

Westfield Contributory Health Scheme Limited
Solvency and Financial Condition Report
for the year ended 31 March 2025

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Summary

About Westfield Health

Westfield Contributory Health Scheme Limited (“Westfield Health”, the “Company”) is a health insurance company formed over a century ago with the vision of improving people’s health and wellbeing. By helping people to access and pay for health treatment and through charitable donations, Westfield Health supports the NHS and charities to help its customers and the community to a healthier life. Westfield Health does not have shareholders, this allows them to focus on giving back to causes that can impact health and wellbeing.

Westfield Health is dedicated to making a healthy difference to the quality of life of customers and the communities in which they live and work. Westfield Health’s mission is to inspire and empower people to be the best that they can be, and to deliver evidence-based health and wellbeing solutions that support people, communities and workplaces to be healthier.

Westfield Health is the parent company of the Westfield Group (the “Group”) which encompasses a number of companies that operate in the health and wellbeing market.

About Westfield Health’s products

Westfield Health offers two different types of insurance - health cash plans and private health insurance:

Health Cash Plan

A health cash plan allows a policyholder to claim money back, up to set limits, towards the cost of essential healthcare. It is a great way to help budget for everyday health costs. From dental appointments to optical check-ups, therapy treatment and more, policyholders can rest assured that their cover will help with the bills. Dependent children may be covered too, on key benefits, giving extra peace of mind.

A health cash plan also provides access to valuable health and wellbeing services including 24 hour telephone access to a UK GP and an advisory service for care after hospital for elderly relatives.

Private Health Insurance

Private health insurance occupies the “middle market” between health cash plans and fully-featured private medical insurance. It makes private surgery and medical treatment more accessible, to ensure policyholders can be treated as quickly as possible. Westfield Health’s prices have been kept affordable by negotiating fixed price treatment packages and excluding heart and cancer treatment (areas for which the NHS has established and proven pathways) and excluding chronic conditions.

About this report

The purpose of this Solvency and Financial Condition Report is to enable policyholders and other stakeholders to understand Westfield Health’s business performance, governance, risk management, valuation policies, and its management of solvency and capital. It is accompanied by a number of reporting templates which set out more quantitative detail around the financial position and solvency of Westfield Health.

Westfield Health does not need to undertake group reporting, this is therefore a solo based report for the insurance entity but with Group financial results reported where necessary.

Finances

Gross premiums earned increased year on year from £71.9m to £77.1m, an increase of £5.2m (7.3%). There has been a net increase in total policyholder numbers year on year of 7.0% as well as some targeted price increases on corporate products.

Westfield Health's solvency ratio (measured as Own Funds divided by Solvency Capital Requirement) was 235% as at 31 March 2025 (2024: 247%). The regulations are designed so that a ratio of 100% should be enough capital to survive a "one-in-two-hundred year" event.

The table below summarises Westfield Health's consolidated financial results for the year as reported in the Group financial statements:

Summary Comprehensive Income Statement	2025 £'000	2024 £'000
Surplus/(Deficit) on insurance operations	724	(736)
Impairments & revaluations	228	(5,201)
Surplus/(Deficit) on technical account	952	(5,937)
Net non-technical result	3,079	2,781
Surplus/(Deficit) before charitable donations	4,031	(3,156)
Gift Aid and other charitable donations	(285)	(361)
Surplus/(Deficit) before tax	3,746	(3,517)
Tax	(782)	(139)
Surplus/(Deficit) for the year on Ordinary Activities	2,964	(3,656)
FX differences on translation of foreign operations	(25)	-
Actuarial gain/(loss) on pension scheme	553	(993)
Surplus/(Deficit) transferred to reserves	3,492	(4,649)

Customer service

Net Promoter Score ("NPS") is a customer loyalty metric that asks policyholders (amongst other questions) "How likely is it that you would recommend Westfield to family, friends or colleagues?"

We are pleased to report that we have maintained our high NPS of 74 and overall customer satisfaction rate ("CSAT") of 4.9/5.

Developments at Westfield Health

Westfield Health has achieved yet another record-breaking year, marking the fourth consecutive year of success. Across both our Insurance and Wellbeing businesses, new business sales have soared, setting new records and solidifying our position as a market leader.

Our Wellbeing business continues to scale rapidly, with a client portfolio that includes many of the world's most prestigious brands across finance, technology, and sport. Since the pandemic, revenues in this division have surged to over £20m. This trajectory sees us manage over 80 corporate gyms and wellbeing programmes and has positioned us as the go-to provider internationally.

At the heart of our success is our unwavering commitment to redefining health through prevention, compassion and innovation.

We are dedicated to helping improve quality of life and we believe that wellbeing is the foundation of a thriving world. By uniting people, workplaces and communities, we are unlocking human potential and shaping a healthier and fairer future for all. We achieve this by integrating innovation with action—offering preventative health solutions through our UK health cash plans and managing world-class corporate gym and wellbeing contracts. We've forged pioneering transformative partnerships with the Advanced Wellbeing Research Centre (AWRC) and the Sport Legacy Institute (SLI) — an engine for innovation that channels world-class research and design to empower individuals, workplaces, and communities to thrive.

This year we made standout progress in enhancing our IT infrastructure and driving digital transformation. This is a key pillar that will underpin our value proposition in Insurance, and soon grow to be a powerful enabler across the entire Group. By leveraging digital tools, automation, and artificial intelligence, we are shaping a business that is more responsive, streamlined, and scalable — matching our ambition for the years to come.

Giving Back: Our sustained success has empowered us to give back more than ever before, committing to £1m of community give back, a significant milestone in our work to reduce health inequalities. As we grow, we are committed to creating lasting impact and driving positive change in the communities we serve.

Our involvement extends beyond financial contributions alone. By pioneering the creation of the SLI, we are fostering innovation in health and wellbeing, supporting underprivileged communities, and shaping the future of preventative health.

Our Impact Strategy aims to:

- Establish Westfield Health as a global leader in preventative health
- Create new ventures in preventative health
- Develop commercial research partnerships
- Impact over 1 million lives worldwide

A. Business and performance

A.1. Business

Name, legal form and key contacts

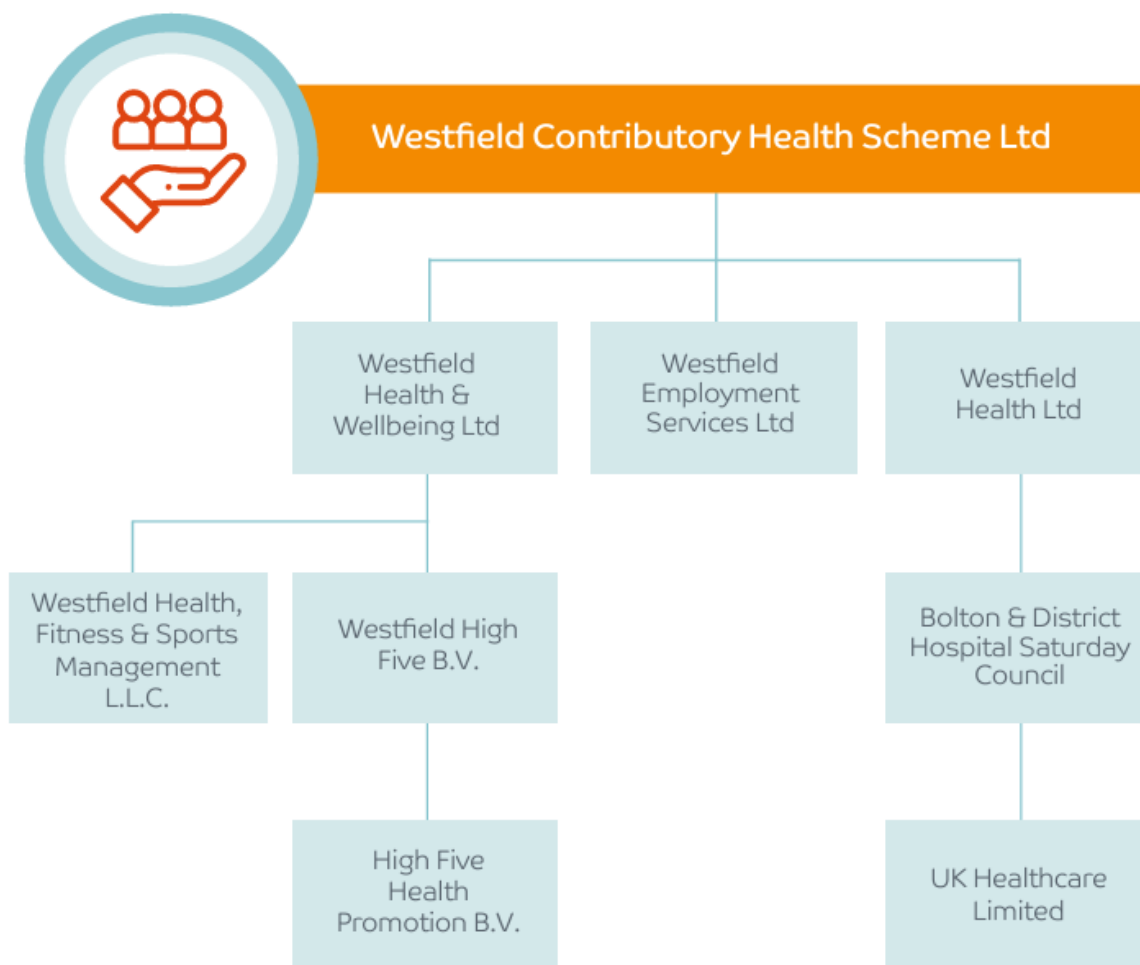
Westfield Health is a health insurance company formed over a century ago in 1919.

Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 14 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Group comprises the following companies:

- 100% of the ordinary share capital of Bolton & District Hospital Saturday Council, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health & Wellbeing Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield High Five B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of High Five Health Promotion B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of Westfield Health, Fitness & Sports Management L.L.C., a company incorporated in Dubai;
- 100% of the ordinary share capital of Westfield Employment Services Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health Limited, an investment holding company incorporated in England and Wales;
- 100% of the ordinary share capital of UK Healthcare Limited, a dormant company incorporated in England and Wales;
- 31% of the ordinary share capital of BHCA Services Limited, a company incorporated in England and Wales; and
- 10% of the ordinary share capital of Sport Legacy Group Limited, a company incorporated in England and Wales.

