

# Actuarial Report as at 31 December 2023 Europ Assistance Holdings Limited Pension and Life Assurance Plan

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11 April 2024

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**QAS** Institute<sup>®</sup>  
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## Introduction

Part 3 of the Pensions Act 2004 requires trustees of schemes with more than 100 members to obtain annual actuarial reports between formal valuations (if they don't, a formal valuation must be carried out each year). The annual report must be prepared and signed by the Scheme Actuary, and cover developments affecting the Scheme's technical provisions since the last valuation.

This report has been prepared by the Scheme Actuary and is addressed to the Trustee of the Europ Assistance Holdings Limited Pension and Life Assurance Plan (the Plan). It provides an approximate update of the funding position of the Plan as at 31 December 2023 and complies with the statutory requirements for such reports.

By law, you are required to forward a copy of this report to the Employer within 7 days of receipt.

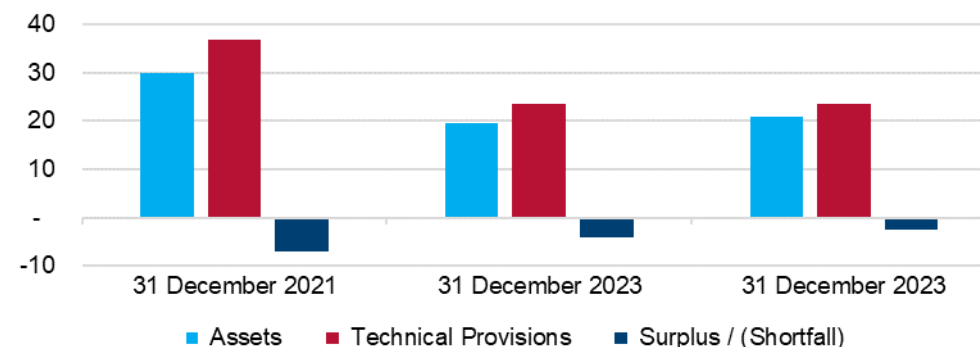
Readers other than the Trustee of the Plan should note that this report cannot be relied upon as being actuarial advice to third parties and third parties should seek their own independent advice as appropriate.

## Update on the funding position

The estimated SFO funding position as at 31 December 2023 is set out in the following table and chart below. For comparison purposes, the positions as at 31 December 2021 and 31 December 2022 are also shown.

SFO valuation	Actual position 31 December 2021 £'000s	Estimated position 31 December 2022 £'000s	Estimated position 31 December 2023 £'000s
Assets	29,820	19,609	20,859
Technical provisions	36,738	23,622	23,401
Surplus/ (Shortfall)	(6,918)	(4,013)	(2,542)
Funding Level	81%	83%	89%

SFO Funding Position (£m's)

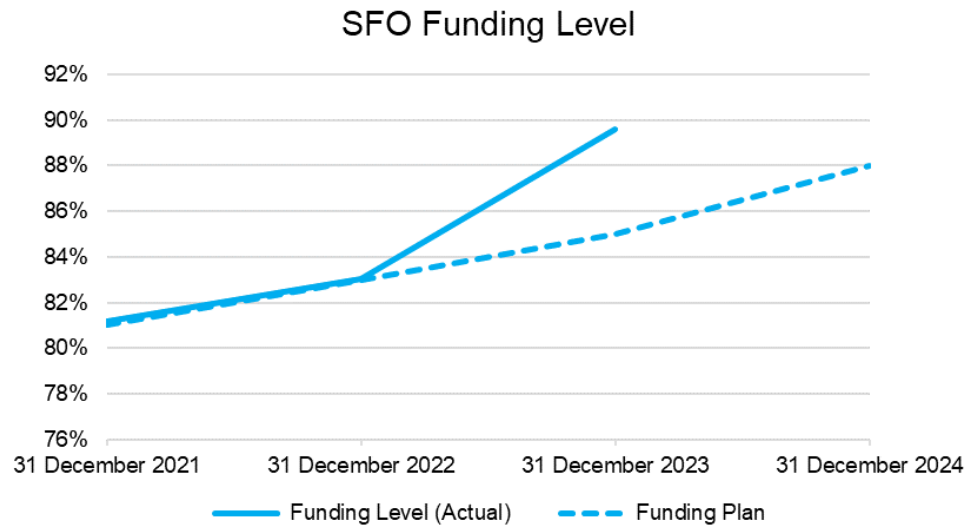


The shortfall has reduced since the last actuarial valuation as at 31 December 2021.

