

Actuarial Report as at 31 December 2022 Europ Assistance Holdings Limited Pension and Life Assurance Plan

Christopher Martin FIA

8 February 2023

Fosse House, 182 High Street, Tonbridge, Kent, TN9 1BE
T: 01732 207571 E: chris.martin@firstactuarial.co.uk W: www.firstactuarial.co.uk

QAS Institute and Faculty of Actuaries
Quality Assurance Scheme

Regulated in the UK by the Institute and Faculty of Actuaries in respect of a range of investment business activities.
First Actuarial LLP is a limited liability partnership registered in England & Wales. Number OC348086.
Registered address: First Actuarial LLP, Mayesbrook House, Lawnswood Business Park, Leeds, LS16 6QY.



Introduction

This report is addressed to the Trustee of the Europ Assistance Holdings Limited Pension and Life Assurance Plan (the Plan) and is intended to provide an approximate update of the funding position of the Plan as at 31 December 2022.

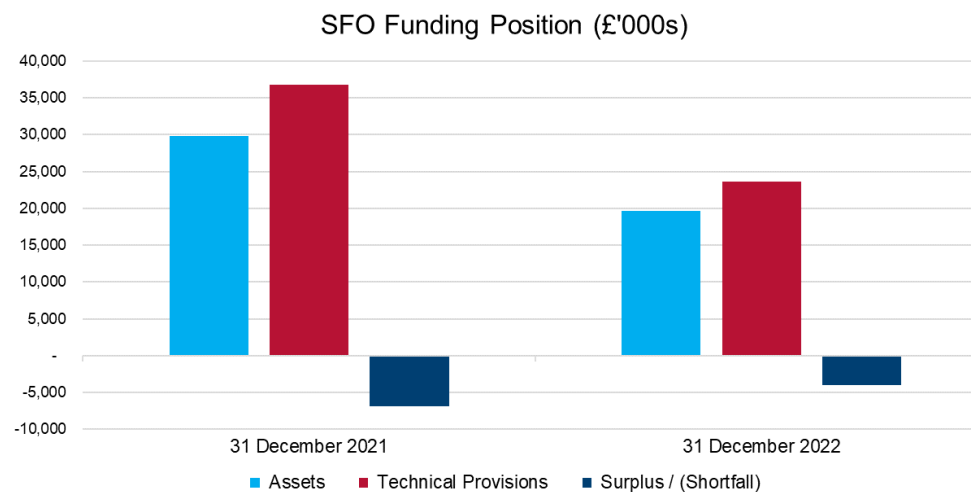
By law, you are required to forward a copy of this report to the Employer within 7 days of receipt.

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 2022 is set out in the following table and chart below. For comparison purposes, the position as at 31 December 2021 is also shown.