The diagram below sets out the group structure of Westfield Health and its wholly owned subsidiaries:



Westfield Health's prudential regulator is the Prudential Regulatory Authority, Bank of England, 20 Moorgate, London EC2R 6DA ("the PRA"); its external auditors are BDO LLP, 55 Baker Street, London, W1U 7EU.

Lines of business

Westfield Health's only line of insurance business, encompassing both health cash plans and private health insurance, is health insurance within the United Kingdom and Channel Islands.

Material events during the year

During the year a number of significant events and programmes have been undertaken by Westfield Health:

Colleagues

We delivered a range of activities across the Group to support the wellbeing of our colleagues, from live webinars and exercise classes, to a wellness hour and wellbeing survey.

Our latest Pulse survey was delivered in March 2024 to the whole group. These insights are essential in supporting us to develop our people led strategy – one that is evidence-based and aligned with the needs of our colleagues.

In May 2024 we briefed our leadership team on the survey results for their department, including specific areas of focus to improve the employee experience for the people in their team.

Westfield Health proudly maintains the Investors in People Gold accreditation, initially achieved in 2019 and reaffirmed in 2022. In September 2024 (UK only) we were confirmed to be still scoring in line or above IIP average for most indicators.

We received particularly strong scores for living the organisation's values and behaviours, managing performance, and creating sustainable success.

The accreditation underscores our dedication to fostering high performance through exemplary people management practices. Results of these surveys feed into the wider People strategy to continue to improve our people practices and drive our future activity

Customers

Our customer services team delivered exceptional, record-equalling customer satisfaction results, with customers rating our service at 4.9 out of 5, and a Net Promoter Score of 74. These scores have been gained from 70,000 customers who completed a survey having contacted us or having submitted a claim.

We have continued to promote the online customer journey via both our app and website, and we now receive over 91% of claims online. This enables our customers to get their claims paid quicker and streamlines our internal claims process.

We are also proud to support our customers who prefer to speak to someone and resolve almost 90% of queries at first contact with a satisfaction score of 4.7 out of 5 for "advisor helpfulness and friendliness" – well above the industry average.

Across the department, the positive customer feedback reflects high quality service with 88% of claims processed within one working day. Our customers rate this service at 4.8 out of 5. We complete policy changes for our customers within two working days on average.

With phone lines open over the festive period, feedback from customers indicated that they again appreciated this change, and operationally it removed much of the new year rush that we have experienced in the past, helping to maximise our customer experience.

Across our customer service team and with our colleagues in UK Healthcare, we have shared best practice to sustain high customer satisfaction amid customer growth. Specifically, we have introduced additional quality assurance and coaching to maintain service excellence and improved reporting and analytics to allow data driven decision making. We have also successfully transferred some of our claims processing for our UK Healthcare product to Sofia, Bulgaria. This has enabled us to address resource concerns while maintaining customer service levels and closely managing costs.

We have been making improvements to how we identify and support our vulnerable customers. We've delivered vulnerability training to advisors and team leaders, enhancing awareness and sensitivity. We also enhanced our systems to identify vulnerable customers during interactions, enabling tailored support. Dedicated team champions in customer-facing teams, supported by processes embedded in our quality frameworks, ensure consistent care. Additionally, we are developing a dedicated help page on our website to signpost resources and highlight cash plan benefits, empowering vulnerable customers with clear, accessible information.

We continue to explore the opportunities and efficiencies that technology can provide and have worked hard with several suppliers to understand the potential impact AI and other solutions can have on the department. This work will continue in 2025/26.

Finally, this has all been completed as exposure to the new insurance administration system has increased dramatically. As the Good4You book of business has been successfully migrated onto the new system, we have been proud to ensure the impact on customers has been minimised.

Community

At Westfield Health, our not-for-profit mutual status empowers us to give back to the communities we value most. For more than a century, our legacy has been rooted in generosity and support. In 2024/25, we've built on that tradition with another year of community giving – continuing to set new benchmarks for the difference we can make together.

We remain passionately committed to donating at least 1% of our revenue annually* to charities and projects that create meaningful, lasting change. By supporting initiatives that tackle health and wellbeing inequalities head-on, we strive to uplift and empower the communities we serve.

Our visionary and inclusive giving-back strategy, Westfield One, continues to champion better quality of life for our customers and the communities they're part of - driving meaningful impact through every initiative. We bring this vision to life through several impactful channels:

- **Westfield One Movement Committee:** This dynamic committee spearheads strategic initiatives that address the most pressing social challenges, making a significant and lasting difference.
- **Colleague-led Giving Back Committee:** Empowering our team with their own budget, this committee fosters a sense of belonging and drives impactful donations to vital charities and causes.
- **Chairs Fund:** Dedicated to swift, responsive support, this fund addresses immediate needs such as providing life-saving defibrillators.
- **Volunteering:** Our passionate colleagues are encouraged to dedicate their time to causes they believe in, amplifying our positive community impact.
- **Office Space and Resources:** We offer our facilities to local causes near our Sheffield headquarters, supporting their events, meetings, and wellbeing initiatives. We have also donated some gym and office equipment to local causes who could utilise this.
- **Grassroots Sports Teams:** this year, we launched a new initiative where colleagues can apply for funding for grassroots sports teams to buy new playing kit for clubs. We know the importance of getting more young people involved in sports, and do not want cost to be a barrier to this for families.

Supporting impactful projects

We meticulously select projects that have the potential to scale, address profound inequalities and ignite catalytic change in health and wellness. We understand the critical importance of the first and last pounds of funding, and we take immense pride in being the catalyst that transforms impactful initiatives into thriving, flourishing realities.

At Westfield Health, we are dedicated to making a significant, lasting impact on the communities we serve. With unwavering passion and commitment, we strive to be a force for good and a beacon of hope and positive change.

In addition to charitable donations, Westfield Health has provided sponsorship to three key initiatives during the year:

- **The British Transplant Games** help deliver Transplant Active's aim to demonstrate the benefits of transplantation; increasing public awareness of the need for organ donation, encouraging transplant recipients to lead active lifestyles, and show appreciation for donors and their families. They took place in Nottingham this year and attracted over 1,000 transplant athletes and 2,000 supporters.

- The Dame Kelly Holmes Trust's on-going vision is that all young people should have an equal opportunity to be the best version of themselves. They train world-class athletes to use their experience gained at the highest levels of sport to mentor young people facing challenges in their everyday lives and help unlock their potential. Our partnership with the Trust provides coaching, mentoring, and life skills for disadvantaged young people in Sheffield; our belief in their ethos meant that we extended our support for the Trust this year past the initial contracted period.
- The Sheffield 1000 gives the power of impact to their contributors; their charity model treats everyone equally and gives each person, family, or group a real chance to participate and contribute. They give away £1,000 donations to worthy causes with an S postcode, nominated by the people who are donating £1 a week. We supported them in branching out into the corporate sphere by providing them with a match funding initiative.

Strategic partnerships - investing in research

Being curious and pioneering are a core part of who we are at Westfield Health, and our relationship with the AWRC at Sheffield Hallam University forms the cornerstone of our commitment to research and innovation. Each year we collaborate on discrete research projects that help to achieve our joint aim of "making healthier differences to people's lives at work and in the community".

In 2024/25, partnership areas of focus were:

- Women's health - Digital workplace interventions are a potentially viable way to address disparities in midlife health and to support healthy ageing in women. Together, Westfield Health and the AWRC co-designed and tested the acceptability of a digital exercise programme for women in midlife, exploring targeted support in a way that could be offered virtually and at scale. Alongside this, we developed and delivered evidence-based menopause support training for working women that can be offered in person or virtually for our client workforces.
- The manual workforce - Understanding the unique health and wellbeing challenges of non-desk-based workers is critical for better supporting our growing clientele in this space. A detailed evidence review, focused on manufacturing and logistics sectors, has helped inform and evolve our proposition to focus on functional mobility support, rest & recovery solutions and educational programming for workers in manual roles.
- Health-related technology - Workplace health screening rarely includes measures of cardiorespiratory fitness, despite it being a greater predictor of cardiovascular disease and mortality than other routinely measured risk factors. Our 2024 study of a novel seismocardiographic device demonstrated an acceptable and non-invasive option for cardiorespiratory fitness testing in the workplace, due to the low effort requirement and simplicity of administration.
- Strategic consultancy with our clients - Working in tandem, we have supported many of our corporate clients to better understand and support their people in 2024/25. Through employee needs analysis and impact evaluation activities, we helped our clients make wellbeing investment decisions based on data and insight, using robust research methodology. We are proud of the difference we have helped to make for our clients and the individuals that work for them.

Information technology

A defining feature of the past year was our continued investment and delivery in IT infrastructure and digital transformation, which will be the foundation of our value proposition moving forward.

Although this mainly related to the Insurance business, going forward we expect technology to be the catalyst for unlocking greater value across all of our Group, for all our stakeholders—colleagues, customers and communities. By embracing digital capabilities, automation and AI, we are building a more agile, efficient, and scalable business that is ready for the future.

Going forward into the next year, we will continue to invest in our core technology systems, transitioning more customers to our latest digital platforms. This investment ensures we can support our customers more efficiently, following a clear roadmap for future enhancements.

We're working closely with colleagues in customer services and sales to ensure that the system meets new and emerging requirements as our company grows. We also use the feedback from the training to improve the user experience for subsequent features.

Our growth mindset drives us forward, investing in research and innovation to foster positive change. Our teams are actively incorporating AI tools to enhance our future capabilities.

The strategy for IT for the next year will not just focus on infrastructure and digital transformation, but also on further enhancing IT security, resilience and cost efficiencies to ensure sustainable and maintainable growth, not just for the insurance business, but across the whole group. To achieve this the IT team have been reviewing their processes, understanding the activity that generates costs and defining robust procedures to support the group.