**Expected funding position**

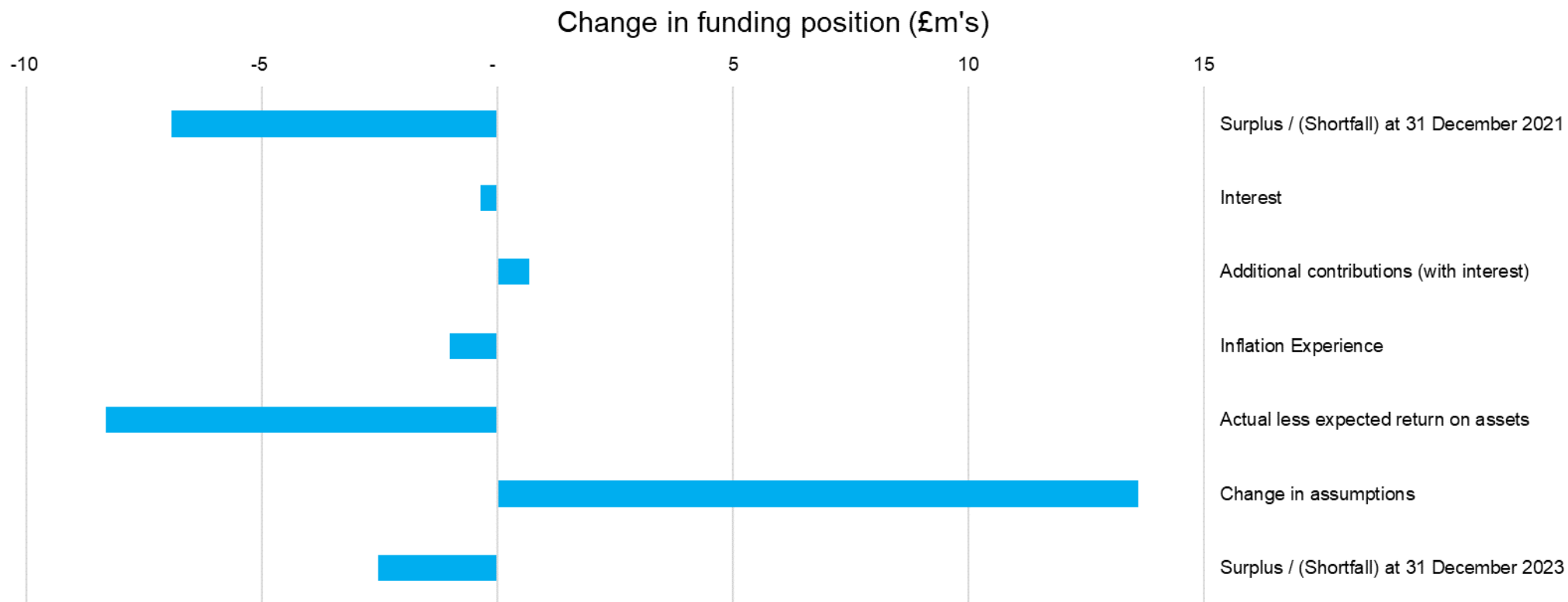
Given the shortfall at the last valuation, a Recovery Plan was put in place, with the aim of being fully funded by 31 January 2031 (and projected to have reached 88% by 31 December 2024).

The Recovery Plan agreed as part of the actuarial valuation made an allowance for post valuation date experience and the improvement to the funding position at 31 January 2023 (the date of certifying the Schedule of Contributions).



