

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

## 5. Insurance service result continued

2022	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	8.4	–	8.4	66.6	3.1	69.7	78.1
Opening liabilities	–	–	–	–	–	–	–
<b>Net opening balance</b>	<b>8.4</b>	<b>–</b>	<b>8.4</b>	<b>66.6</b>	<b>3.1</b>	<b>69.7</b>	<b>78.1</b>
<b>Allocation of reinsurance premiums</b>	<b>(44.4)</b>	<b>–</b>	<b>(44.4)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(44.4)</b>
<b>Amounts recoverable from reinsurers for incurred claims</b>							
Incurred claims	–	–	–	31.6	11.9	43.5	43.5
Changes to liabilities for incurred claims	–	–	–	(1.8)	1.0	(0.8)	(0.8)
Changes in the loss recovery component	–	0.3	0.3	–	–	–	0.3
<b>Net income/(expense) from reinsurance contracts held</b>	<b>(44.4)</b>	<b>0.3</b>	<b>(44.1)</b>	<b>29.8</b>	<b>12.9</b>	<b>42.7</b>	<b>(1.4)</b>
Reinsurance finance income/(expense) recognised in profit or loss	–	0.3	0.3	1.4	0.2	1.6	1.9
Reinsurance finance income/(expense) recognised in OCI	–	(0.5)	(0.5)	(0.7)	(0.1)	(0.8)	(1.3)
<b>Total changes in comprehensive income</b>	<b>(44.4)</b>	<b>0.1</b>	<b>(44.3)</b>	<b>30.5</b>	<b>13.0</b>	<b>43.5</b>	<b>(0.8)</b>
Reinsurance investment components	(78.4)	–	(78.4)	78.4	–	78.4	–
<b>Cashflows</b>							
Premiums paid	126.1	–	126.1	–	–	–	126.1
Amounts received	–	–	–	(76.9)	–	(76.9)	(76.9)
<b>Total cashflows</b>	<b>126.1</b>	<b>–</b>	<b>126.1</b>	<b>(76.9)</b>	<b>–</b>	<b>(76.9)</b>	<b>49.2</b>
<b>Net closing balance</b>	<b>11.7</b>	<b>0.1</b>	<b>11.8</b>	<b>98.6</b>	<b>16.1</b>	<b>114.7</b>	<b>126.5</b>
Closing assets	11.7	0.1	11.8	98.6	16.1	114.7	126.5
Closing liabilities	–	–	–	–	–	–	–

## International Insurance

The following tables reconcile the opening and closing balances of the ARC and AIC for International Insurance.

2023	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss-recovery component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	3.4	3.4	412.7	35.1	447.8	451.2
Opening liabilities	(19.0)	–	(19.0)	–	–	–	(19.0)
<b>Net opening balance</b>	<b>(19.0)</b>	<b>3.4</b>	<b>(15.6)</b>	<b>412.7</b>	<b>35.1</b>	<b>447.8</b>	<b>432.2</b>
<b>Allocation of reinsurance premiums</b>	<b>(190.0)</b>	<b>–</b>	<b>(190.0)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(190.0)</b>
<b>Amounts recoverable from reinsurers for incurred claims</b>							
Incurred claims	–	–	–	243.7	26.6	270.3	270.3
Changes to liabilities for incurred claims	–	–	–	(69.8)	(26.1)	(95.9)	(95.9)
Changes in the loss recovery component	–	(1.7)	(1.7)	–	–	–	(1.7)
<b>Net income/(expense) from reinsurance contracts held</b>	<b>(190.0)</b>	<b>(1.7)</b>	<b>(191.7)</b>	<b>173.9</b>	<b>0.5</b>	<b>174.4</b>	<b>(17.3)</b>
Reinsurance finance income/(expense) recognised in profit or loss	–	–	–	4.0	0.6	4.6	4.6
Reinsurance finance income/(expense) recognised in OCI	–	0.5	0.5	7.4	1.9	9.3	9.8
Foreign exchange impact	6.3	–	6.3	(11.7)	(0.7)	(12.4)	(6.1)
<b>Total changes in comprehensive income</b>	<b>(183.7)</b>	<b>(1.2)</b>	<b>(184.9)</b>	<b>173.6</b>	<b>2.3</b>	<b>175.9</b>	<b>(9.0)</b>
Reinsurance investment components	(148.9)	–	(148.9)	148.9	–	148.9	–
<b>Cashflows</b>							
Premiums paid	328.4	–	328.4	–	–	–	328.4
Amounts received	–	–	–	(269.8)	–	(269.8)	(269.8)
<b>Total cashflows</b>	<b>328.4</b>	<b>–</b>	<b>328.4</b>	<b>(269.8)</b>	<b>–</b>	<b>(269.8)</b>	<b>58.6</b>
<b>Net closing balance</b>	<b>(23.2)</b>	<b>2.2</b>	<b>(21.0)</b>	<b>465.4</b>	<b>37.4</b>	<b>502.8</b>	<b>481.8</b>
Closing assets	–	2.2	2.2	465.4	37.4	502.8	505.0
Closing liabilities	(23.2)	–	(23.2)	–	–	–	(23.2)