We're aware that we still have some way before we can decommission the legacy insurance administration system, so we have also invested in new hardware which helps to ensure excellent system availability and performance for our users. We've also added further resource into the team, to eliminate people dependency risks.

Overview of financial performance

The following sections provide some detail on Westfield Health's financial performance through the year. For reference, the Group's consolidated income & expenditure account, as disclosed in the Group's audited financial statements, is included below:

	2025	2024
	£'000	£'000
Gross Premiums Earned	77,106	71,886
Total claims incurred	(53,910)	(52,248)
Third party administrative costs	(1,848)	(1,789)
	21,348	17,849
Net operating expenses	(20,624)	(18,585)
<i>Revaluation</i>		
Land and buildings	228	-
IT system impairment	-	(5,201)
Surplus/(Deficit) on general business technical account	952	(5,937)
Investment income	2,999	1,765
Unrealised (loss)/gains on investments	(75)	1,957
Share of profits of associates	1	3
Investment property revaluation	(122)	-
Other income	20,283	16,186
Other charges	(19,919)	(17,099)
Investment management fees	(64)	(62)
Net finance (expense)/income in respect of pensions	(24)	31
Surplus/(Deficit) before charitable donations	4,031	(3,156)
Other charges - Gift Aid and other charitable donations	(285)	(361)
Surplus/(Deficit) on Ordinary Activities before Tax	3,746	(3,517)
Tax charge on Ordinary Activities	(782)	(139)
Surplus/(Deficit) for the year on Ordinary Activities	2,964	(3,656)
<i>Other Comprehensive Income</i>		
FX differences on translation of foreign operations	(25)	-
Actuarial gains/(losses) on pension scheme	553	(993)
Surplus/(Deficit) for the year transferred to Revenue Reserve	3,492	(4,649)

A.2. Underwriting performance

In Solvency UK terms, Westfield Health has only one line of insurance business, health insurance, so all of the underwriting results are reported under a single line of business. The value written in the Channel Islands is immaterial, and therefore no geographical split is presented.

Key performance indicators

	24/25	23/24
Gross Premiums	£77.1m	£71.9m
Gross claims ratio	69.9%	72.7%
Operating Expense Ratio	26.8%	25.9%
Combined Ratio	99.1%	101.0%

Gross premiums

There has been a net increase in total policyholder numbers year on year of 7.0% as well as some targeted price increases on corporate products which resulted in a 7.2% increase in gross premiums from the previous year.

Gross claims ratio

The gross claims ratio decreased in the year to March 2025, we had previously seen the ratio increasing through inflation and increased incident rates, but the inflationary increases to amounts claimed levelled off this year whilst the incident rate decreased.

The gross claims ratio does not include the benefits provided to policyholders through third parties; these include counselling helplines, scanning services and access to telephone consultations with a GP.

Operating expense ratio

The close management of operating costs for Westfield Health remains a priority to ensure we operate in as efficient a manner as possible whilst providing the quality of service that our customers have learnt to expect from us. We are constantly looking at how we can do things differently or do different things. Operating costs include some non-capital work undertaken on the new insurance administration system to service policyholders.

Combined ratio

The combined ratio was expected to be around 100% as claims return to normal levels following the COVID impact. Excluding costs within operating expenses relating to our new insurance administration system build in both years results in combined ratios of 95.6% for 2025 and 98.2% for 2024.

A.3. Investment performance

Investment income and expenses

On a Solvency UK basis, Westfield Health's investments were valued at £60.6m at 31 March 2025 (2024 £61.0m). Realised and unrealised gains and losses plus related income and expenses on these, as reported in the FRS 102 financial statements, are set out below:

	2025 £'000	2024 £'000
Rental income from investment property	1,089	726
Rental expenses	(478)	(412)
Income from other investments:		
Interest - fixed income securities	154	121
Interest - cash and deposits with credit institutions	530	626
Dividends - investment in equity instruments	785	987
	2,080	2,048
<i>Profits/(Losses) on realisation of investments</i>		
Fixed income securities	150	(4)
Equity instruments	817	(182)
Alternative investments	(48)	(97)
Total	2,999	1,765

Investment returns remained volatile during the year, over the twelve-month period the portfolio made a positive investment return of 3.6%.

During the year funds were removed from the investment portfolio to meet the cash requirements of the group as we continue to invest in our digital capability and IT infrastructure.

No gains or losses on investments were reported directly in equity.

No direct investments are held in securitisations; Westfield Health has some indirect exposure via funds which include securitisations in their portfolios. Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management.

A.4. Performance of other activities

Income and costs relating to other activities are set out in the income and expenditure account at the end of section A.1 above. "Other income" of £20.3m (2024: £16.2m) relates to the Group's non-insurance sales. "Other charges" of £20.0m (2024: £17.1m) relate to the cost of delivering the Group's non-insurance business.

Westfield House was professionally valued in March 2025 by Lambert Smith Hampton at £10.1m, an increase of £0.1m compared to the net book value. This is included in the Income and Expenditure account to March 2025 as an increase in own use areas of (£228k) in the technical result and a decrease in the investment property element in the non-technical result of (£122k).

Charitable giving has continued throughout the year in support of Westfield Health's purpose of making a healthy difference to the quality of life of their customers and the communities in which they live and work.

Leases

Operating leases - Lessee

At 31 March 2025 Westfield Health had annual commitments under non-cancellable operating leases as follows:

	2025	2024
Expiry Date:	£'000	£'000
Less than one year	155	140
Between one and five years	96	168
Total	251	308

Operating leases - Lessor

The future minimum lease payments receivable under non-cancellable leases as at 31 March 2025 are as follows:

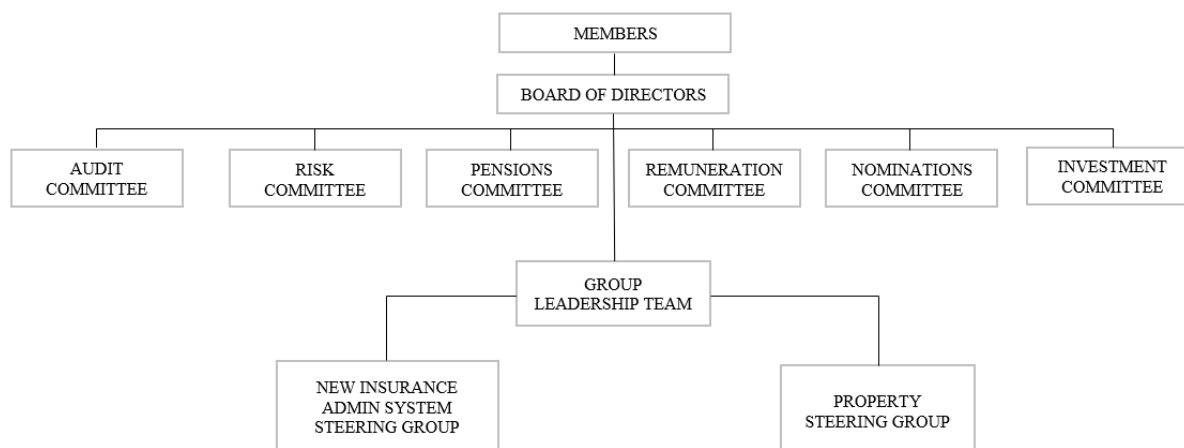
	2025	2024
Expiry Date:	£'000	£'000
Less than one year	627	572
Between one and five years	1,422	1,850
Total	2,049	2,422

B. System of governance

B.1. General information on the system of governance

Board and committee structure and roles

Westfield Health's governance structure is laid out below:



Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 14 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Board of Directors has overall responsibility for the direction and governance of Westfield Health.

The Audit Committee is entirely non-executive in composition. Its role is to act as part of Westfield Health's "third line of defence", reviewing reports from internal and external audit.

The Risk Committee is comprised of a mixture of executive, non-executive directors, the Risk Manager and is regularly attended by the Compliance Manager and other operational managers from across the business. The committee includes certain members of the Audit Committee to ensure the two groups' work is complementary.

The Pension Committee is comprised of a mixture of executive and non-executive directors and reviews the operation of the Group's defined benefit, defined contribution and life assurance schemes.

The Remuneration Committee is responsible for review and implementation of Westfield Health's remuneration policy, particularly where it applies to executive directors. Its membership is entirely composed of non-executive directors. A representative from HR acts as an advisor to the Committee.

The Nominations Committee is responsible for ensuring that the membership of the Board remains fit and proper. This includes selecting and recommending candidates, and succession planning for key Board roles, including executive and non-executive directors, and members. The Nominations Committee comprises the Chair of Westfield Health, the Chief Executive, and a Non-Executive Director. A representative from HR acts as an advisor to the Committee.

The Investment Committee is responsible for reviewing all aspects of Westfield Health's investment activities to ensure they are aligned with the Board's Investment Policy. Its membership comprises an executive director and other key members of the business.

The Group Leadership Team consists of the executive directors and other senior roles across the business. Its role includes the development of strategy for Board approval and managing the delivery of this strategy across Westfield Health.

This structure allows for the implementation of a “3 lines” risk management system. The “first line” comprises operational management, who are responsible for ensuring that adequate systems and controls are in place to manage risks in their areas. The “second line” comprises oversight functions (Compliance, Risk Management, and Actuarial functions) who advise and support managers in this role whilst retaining some operational independence; this second line reports to the Risk Committee. The “third line” is internal audit, which reports to the Audit Committee.

Key functions

Solvency UK defines four “key functions” - Internal Audit, Compliance, Risk Management and Actuarial - as essential for an effective system of governance in any insurer. Westfield Health has not identified any additional functions which it considers to be “key”. To minimise repetition, information about the implementation of these functions is set out in sections of this report relating to their activities.

Key Function	Section Reference	Section Title
Actuarial	B.6	Actuarial function
Compliance	B.4	Internal Control
Internal Audit	B.5	Internal Audit
Risk Management	B.3	Risk Management

Changes to the system of governance

A review of the governance structure continued during the year to ensure its robustness and appropriateness for current and future business challenges and opportunities. The cross section of appropriately experienced individuals on the Board, in both Executive and Non-Executive roles, ensures the right level of challenge and support to contribute to the delivery of the business’ strategic goals.