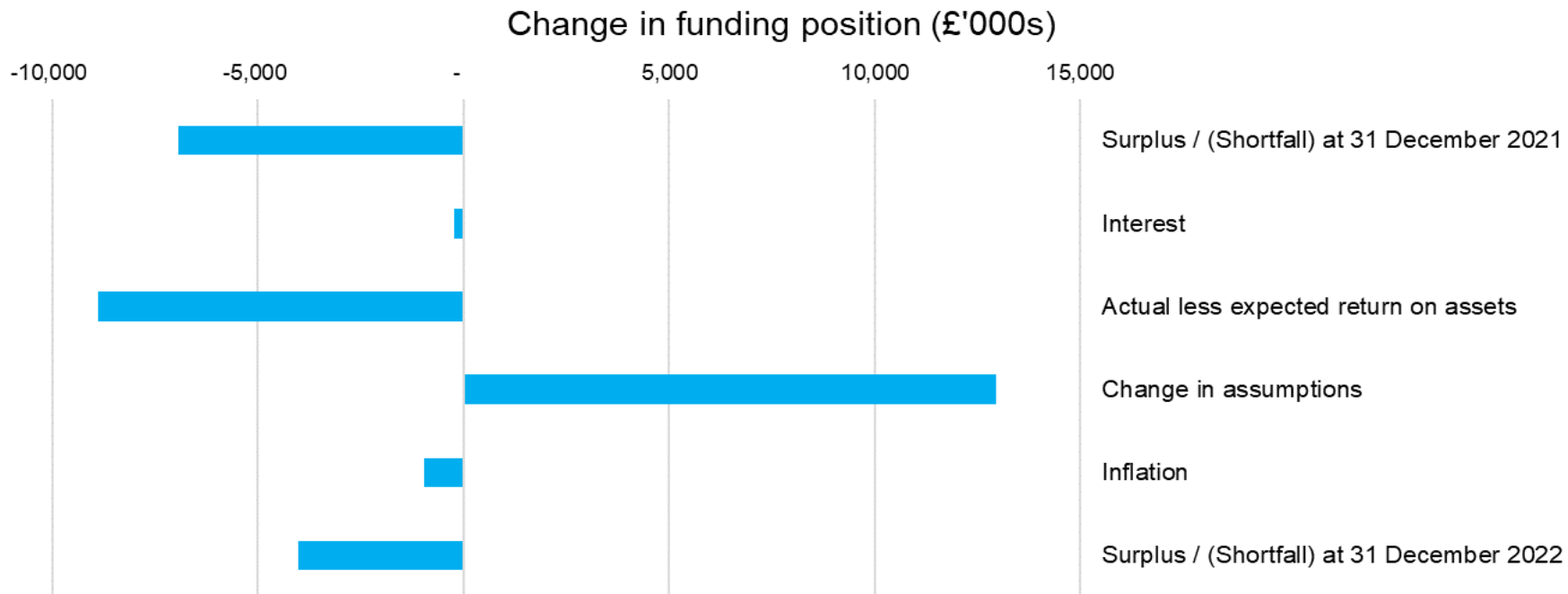
SFO valuation	Actual position 31 December 2021 £'000s	Estimated position 31 December 2022 £'000s
Assets	29,820	19,609
Technical provisions	36,738	23,622
Surplus/ (Shortfall)	(6,918)	(4,013)
Funding level	81%	83%



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

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.

Reasons for the change in funding position



The funding position since 31 December 2021 has improved. This is mainly due to 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 assets being lower than expected and by higher than expected inflation over the period.

Assumptions

Financial assumptions have been updated to reflect the market conditions at 31 December 2022. 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
Discount rate	Gilt curve +2.0% pa gradually reducing to gilt curve +1.1% pa in 2038 Example gilt yield at duration 20 years: 1.2% pa	Gilt curve +2.0% pa gradually reducing to gilt curve +1.1% pa in 2038 Example gilt yield at duration 20 years: 4.2% pa
RPI	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
CPI	RPI curve -1.3% pa before 2030 and RPI curve thereafter	RPI curve -1.3% pa before 2030 and RPI curve thereafter
Mortality	100% S3PMA / 100% S3PFA CMI 2021 long term improvement of 1.50%	
Commutation	Members are assumed to take 75% of the maximum cash lump sum available based on factors in force at the valuation date	
Proportion married	85% for males / 75% for females at retirement or earlier death	
GMP equalisation reserve	1% of the 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 2022.

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.

I have estimated the technical provisions as at 31 December 2022 by carrying out a full valuation based on the member data prepared for the previous actuarial valuation as at 31 December 2021, approximately adjusted to 31 December 2022 to allow for price inflation over the period and for 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 2022 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, together with details of the Trustee's bank account and net current assets from First Actuarial LLP, the Plan administrator, and are 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 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: Principles for Technical Actuarial Work
- TAS 300: Pensions

I confirm I have complied with their requirements.

iBoxx data disclaimer

Neither Markit, its Affiliates or any third party data provider makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. Neither Markit, its Affiliates nor any data provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the Markit data, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

Opinions, estimates and projections in this report do not reflect the opinions of Markit Indices and its Affiliates. Markit has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Without limiting the foregoing, Markit, its Affiliates, or any third party data provider shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

CMI Data

Mortality tables and the CMI Projections Model are copyright material of the Continuous Mortality Investigation Limited and the Institute and Faculty of Actuaries.

ONS Data

ONS data has been adapted from data from the Office for National Statistics licensed under the Open Government Licence v.3.0 (<http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>).