As at 31 December 2023 the funding plan was ahead of schedule.

## Reasons for the change in funding position



The funding position since 31 December 2021 has improved. This is mainly due to the changes in assumptions which has resulted in a lower value being placed on the technical provisions reflecting the increase in gilt yields over the period.

This was partly offset by the actual return on the Plan assets being lower than assumed and by higher than expected inflation over the period.

## Assumptions

Financial assumptions have been updated to reflect the market conditions at 31 December 2023. All demographic assumptions are the same as used for the last actuarial valuation. The derivation of these assumptions are set out in the Statement of Funding Principles dated 31 January 2023.

Key assumptions	31 December 2021	31 December 2022	31 December 2023
<b>Discount rate</b>	Gilt curve +2.0% pa gradually reducing to gilt curve +1.1% pa in 2038  Example gilt yield at duration 20 year: 1.2% pa	Gilt curve +2.0% pa gradually reducing to gilt curve +1.1% pa in 2038  Example gilt yield at duration 20 year: 4.2% pa	Gilt curve +2.0% pa gradually reducing to gilt curve +1.1% pa in 2038  Example gilt yield at duration 20 year: 4.3% pa
<b>RPI</b>	Implied RPI curve  Example implied inflation at duration 20 years: 3.8% pa	Implied RPI curve  Example implied inflation at duration 20 years: 3.6% pa	Implied RPI curve  Example implied inflation at duration 20 years: 3.4% pa
<b>CPI</b>	RPI curve -1.3% pa before 2030 and RPI curve thereafter	RPI curve -1.3% pa before 2030 and RPI curve thereafter	RPI curve -1.3% pa before 2030 and RPI curve thereafter
<b>Mortality</b>	100% S3PMA / 100% S3PFA CMI 2021 long term improvement of 1.50%		
<b>Commutation</b>	Members are assumed to take 75% of the maximum cash lump sum available based on factors in force at the valuation date		
<b>Proportion married</b>	85% for males / 75% for females at retirement or earlier death		
<b>GMP equalisation reserve</b>	1% of liabilities		

## Appendix A: Background

The last full actuarial valuation of the Europ Assistance Holdings Limited Pension and Life Assurance Plan was carried out as at 31 December 2021. In accordance with the Statement of Funding Principles (SFP) dated 31 January 2023, the Trustee has commissioned this Actuarial Report for the year ending 31 December 2023.

### The update process

This actuarial update is based on the SFP dated 31 January 2023. I have not made any allowance for changes to the SFP that might be made if a full review were carried out. In particular, I have assumed that there has been no change in the Trustee assessment of the strength of the Employer covenant since the previous valuation and have not made further consideration of the degree of prudence in the assumptions.

I have estimated the technical provisions as at 31 December 2023 by carrying out a valuation based on the member data prepared for the previous actuarial valuation as at 31 December 2021, approximately adjusted to 31 December 2023 to allow for price inflation over the period and membership movements (by removing members for whom no further benefits are due and reducing the defined benefit obligation by the amount of any tax free cash and death lump sums paid during the period).

All other experience over the period is assumed to be in line with that assumed for the valuation as at 31 December 2021. The figures have then been updated to reflect market conditions as at 31 December 2023 using the methodology set out in the SFP.

Details of the changes to scheme membership and benefit payments have been provided by the Plan administrators, First Actuarial LLP.

Asset values have been supplied by Mobius Life Limited (as used in the draft Trustee Report & Financial Statements at 31 December 2023), together with details of the Trustee's bank account and net current assets from First Actuarial LLP, the Plan administrator, and are currently unaudited.

A number of approximations have been used and the results cannot be expected to be as accurate as if a full valuation with full current member data had been carried out.

However, I believe the approach taken to be adequate for the purposes of assessing whether the current funding plan is still appropriate.

## Appendix B: Compliance

### Actuarial standards

The following Technical Actuarial Standards (TAS) apply to this work:

- TAS 100: General Actuarial Standards
- TAS 300: Pensions

I confirm I have complied with their requirements.

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