From 1st April 2024 there has been a restructure of the Executive Leadership Team, renamed the Group Leadership Team (GLT). The GLT comprises the Executive Directors and also Managing Directors for the Insurance business and Wellbeing division. The introduction of Managing Directors to the two operating streams of the Westfield group represents a commitment to support the sustainable growth of both businesses and recognises the need for diverse strategies, tactics and initiatives for each stream.

Remuneration policy

Principles

Westfield Health has a written remuneration policy, the key objectives of which are to ensure that Westfield Health is able to:

- Appropriately compensate employees and executive and non-executive directors for their services and to provide a flexible, competitive remuneration structure which:
 - reflects market practice and benchmarks;
 - is aligned to the performance of the business;
 - is tailored to the specific circumstances of Westfield Health;
 - is a transparent system throughout all levels of the Company;
 - attracts, motivates and retains highly skilled people; and

- determines remuneration in a way that ensures a level of equity and consistency across the business.
- Focus on ensuring a sound and effective risk management through:
 - a robust governance structure for setting and communicating goals;
 - inclusion of both financial and non-financial goals in performance and result assessments;
 - making fixed salaries a main remuneration component and providing an overall competitive total reward package;
 - rewarding long term performance of Executive Directors; and
 - independent advice from external advisers.
- Support the long-term goal of being a great employer.
- Ensure that no-one will be involved in determining their own pay.

Variable remuneration and performance criteria

Westfield Health has five forms of variable remuneration, paid to executive directors, GLT, Heads of Department, sales staff, and other staff. In all cases, these bonus schemes are fully flexible and discretionary.

The annual bonus schemes reward performance aligned to the Group's business goals and individual contribution and performance aligned to role-modelling of the Group's values. The bonus amount is determined by Group performance across agreed key performance measures, not all of which are financial measures, and individual contribution determined by the achievement of objectives and behaviours displayed. This provides an opportunity for the Group to share its successes, in an affordable way, with everyone who has contributed towards its corporate goals and promotes and encourages the 'One Team' Group value.

For sales staff, the bonus scheme is based on the income generated by individual sales consultants and is calculated on a monthly basis. There is also a quarterly bonus based on the individual's portfolio value.

Long term incentive scheme

In addition to the above variable remuneration schemes there is also a long term incentive scheme for the executive directors. The scheme is a 3-year scheme which began in 2024-25, with payments based on the performance of the Group up to the year 2026-27. The scheme was created to focus executive attention on overall growth and momentum bringing the Group to a sustainable level of trading results. The executive directors will receive a share of the Group's performance up to March 2027 above a series of set thresholds.

Supplementary pension or early retirement schemes

There are no supplementary pension or early retirement schemes in place for any director or staff member at Westfield Health.

Material transactions with influential parties

During the year there have been no material transactions with members of the Board or Members of the Company, other than their remuneration.

The following transactions occurred in the year with other related parties:

	2025	2024
	£'000	£'000
Transactions with associates:		
Income from associates	2	2
Payments to associates	(140)	(94)
	<u>(138)</u>	<u>(92)</u>

One director of the AWRC was also a director of Westfield Contributory Health Scheme Ltd during the year.

B.2. Fit & proper requirements

Westfield Health is committed to ensuring that everyone in leadership roles is fit and proper to manage the duties and responsibilities related to the key roles to which they are appointed. The Nominations Committee and appointments process in respect of Board members is crucial to strong corporate performance as well as effective accountability.

Before making an appointment, the Nominations Committee will evaluate the balance of skills, knowledge and experience on the Board and will develop a role profile to take account of the role and required capabilities in areas such as:

- market knowledge;
- leadership;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis;
- regulatory framework and requirement; and
- risk management.

Westfield Health carries out a number of pre-employment checks for all Board and non-Board appointments including the following:

- Criminal Records Bureau - standard disclosure;
- address history;
- financial propriety checks (CCJ Bankruptcy, IVA);
- employment and personal references in line with FCA requirements;
- establishing if there is any evidence of regulatory sanctions or prohibitions;
- passport validation;
- qualifications vetting;
- five year general activity (self- employment, employment and education);
- verification of memberships and licenses; and
- investigative directorship search.

An annual declaration is completed by any approved person to ensure the ongoing monitoring of fitness and propriety of all approved role holders and is reviewed by the Nominations Committee.

All people in key leadership roles, including Non-Executives, participate in the mandatory training programme that is provided to all colleagues across the Group. This includes training on topics such as Anti-Bribery, Whistleblowing, Treating Customers Fairly and GDPR. Learning is completed in both face-to-face and online settings.

B.3. Risk management

Risk management system

Westfield Health uses a standard “three lines” model for risk management. The Chief Operating Officer holds the regulatory responsibility for risk management as the nominated Chief Risk Officer / SMF4 holder.

The first line is operational management. Managers within the business are responsible for implementing systems and controls so that risks are appropriately identified and managed.

The second line consists of oversight functions who provide support, review and constructive challenge to the first line. A dedicated Risk Manager provides guidance, oversight and review of the risk management framework, and a Compliance Manager supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

The Risk Committee reports directly to the Board. It provides regular scrutiny of risk management across the Group.

The third line is internal audit, whose role is to provide independent assurance and which reports directly to the Audit Committee. Internal audit conducts risk-based audits throughout the Group during the year based on an annual plan which is agreed with the Audit Committee and the Board. Internal audit was outsourced throughout the year to ensure access to the widest possible range of expertise.

Key processes for ensuring that risks remain within appetite include:

- regular Board reporting includes metrics comparing key risks against risk appetite;
- the Risk Committee’s regular agenda includes discussion of risks identified both by management and the second line functions. The Committee also has an annual workplan which covers all identified key risk areas;
- maintenance of a risk register covering key strategic risks;
- an annual “Own Risk and Solvency Assessment” (ORSA) process, led by the Risk Committee on behalf of the Board, where key risks & their controls are identified & assessed; and
- the ORSA process contributes to Westfield Health’s capital and financial planning. Models are prepared in detail for five years and at high level to ten years under both the base case and various adverse scenarios.

Own Risk and Solvency Assessment

The ORSA process is co-ordinated by the Risk Management function with input from a wide range of stakeholders across Westfield Health. Material risks are identified and assessed by senior managers across the business. These are correlated to determine likely capital impacts and recommendations made for additional management actions.

A range of scenarios is developed in consultation with the Risk Committee and senior management. These scenarios are then applied to Westfield Health’s balance sheet model to identify their impact on capital.

The resulting ORSA report and associated recommendations are reviewed by the Risk Committee and the Board prior to final review and approval by the Board.

Recommended actions from the ORSA are a standing agenda item for the Risk Committee. Any proposed decisions which are expected to have a significant impact on either the capital or risk profile of Westfield Health are assessed by a process which includes identifying their impact on the projected capital position, and determining whether the impact is so material that the ORSA requires re-performing. All Board proposals include a section on capital and solvency implications to ensure consideration is given to them.

The ORSA is generally performed once per year, unless an interim ORSA is considered necessary as described above.

Capital management

The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health. This is particularly important as all of Westfield Health's capital comes from retained earnings.

The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement ("SCR") on a Solvency UK basis under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

B.4. Internal control

The Company's structure is relatively straightforward; its internal control system is proportionate to the complexity of the business. The Board sets the corporate culture and environment including the overall "tone from the top" around controls. It does this by setting and defining Westfield Health's strategy, risk appetite, vision, values and key policies; and by overseeing Westfield Health's operations, reviewing regular reports from management on performance against budget, strategy and risk appetite.

The GLT ensure the Company operates within their core values and purpose. They oversee operations and key projects as well as setting and modelling cultural expectations for managers and colleagues. Managers have responsibility for ensuring the appropriate controls are in place to identify and mitigate risks to the operational areas under their responsibility.

The Risk Management and Compliance functions provide oversight around development and implementation of risk assessments and controls. The internal audit function provides a fully independent review of the effectiveness of the control environment for the Board.

Compliance function

Role

The Compliance function supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

Authority

The Compliance function acts under a mandate from the Board. The annual Compliance Plan is approved by the Risk Committee.

The Compliance function has access to:

- All areas of the business as necessary to execute the Compliance plan.
- The Chief Executive, Risk Committee and Audit Committee to report any matter that they consider puts the business at risk from non-compliance with its regulatory and legal obligations

The Compliance function is led by a suitably qualified and experienced member of staff.

Reporting

The Compliance function has a management reporting line to the Chief Operating Officer via the Group Financial Controller and a functional reporting line to both the Risk Committee and Audit Committee. The Compliance function holder attends the meetings of these Committees. Written reports are submitted to each quarterly meeting of the Risk Committee and an annual report is submitted to the Board.

Independence

The Compliance function's independence from the business activities that it monitors is ensured by its formal status, which is stated and communicated through the Compliance Charter. To further ensure independence, the Compliance function as a whole or its individual members are not placed in a position where possible conflicts of interest may occur between compliance responsibilities and any other responsibilities.

Effectiveness

The effectiveness of the Compliance function is periodically reviewed and reported upon by the Internal Audit function.

B.5. Internal audit

During the year to March 2025, Westfield Health's internal audit was outsourced to RSM LLP ("RSM"); the role of Chief Audit Executive was fulfilled by an RSM partner and all internal audit staffing was the responsibility of RSM. The prescribed responsibility for internal audit oversight required under the Senior Managers & Certification Regime is held by Westfield's Chief Operating Officer. Westfield Health employ a Head of Risk & Assurance who performs additional assurance work to supplement and complement the internal audit work performed by RSM.

Scope of work

All of Westfield Health's activities (including outsourced activities) and legal entities are within the scope of Internal Audit. Internal Audit recommends which areas should be included within the annual audit plan by adopting an independent risk based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit programmes include obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls.

Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit Committee, senior management and regulators.

Responsibilities

The Chief Audit Executive is responsible for preparing the annual audit plan in consultation with the Audit Committee and senior management, submitting the internal audit plan, internal audit budget, and resource plan for review and approval by the Audit Committee, implementing the approved internal audit plan, and issuing periodic audit reports on a timely basis to the Audit Committee and senior management.

