG also aims to factor in the degree to which policyholders' expectations are likely to be met - or even exceeded - in the long-term. This involves an assessment of a company's ability to survive in its current form for the long term. The overall rating inherently reflects the mix of business in-force within the company, since different types of policyholder have different expectations, and the company's particular strengths and weaknesses in respect of its key product areas.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital base and free asset position, with profits realistic balance sheet position, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), typical fund performance achievements, and image and strategy.

A	Superior
B+	Very strong
B	Strong
B-	Satisfactory
C	Weak
D	Very Weak

Supporting Ratings - Introduction

Supporting ratings are provided only in full reports, and are assessed at the brand level. AKG assesses three key supporting areas, using consistent methodology and objective measures wherever possible. The aim is to assist IFAs and others to consider the relative merits of the brands that they deal with. AKG's objectives and criteria for each of these ratings are summarised below:

Service Rating

The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

Image and Strategy Rating

The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

Annual Review Rating

This is an end of year view for the last year for which Report and Accounts, returns to the FSA, etc., are available, together with comment on any significant post-balance sheet events. It is an assessment of how the brand has fared against its peers, and how it is perceived externally.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity - good or bad, press or market commentary, regulatory fines, and competitive position.

★★★★★	Excellent
★★★★	Very good
★★★	Good
★★	Adequate
★	Poor
☐	Not rated

AKG is an actuarially based consultancy specialising in the provision of ratings, information and market assistance to the financial services industry.

Assistance to Provider Companies

AKG assists providers in:

- Financial strength analysis, ratings and presentation
- Data and information provision
- Actuarial consultancy
- Distribution consultancy

Assistance to Financial Intermediaries

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The logo for AKG, consisting of the letters 'AKG' in a bold, black, sans-serif font. The background of the page features large, overlapping, semi-transparent circles in shades of light orange and light blue.

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