The Chief Audit Executive is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit Committee makes appropriate enquiries of management and the Chief Audit Executive to determine whether there are any inappropriate limitations to scope or resource.

Reporting and independence

The internal audit plan of work is discussed with management but the internal auditors report to the Audit Committee.

Internal Audit staff remain independent of the business and report to the Chief Audit Executive who, in turn, report functionally to the Audit Committee and administratively to the Chief Operating Officer.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they do not develop nor install systems or procedures, prepare records or engage in any other activity which they would normally audit. Internal Audit staff with real or perceived conflicts of interest must inform the Chief Audit Executive, then the Audit Committee, as soon as these issues become apparent so that appropriate safeguards can be put in place.

Other internal audit teams may be involved in the design and implementation of controls that will be/could be subject to internal audit review. Any such work is unrelated and the teams will be kept entirely separate. In those circumstances, the Chief Operating Officer is responsible for considering whether specific additional review procedures are needed to address any perceived or actual impairment of objectivity.

B.6. Actuarial function

Westfield Health's insurance business is relatively straightforward. Claims are typically high-volume, low-value and are reasonably predictable using straightforward pricing models. The period between an insured event and settlement of a claim is short, so technical provisions are modest compared to premiums or claims. As such the level of actuarial review required is limited.

The actuarial function is held by the Chief Operating Officer, who also holds the "Chief Actuary" role required under the Senior Insurance Managers' Regime.

Pricing is performed by the underwriting team under the supervision of the Chief Operating Officer. Significant or bespoke pricing decisions are reviewed by a group of individuals including the Chief Executive, Chief Operating Officer, and Managing Director of Insurance, who are able to provide independent review and challenge to these pricing proposals. Bespoke decisions are periodically reviewed by the Risk Committee.

Technical provisions are calculated by the Finance department and reviewed by the Group Financial Controller. They are subject to external audit on an annual basis and the process of maintaining the model includes regular comparison of previous estimates to actual out-turns.

The Finance department contributes its modelling expertise to the ORSA process under the supervision of the Chief Operating Officer.

This approach to the implementation of the actuarial function is considered proportionate to the level of risk and complexity inherent in Westfield Health's business.

B.7. Outsourcing

Westfield Health's outsourcing policy calls for an assessment of the importance of the service which is to be outsourced and specifies steps which are proportionate to the importance of the resulting arrangement. The objective of these is to ensure that all activities undertaken as an outsourced arrangement are adequately and proportionately controlled in order to ensure that the strategic objectives of the Group and its responsibilities to policyholders and other stakeholders are not compromised.

Westfield Health is currently using a number of outsourced service providers to provide important or critical operational functions:

Outsourced service	Location of Provider
Internal audit	UK
Data protection officer	UK
Investment management	UK

Westfield Health also outsources all staffing to Westfield Employment Services Limited, a wholly-owned subsidiary whose sole object is to provide staff to the Westfield Group.

B.8. Adequacy of governance arrangements

The Board of Directors are satisfied that the system of governance is adequate for the nature, scale and complexity of the risks inherent to Westfield Health.

C. Risk Profile

C.1. Underwriting risk

Underwriting risk is the risk of Westfield Health's insurance products not performing in line with expectations.

Risk assessment measures

The underwriting team is responsible for monitoring product group performance and insurance risk and report periodically to the Risk Committee.

Underwriting risk is assessed using the following measures:

Claims modelling and experience monitoring

Based on experience, Westfield Health prepares a budget for each product line. Product performance is monitored against this budget and deviations are investigated.

Market monitoring and tracking of claims trends

Westfield Health's cash plan claims are driven partly by behavioural factors. Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may not be in line with underwriting assumptions.

Description of material risk exposures

Risks arising from insurance contracts can be sub-divided into three elements as follows:

- premium risk - risk that insurance premiums received do not cover claims paid;
- reserve risk - risk that technical provisions for incidents incurred but not reported are inadequate; and
- catastrophe risk - risk of a mass accident, pandemic or other incident leading to exceptionally high levels of claims.

These are explained in more detail below.

Premium risk

Health Cash Plan

The nature of the Company's core Health Cash Plan (HCP) product, covering a significant proportion of premium income where claims are low in value and high in volume, tends to produce only small fluctuations in claims relative to the pricing of premiums. Product group performance and cash-plan insurance risk is monitored by the managing director of the insurance division and overseen by the Risk Committee.

Deficiencies in product pricing of HCPs could lead to adverse selection resulting in a large volume of loss-making insurance contracts being written. Product group performance is under constant review with active monitoring of all products for indications of such adverse selection; when identified, premiums are changed or sales practices amended to mitigate risk.

Private Health Insurance

The Private Health Insurance (PHI) product accounts for a small proportion of premium income. The PHI claims profile is more volatile than HCP claims as claim values are higher and incident rates are lower. PHI covers specified surgical procedures, with exposure limited to finite amounts, removing the exposure to high-cost novel treatments, chronic conditions and pharmaceuticals.

Reserve risk

Health Cash Plan

The Company's technical provisions for HCP business are small relative to premiums, which reflects the nature of this business. The Company has a 26-week period for a claim to be made from the incident date. This mitigates the risk that there is a significant volume of incidents outstanding which have not been claimed, thus reducing the value of the subsequent technical provision.

Included within some HCP is Personal Accident Insurance (PAI) which is underwritten by Westfield. Claims on PAI are lower in volume and higher in value than the rest of the HCP product and the 26-week period for making a claim does not apply. Reserves are maintained in line with historical observed experience and monitored to ensure they have been sufficient to cover claims that are raised.

Private Health Insurance

The reserve risk for PHI is small, reflecting the low technical provisions associated with this product group. The nature of the product is such that PHI claims must be reported to the Company before treatment has commenced, and claims are resolved within a short timescale.

Catastrophe risk

A catastrophic event may directly lead to increased incidents requiring hospitalisation or therapy treatments as well as resulting in accidental death or permanent disabilities, areas that are covered within the Company's HCPs. Given the geographical spread of the Company's portfolio the impact of a catastrophic event is assessed not to be material for cash plans.

Investment assets and the prudent person principle

This is not relevant to underwriting risk.

Risk concentration

Corporate paid business exposes Westfield Health to the risk of concentration with a single customer whose behaviour may not reflect that expected. In the case of cash plans, corporate cultures and the behaviour of the employer can lead to much higher incident rates than those anticipated. For private health insurance this is mitigated by the non-discretionary nature of the procedures covered.

Similarly, if a corporate customer or intermediary accounts for a significant proportion of Westfield Health's income, Westfield Health's financial results become dependent on retaining this business.

The value of premiums from large accounts and via key brokers is monitored to identify potential concentrations of underwriting risk.

Risk mitigation

In Westfield's core health cash plan business, claims are low in value & high in volume. Claim volume is largely driven by customer behaviour.

Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may differ from underwriting assumptions. When identified, appropriate actions are taken to mitigate risk, including targeted price changes where appropriate.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA looks at the total monthly and quarterly fluctuations in claim experience, separately for private health insurance and health cash plan business. These will include seasonal, random and behavioural/anti-selective fluctuations related to both types of business.

These "regular" fluctuations give an indication of the likely impact of more exceptional deviations for any of the above reasons.

The Health Insurance risk module of the Solvency Capital Requirement at the year-end was £12.8m. Westfield Health's internal estimate of a severe fluctuation in the claim ratio is significantly lower than this and therefore £12.8m is considered a highly prudent assessment of Westfield Health's sensitivity to severe adverse claims patterns.

C.2. Market risk

Market risk is the risk of loss arising from movements in investment markets.

Risk assessment measures

Market risks are measured through the following metrics and reported regularly to the Investment Committee, both at a detailed and an aggregate level:

- asset allocation and performance compared to benchmarks; and
- losses for the current portfolio under specific stresses.

The measures are key metrics that provide clear and insightful information to the Investment Committee.

Description of material risk exposures

Market risk is the risk of loss from movements in investment markets. Equity markets, interest rates, credit spreads or other financial markets all affect Westfield's investments. Any gains or losses arising on market movements are unrealised until the investment is sold, when they become realised. These risks have remained the same throughout the year.

With operations in continental Europe, the Group's operating results are exposed to fluctuations in foreign exchange markets, particularly between Sterling and the Euro. These risks are not material compared to other market risks.

Investment assets and the prudent person principle

The "prudent person principle" of Solvency UK is that insurers should select investments so that the portfolio as a whole has appropriate levels of security, liquidity and profitability, and that they should properly understand and manage the risks of all their investments. Westfield Health implements this requirement through its Investment Policy.

Westfield Health's Investment Policy specifies:

- Objectives & reporting requirements around both risk exposure & medium-term returns
- A requirement for a significant proportion of assets to be in very low-risk investments.
- Concentration limits for any one investment counterparty.
- Asset allocation reporting requirements. The selection process of managers for investments..

Westfield invests in several different multi-asset funds and portfolios. Exposure to a wide range of asset classes reduces risk by reducing correlation between assets while using multiple asset managers ensures Westfield is not relying on one company's market view.

Throughout the year an investment consultant was also engaged to provide investment risk management advice.

Risk concentration

Westfield Health does not have any identified material risk concentrations in its investment portfolio.

Risk mitigation

The key risk management approaches are set out under "prudent person principle" above; their effectiveness is assessed by tracking the measures set out above under "risk measurement".

Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management. Several of Westfield Health's funds are hedged back to sterling by the relevant fund managers; all fund managers' performance is measured against sterling benchmarks.

The UK and European businesses operate largely independently. To an extent cash flows can be timed to optimise exchange rates.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA report includes an extensive section on stress and scenario analyses related to market risks.

These include the impact of equity market movements, interest rate and spread changes, currency market movements and changes in property markets.

In its balance sheet modelling, Westfield Health has also modelled the impact of a severe recession, in which:

- Investments fall by 10% and produce no yield for 3 years
- Claim inflation, operating and third party costs all increase by 5%/annum relative to budget for the years ending 2025, 2026 and 2027
- Insurance sales fall by 20% and Wellbeing sales by 50% from October 2024 to April 2027

Westfield Health's reserves are sufficient to allow several years to adjust to such a scenario without breaching capital requirements.

The market risk module of the Solvency Capital Requirement, reflecting a "one-in-two-hundred year" shock, was £19.1m, accounting for the majority of Westfield Health's Solvency Capital Requirement.

C.3. Credit risk

Credit risk is the risk that failure of a counterparty (supplier, customer or investee) could lead to financial or other loss for the Group or its customers.

Risk assessment measures

Credit checks are undertaken on suppliers and credit ratings are periodically reviewed for major financial partners (such as banks).

Policyholder debtors are reviewed and overdue balances investigated.

Description of material risk exposures and mitigation

Westfield Health does not have material exposure to credit risk other than its banking relationships, which are mitigated by holding cash with reputable banks, whose credit ratings are regularly monitored. Credit risk exposure in the investment portfolio is managed by imposing a limit on the total exposure to individual counterparties.

Policyholder debtors are low in value. Policyholder debtors are reviewed, and overdue balances investigated. The wellbeing businesses have higher-value debtors but these balances relate to very large and solvent businesses, so credit risk is considered very limited.

Investment assets and the prudent person principle

As disclosed above, Westfield Health's Investment Policy limits its exposure to any one financial institution.

Risk concentration

As above, Westfield Health's only material credit risk arises from its banking relationships. These are not considered so material as to give rise to a material concentration of credit risk.

Risk sensitivity, stress and scenario testing

As described above, credit risk is not considered sufficiently material to include in Westfield Health's stress testing programme.

The counterparty default risk element of the Solvency Capital Requirement was £0.9m, primarily driven by the deposits held with banks and building societies at year end.

C.4. Liquidity risk

Liquidity risk is the risk of not having sufficient liquid resources to meet liabilities as they fall due.

Risk assessment measures

The Finance department prepares a regular cash flow forecast. Monitoring of historic cash flows allows an estimate of how much cash which may be required and hence exposure to liquidity risk.

Description of material risk exposures

Westfield Health usually requires all health cash plan claims to be submitted within 26 weeks of being incurred; the aim is to process claims promptly upon receipt. The nature of the insurance written by Westfield Health therefore means that liquidity risks are mainly short-term.

Liquidity risk could arise from failures in cash flow forecasting and planning; or from actual cash flows being materially different to expectations, due to either higher- than-expected claims or the failure of an expected cash inflow (e.g. premium collection).

Investment assets and the prudent person principle

As discussed under "risk mitigation" below, the Investment Policy requires a high proportion of investments to be liquid in nature with restrictions on investments which are less liquid.

Risk concentration

The only identified concentration of liquidity risk is that Westfield Health uses a single bank for current account provision. Westfield Health has access to a separate bank in the event of any issues experienced by the main banking provider.

Risk mitigation

Westfield Health aims to usually hold at least £2.5m in cash, and never less than £1.5m. This is estimated to be enough to allow for unexpected fluctuations and large cash outflows. A minimum of two month's gross premiums is held in assets with a liquidity term of a maximum of one month, to allow for severe unexpected cash flows.

Expected profits in future premiums

Expected profits in future premiums are not a material factor for Westfield Health's liquidity management; as at 31 March 2025 their value was nil.

Risk sensitivity, stress and scenario testing

Given the nature of Westfield Health's insurance business, its high cash holdings and the liquid nature of its investments, long-term liquidity risk is not considered material. The liquidity requirements above were set on the basis of modelling the situation if a major cash inflow - such as a premium collection - fails. The minimum acceptable cash balance is based on Westfield Health's maximum "typical" cash outflow over a two-week period, as it may take up to two weeks to liquidate assets or get additional funding arranged in the case of a major cash inflow failing. These requirements are reviewed as part of the ORSA process.

C.5. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, or from external events.

Risk assessment measures

Operational risks are recorded on Westfield Health's Risk Register. Key risk areas and themes from the risk register are assessed in more detail as part of the ORSA process.

Westfield Health's risk appetite measures operational risk exposure and appetite against metrics including:

- direct financial cost;
- business interruption and lost time;
- staff turnover and absenteeism;
- reputation; and
- regulatory breach.

Description of material risk exposures

New IT system

Westfield is developing a new insurance administration system. This is a material cost and needs significant management attention.

Risks to projects include a failure to deliver the benefits expected, cost over-runs and delays in delivery. Risks from projects include conflict with other strategic projects or business as usual activities.

As described above, the Board provides oversight of strategically important projects whilst senior management manages prioritisation and resource conflicts - the new insurance administration system development is considered a critical priority.

The project is managed using an Agile approach, so that the project delivers improvements regularly, rather than just at its completion.

The project has a steering group to challenge & monitor progress, and the delivery team includes developers, subject matter experts on each process, and other appropriate specialists, including external experts. Project assurance is sought when appropriate, including from internal auditors.

Data availability and security

Data availability and security IT failures could lead to significant issues, for example system downtime, lost productivity and data corruption, theft, or loss. Cyber security is high on the Board and Risk Committee's agenda. In the UK, Westfield Health's Information Security Management System (ISMS) is certified to the ISO27001 standard and operates a process of continuous improvement, which includes regular investment in cyber defences and periodic independent testing.

All staff undergo annual training in Information and Data Security.

Laptop hard disks are encrypted, and data is encrypted in transit using a VPN for staff working from home.

IT infrastructure is located at two separated locations, with migration to cloud services complete for most systems. The new insurance administration system being developed is entirely cloud hosted to satisfy resilience and scalability requirements.

Across the Group we have business continuity and disaster recovery plans in place, as well as comprehensive cyber-insurance. Within the Insurance business, implementation of the Operational Resilience regulations has further strengthened our position.

Key personnel

Some reliance on key individuals is expected both at operational and senior management level. This is managed by HR policies/approaches, documenting core processes, developing continuity and succession plans and aiming to ensure that, where possible, there is cover in place for key person

absences. Creating the GLT structure helped mitigate some of the risk of key senior management dependencies.

HR policies and recruitment practices are regularly reviewed to enhance diversity and inclusion, to attract a broader pipeline of talent.

Staff turnover is monitored. There are regular surveys and regular reporting mechanisms have been developed to give insight into people related matters.

Suppliers and counterparties

Failure of a supplier could lead to financial or other loss for the Group or customers.

The Group procurement policy aims to ensure that supplier relationships are managed in a manner which is proportionate to the relevant risks, encompassing due diligence, ongoing management, and contingency planning - including consideration of when a backup supplier should be identified.

Regulation

Regulatory breaches could have serious consequences for the Group, including fines, reputational damage and potentially even loss of permission to operate. Key areas of regulation relevant to Westfield Health include financial services, data protection and health and safety. A Compliance Manager supports the business in compliance with financial services regulation. Our Data Protection Officer supports data protection compliance. The Wellbeing division has a Quality, Health, Safety and Environment Manager whose key role is to oversee the extensive safety programmes which manage risks to user safety in our Active Spaces.

We continuously monitor changes to regulations and regularly work with outside experts, including internal audit, to review specific areas of compliance. An internal compliance monitoring programme gives further assurance that controls are appropriately designed and operating as expected, whilst regular safety audits on sites give assurance that safety processes are working as expected.

All staff receive relevant continuous professional development and training. Data security arrangements - discussed above - reduce the likelihood and impact of data breaches.

Business strategy

Risks include inappropriate strategies being set by senior management and non-delivery of appropriate strategies.

The Board reviews strategy development & business planning, which includes both detailed short-term budgets and long-term projections of the impact of strategy on capital and solvency requirements. Key management information is shared with the Board monthly, ensuring the Board are aware of deviations from these plans.

There are Group Leadership Team sponsors for main strategic objectives to enhance accountability. Functional plans for departments and projects are reviewed and prioritised in line with strategic planning.

Our HR strategy supports the delivery of strategic objectives.

Reputation

A loss of reputation leads to a loss of stakeholder goodwill. Depending on the stakeholder this can lead to reduced revenue, unwelcome staff turnover, or regulatory intervention.

Key risks which could lead to reputation impacts include:

- Failure to deliver excellent customer service.
- Data security or financial services regulatory breach.

- Ethical choices - ranging from which jurisdictions or clients to serve, through to inappropriate responses to climate change via investment choices or business operations.
- Offering propositions which are outdated or not aligned with market requirements.

Reputation risk arises from operational or strategic risks crystallising, leading to a gap between stakeholder expectations and their actual experience; reputation risks are therefore managed by managing these other risks.

Investment assets and the prudent person principle

This is not relevant for operational risk.

Risk concentration

Westfield Health does not believe that it has any significant concentrations of operational risk.

Risk mitigation

The key mitigation for operational risk is operational controls, including the culture and control environment of Westfield Health. The Risk Committee receives regular reports on key operational risk exposures; the internal audit function also reviews operational risk areas as it considers appropriate. There is also a framework for identifying, reporting and escalating operational risk incidents.

The only “risk mitigation” (other than operational controls) used by Westfield Health for operational risk is the purchase of certain insurances such as employers’ liability, property, and cyber insurance.

Risk sensitivity, stress and scenario testing

Westfield Health has quantified the financial impacts of the key operational risks noted above in its ORSA. Westfield Health has also considered hypothetical scenarios including a major operational incident leading to significant loss of customers, regulatory sanction and reputational damage. An event of this nature would cause significant financial loss - and would reflect a breach of trust with key stakeholders - but does not pose a threat to Westfield Health’s solvency.

C.6. Other material risks

Pension Funding Requirements

Westfield Health has a defined benefit pension scheme. The scheme closed to future accrual in 2016, which significantly reduces the expected cost of future benefits. Changes in factors including financial markets, actuarial assumptions and regulation can change the scheme’s funding requirements.

The last full actuarial valuation was performed as at 31 March 2024 and showed a surplus of £0.2m. The scheme shows a deficit of £0.1m (2024: £0.4m deficit) as at 31 March 2025 under the FRS 102 valuation.

The scheme has a professional trustee, who is actively involved with the Group to ensure that the scheme is adequately funded and appropriately managed. Liability-driven investments are used to mitigate the risks of inflation & interest rate movements. The scheme’s investment strategy aims to ensure that it is sufficiently funded, mitigating (though not completely eliminating) the risk of future costs being incurred by the Company.

Economic environment

Recent years have seen an extended period of economic uncertainty and upheaval. Uncertainty, inflation and recession are expected to have an impact on discretionary spending, including Westfield Health products; however, sales across the group remain strong with businesses continuing to invest. Experience shows that Westfield Health's insurance products fare relatively well during turbulent times, while employee wellbeing is an area of focus for many businesses as they seek to attract and retain talent, which creates opportunities for the Group.

Westfield Health models a range of economic scenarios so has contingency plans in place. Our pricing strategy takes account of projected inflation and pressure on business and household finances.

Insurance Premium Tax (IPT) increases

It is possible that IPT will increase in the future, though the amount and timing are very uncertain. Even a small rise in IPT would result in a large reduction in Westfield Health's technical result. The harmonisation of IPT with VAT in a single step increase is improbable, but not impossible; if the current 12% rate of IPT were increased to 20% to align with VAT this would represent a huge cost for Westfield Health without management action. Increases in the cost of mandatory insurances due to IPT increases may also reduce client appetite for discretionary insurance products including health insurance. Westfield Health has considered the impact on policyholders of an increase of IPT and how or when this would be passed on to policyholders through scheme changes.

Competitive marketplace

In the health cash plan market, there is the risk of being undercut on price or outperformed on customer services by competitors. Westfield Health seeks to price our business competitively but will not seek to "buy" market share with unsustainable premiums; feedback from customers indicates that they appreciate our sustainable pricing.

While feedback from customers is that our customer service remains outstanding, a key objective of our transformative IT programme is to greatly improve our customers' and brokers' ability to manage their accounts digitally.

In the non-insurance market, the cost of entering the market can be relatively low, and more attractive given the increased importance and awareness of employee wellbeing over the last few years. There is therefore the risk that competitors could replicate or surpass our existing propositions.

Our proposition development is evidence based and disciplined, taking learnings from both the marketplace and our own research to select and prioritise enhancements, to deliver relevant and proven new products for continued growth.

D. Valuation for solvency purposes

General

Solvency UK requires assets and liabilities to be valued on a market-consistent basis whilst Westfield Health's financial statements are prepared on the basis of UK GAAP (FRS102 and FRS103). This is largely, but not entirely consistent with Solvency UK and therefore certain adjustments are required in order to comply with the requirements of Solvency UK.

The following table sets out the key differences between Westfield Health's Solvency UK balance sheet and that provided in the statutory financial statements. The full Solvency UK balance sheet is presented in template IR.02.01.02 in Appendix 1.

Summary balance sheet as at 31 March 2025 on Solvency UK and statutory accounts bases

	Statutory accounts value £'000	Solvency UK value £'000	Difference £'000
<i>Assets</i>			
Intangible assets	6,683	-	(6,683)
Property, plant & equipment held for own use	4,257	3,700	(557)
Investment Property	6,445	6,445	-
Investments in related undertakings	128	5,976	5,848
Equities	338	338	-
Collective Investments Undertakings	41,487	41,487	-
Deposits other than cash equivalents	12,765	12,765	-
Receivables	2,878	2,488	(390)
Cash and cash equivalents	3,500	3,500	-
Total assets	78,481	76,699	(1,782)
<i>Liabilities</i>			
Technical provisions	3,952	5,669	1,717
Deferred tax liabilities	231	231	-
Pension benefit deficit	75	75	-
Payables	5,378	5,378	-
Total liabilities	9,636	11,353	1,717
Excess of assets over liabilities	68,845	65,346	(3,499)

D.1. Assets

Value

The value of each material class of asset is set out in the Solvency UK balance sheet, presented in template IR.02.01.02, and summarised above.

Recognition and valuation bases, assumptions, judgements and differences

Intangible assets

Westfield Health holds software licences which are not transferable. Under UK GAAP, these are recognised at cost, less amortisation, less impairment. Under Solvency UK, these are valued at £nil on the Solvency UK balance sheet as they are not considered readily convertible to cash.

This has the effect of decreasing intangible assets by £6,683k to £nil.

Property plant and equipment held for own use

The Solvency UK balance sheet requires these assets to be valued at an estimated market value.

Plant and equipment have been valued at nil on the Solvency UK balance sheet, as their market value is not practical or cost-effective to estimate and the Solvency UK regulations do not permit the use of depreciated cost.

This has the net effect of decreasing the value of property, plant and equipment held for own use by £557k to £3,700k.

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. Subsequently investment properties are held at fair value. A full valuation is obtained from a qualified valuer for each property every three years, with an internal review of carrying value undertaken in the intervening years. This basis is consistent between the financial statements and the Solvency UK balance sheet.

Investments in related undertakings

For its financial statements, Westfield Health measures its investments in associates and subsidiaries at cost less any accumulated impairment losses. For the Solvency UK Balance Sheet, Westfield Health measures its investments in associates at Westfield Health's share of the net assets of the associate, measured on a Solvency UK basis.

This has the effect of increasing investments held in related undertakings by £5,848k to £5,976k.

Receivables

The financial statements include prepayments relating to software totalling £390k. Under Solvency UK, these are valued at £nil on the Solvency UK balance sheet as they are not considered readily convertible to cash.

This has the effect of decreasing receivables by £390k to £2,488k.

Apart from the differences mentioned above, the SII valuation and recognition of investments follows the FRS 102 treatment as per the financial statements:

Recognition

The asset values of investments are recognised when Westfield Health becomes a party to the contractual provisions of the instrument. They are derecognised only where the contractual rights to the cash flows from the instrument expire or the instrument is sold or transferred and the sale or transfer qualifies for de-recognition.

Fixed income securities

Fixed income securities are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Investments in equity instruments

Investments in equity instruments are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Deposits with credit institutions

Cash deposits are measured at fair value which is the cash deposit value plus accrued interest.

Cash

Cash comprises cash balances which are repayable on demand. They are measured at fair value.

Unlisted Investments

Unlisted Investments in real estate funds are valued in line with the net asset valuation of the fund as communicated by the fund manager. Unlisted Investments in bonds and shares which are not tradable on quoted listed markets are measured at cost which is deemed to represent fair value.

Fair value measurement and valuation hierarchy

FRS 102 fair value measurement establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- level 1 : Using the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- level 2 : Using inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
- level 3 : Using inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Listed investments totalling £39,753k (2024: £40,011k) are stated at bid market price and are all based on Level 1 inputs.

Deposits with credit institutions, £12,765k (2024: £11,603k), are all due within 6 months. The carrying value represents fair value under Level 1 inputs.

Unlisted investments consist of real estate funds totalling £1,734k (2024: £2,207k) whose value is based on the Open Ended Investment Company (OEIC)'s net asset value price as at the year end date and small bond and shareholdings totalling £338k (2024: £338k) based on cost which is deemed an appropriate approximation of fair value. The valuation of unlisted investments use Level 3 inputs.

Level of uncertainty

There are no areas considered to have a significant level of uncertainty.

D.2. Technical provisions

Value and valuation method

Westfield Health only underwrites one line of business (health insurance); the value of technical provisions, split out into best estimate and risk margin, is set out in the Solvency UK balance sheet, presented in template IR.02.01.02 and are set out below:

Gross Technical Provisions	Statutory accounts value £'000	Solvency UK value £'000	Difference £'000
Claim provision	3,569	4,700	1,131
Premium Provision	383	386	3
Risk Margin	N/A	583	583
	3,952	5,669	1,717

Valuation method

Best estimate claims provision

Claims reported but not paid at the balance sheet date are included based on claims settled after the reporting date. This method is the same for Solvency UK and the financial statements.

Claims incurred but not reported at the balance sheet date are estimated based on statistical projections from Westfield Health's experience over the most recent 12 months, with appropriate adjustments made for identified anomalies in the data. This method is the same for Solvency UK and the financial statements.

Administrative costs for the claims provision are calculated on a different basis for Solvency UK and the financial statements. The financial statements include a provision for the cost of handling claims only. The Solvency UK claims provision is required to include a provision for related administrative expenses, acquisition costs and overheads. For the Solvency UK balance sheet this is calculated on the basis of administrative costs as a percentage of annual claims cost. This results in an increase in the best estimate claims provision of £1,131k from £3,569k to £4,700k.

Best estimate premium provision

In the financial statements, technical provisions comprise the best estimate claims provision (as above), premiums received not yet earned, and premium rebates due to customers under surplus share agreements.

On the Solvency UK balance sheet, the premium provision consists of an estimate of the following items for contracts bound at the reporting date, up to their contract boundary:

- premiums to be earned;
- claims to be paid; and
- other expenses to be paid in relation to these contracts, as described for the claims provision.

The contract boundary for monthly renewable contracts is treated as one month after the reporting date. For annual contracts it is treated as the date of renewal of the contract; it is assumed that all contracts entering into force in the first month following the reporting date were bound before the reporting date.

Each element of the premium provision is calculated on the basis of budgeted income and expenditure; experience indicates that Westfield Health's business is highly predictable and material variances from budget are rare.

For the financial statements, the premium provision has a value of £383k; for the Solvency UK balance sheet this value is £386k, a difference of £3k.

Risk margin

The Risk Margin is not a concept used under UK GAAP and so does not appear in the financial statements. Its aim is to quantify the amount, in excess of the best estimate, which Westfield Health would have to pay a third party to take on its insurance obligations to compensate for the uncertainty in the best estimate.

The very short duration of Westfield Health's technical provisions means that the calculation is relatively straightforward as the technical provisions are extinguished within 12 months of the reporting date.

It is calculated using the Standard Formula Solvency Capital Requirement for a hypothetical insurance company which has:

- no market risk;
- immaterial counterparty default risk;
- net premium income last year matching that of Westfield Health, with estimated premium income next year being the estimated cash inflows associated with the technical provisions;
- net best estimate claims provision matching Westfield Health; and
- health catastrophe risk matching that of Westfield Health

This Solvency Capital Requirement is multiplied by the Cost of Capital, defined by the Bank of England as 4% (2024: 4%), to give a risk margin of £583k.

The combined impact of all of these adjustments is an increase of £1,717k in technical provisions from £3,952k in the financial statements to £5,669k for the Solvency UK balance sheet.

Level of uncertainty

Westfield Health considers that its technical provisions are subject to a low level of uncertainty. Technical provisions are low in value compared to annual premiums; claims are high-volume, low-value and are considered highly predictable. By the time of audit of the financial statements most technical provisions are extinguished allowing a high level of confidence in their value.

Adjustments

Westfield Health does not apply either a matching adjustment or a volatility adjustment to its technical provisions; neither does it apply any transitional measures in their calculation.

Other disclosures

Changes in assumptions

No material changes have been made in the assumptions used to calculate technical provisions compared to the previous reporting period.

D.3. Other liabilities

Value

The value of each material class of liability is set out in the Solvency UK balance sheet, presented in template IR.02.01.02.

Valuation bases

Defined benefit pension plan

Westfield Health maintains a defined benefit pension plan that is closed to future accrual. The valuation of the pension plan is consistent between the financial statements and Solvency UK.

The liabilities and, where applicable, the assets of the defined benefit plan are recognised at fair value in the balance sheet. An updated valuation for accounting purposes is performed annually by a qualified actuary using the projected unit credit method with a full valuation for funding purposes conducted every three years by the defined benefit plan's appointed actuary.

There is uncertainty around the valuation of the pension scheme deficit. Key assumptions underlying the liability component are selected with the assistance of an appropriate qualified actuary and the liability is valued in line with accounting standards; as noted above changes in assumptions can have a significant impact on the valuation of the scheme.

Deferred tax

There is no difference between the valuation of deferred tax in the Solvency UK balance sheet or the financial statements balance sheet.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided for the additional tax that will be paid or avoided on a difference between the amount at which an asset (other than goodwill) or liability is recognised in business combinations and the corresponding amount that can be deducted for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Other liabilities

The nature of all of Westfield Health's other liabilities are trade payables. All of these are short-term payables so the carrying value is considered a reasonable approximation to the fair value; the valuation of these is therefore consistent between the financial statements and the Solvency UK balance sheet.

Westfield Health does not have any contingent liabilities.

D.4. Alternative valuation methods

As noted in D.1., Westfield Health has £338k of unlisted investments in bonds and equities held at cost. This valuation is the directors' best estimate and is considered proportionate to the small value of these investments.

D.5. Other information

Westfield Health does not have any other information to disclose regarding its valuation methods.

E. Capital management

E.1. Capital management and availability of capital

Objectives, policies and processes

All of Westfield Health's capital originates from retained earnings. The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health.

While the Board recognises that having significant capital reserves is particularly beneficial in times of market and economic uncertainty, it also acknowledges that holding excessive reserves can be an inefficient use of policyholders' funds. The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement (on a Solvency UK basis) under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

The balance sheet model is run over a ten-year period. The level of detail in the forecast decreases from a fully detailed budget for the first three years; management prepares estimates for the next two years; trends are then extrapolated for the final five years to provide an indication of the possible position in ten years' time.

There have been no changes to the capital management policies and objectives during the reporting year.

Structure, amount and quality of own funds

Westfield Health has no shareholders and no debt so the capital in the financial statements comes from retained earnings. The excess of assets over liabilities on the Solvency UK balance sheet forms the "reconciliation reserve"; this reconciliation reserve constitutes all of Westfield Health's "own funds" for Solvency UK reporting purposes.

Under Solvency UK, own funds are classified into three tiers according to their ability to absorb losses, and only a limited proportion of own funds from lower tiers can be used to cover the Solvency Capital Requirement or Minimum Capital Requirement.

All of Westfield Health's capital, shown in the Solvency UK balance sheet, is "tier one" - the highest quality capital - and is eligible to cover both the Solvency Capital Requirement and the Minimum Capital Requirement. As at 31 March 2025, Westfield Health recognised no deferred tax assets, which would be classed as "tier three" capital - the lowest quality capital.

Transitional arrangements

Westfield Health has no spread or concentration risk arising from exposures to EU member states' or central banks' debt which is denominated in a currency other than the state's own currency. Therefore the transitional arrangement in Article 308b(9) of the Solvency UK directive is not relevant.

Other factors affecting own funds

Westfield Health has no ancillary own funds and no items have been deducted from own funds.

E.2. Capital requirements

Capital Requirements

Solvency UK defines two capital requirements. The Solvency Capital Requirement is an estimate of enough capital to survive a “one-in-two-hundred year” shock; the Minimum Capital Requirement is an estimate of enough capital to survive a “one-in-eight year” shock.

Westfield Health’s capital requirements, and own funds available to cover those requirements, as set out in template IR.23.01.01 in Appendix 1, are as follows:

	2025	2024
	£'000	£'000
Solvency Capital Requirement	27,875	26,223
Minimum Capital Requirement	6,969	6,556
Own Funds	65,346	64,842
Own Funds / SCR	234%	247%
Own Funds / MCR	938%	989%

The annual movement in own funds represents the surplus generated by Westfield Health for the year less the investment in intangible assets which are effectively expensed for Solvency II purposes.

Solvency Capital Requirement

Under Solvency UK, insurers can either use a “standard formula” or develop their own “internal model” to calculate their Solvency Capital Requirement. Internal models are mainly used by the largest insurance companies with complex risk profiles; Westfield Health uses the standard formula. The standard formula produces a capital requirement for a number of defined categories of risk (modules); the total capital requirement is reduced to allow for diversification between these categories as set out in template IR.25.01.21 in Appendix 1.

	2025	2024
	£'000	£'000
Health underwriting risk	12,789	11,774
Market risk	19,077	18,078
Counterparty default risk	889	1,497
Operational risk	2,313	2,104
Loss-absorbing capacity of deferred taxes	(215)	(302)
Diversification benefit	(6,978)	(6,928)
Solvency Capital Requirement	27,875	26,223

Where appropriate, the standard formula can be varied by the use of simplifications, or by the use of undertaking-specific parameters. No simplifications and no undertaking-specific parameters have been used. Where the PRA believes that there are specific issues which mean that the standard formula does not adequately reflect the risks relating to a firm, it is also able to impose add-ons to increase the Solvency Capital Requirement; the PRA has not imposed a capital add-on for Westfield Health.

The year-on-year increase in health risk is driven by the growth in Westfield Health’s business. The increase in market risk is driven by changes in the asset allocation within the portfolio during the year.

Minimum Capital Requirement

The Minimum Capital Requirement is calculated by a linear calculation based on premiums and technical provisions, with a “floor” and “cap” of 25% and 40% respectively of the Solvency Capital Requirement. In both 2025 and 2024 the linear calculation relating to premiums and technical provisions produced a value lower than this 25% floor so Westfield Health’s Minimum Capital Requirement was based on this floor. The year-on-year increase in Minimum Capital Requirement is therefore driven by the increase in Solvency Capital Requirement explained above.

E.3. Other disclosures

Westfield Health does not use a duration-based equity risk calculation.

Westfield Health has at no point been non-compliant with any capital requirements.

Westfield Health has no other information to disclose regarding its capital requirements.

Directors' Responsibility Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency UK Regulations.

We are satisfied that:

- throughout the financial year in question, Westfield Health has complied in all material respects with the requirements of the PRA Rules and the Solvency UK Regulations applicable to the Company; and
- it is reasonable to believe that Westfield Health has continued to comply subsequently, and will continue to comply in future.

Dave Capper
Chief Executive Officer
10 July 2025

Appendix 1 - Quantitative Reporting Templates

IR.02.01.01 - Balance Sheet

Assets		Solvency UK value
		£'000
		C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	3,700
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	67,009
R0080	Property (other than for own use)	6,443
R0090	Holdings in related undertakings, including participations	5,976
R0100	Equities	338
R0110	Equities - listed	0
R0120	Equities - unlisted	338
R0130	Bonds	
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	41,487
R0190	Derivatives	
R0200	Deposits other than cash equivalents	12,765
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	
R0280	Non-life and health similar to non-life	
R0315	Life and health similar to life, excluding index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	1,624
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	863
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	3,500
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	76,698

IR.02.01.01 Balance Sheet (continued)

Liabilities		Solvency UK value
		£'000
C0010		
R0505	Technical provisions - total	5,669
R0510	Technical provisions - non-life	5,669
R0515	Technical provisions - life	
R0542	Best estimate - total	5,086
R0544	Best estimate - non-life	5,086
R0546	Best estimate - life	
R0552	Risk margin - total	583
R0554	Risk margin - non-life	583
R0556	Risk margin - life	
R0565	Transitional (TMTP) - life	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	75
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	231
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	636
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	4,741
R0850	Subordinated liabilities	
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	11,352
R1000	Excess of assets over liabilities	65,346

IR.05.02.01.01 Premiums, claims and expenses by country

R0010		Non-life	Home Country £'000	Total £'000
			C0080	C0140
	Premiums written			
R0110	Gross - Direct Business		77,126	77,126
R0120	Gross - Proportional reinsurance accepted			
R0130	Gross - Non-proportional reinsurance accepted			
R0140	Reinsurers' share			
R0200	Net		77,126	77,126
	Premiums earned			
R0210	Gross - Direct Business		77,106	77,106
R0220	Gross - Proportional reinsurance accepted			
R0230	Gross - Non-proportional reinsurance accepted			
R0240	Reinsurers' share			
R0300	Net		77,106	77,106
	Claims incurred			
R0310	Gross - Direct Business		53,538	53,538
R0320	Gross - Proportional reinsurance accepted			
R0330	Gross - Non-proportional reinsurance accepted			
R0340	Reinsurers' share			
R0400	Net		53,538	53,538
R0550	Expenses incurred		22,858	22,858

IR.05.04.02 Premiums, claims and expenses by line of business

Non-life		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations
		£'000	£'000	Medical expense insurance £'000
		C0010	C0015	C0110
	Income			
	Premiums written			
R0110	Gross written premiums		77,126	77,126
R0111	Gross written premiums - insurance (direct)		77,126	77,126
R0113	Gross written premiums - accepted reinsurance		-	-
R0160	Net written premiums		77,126	77,126
	Premiums earned and provision for unearned			
R0210	Gross earned premiums		77,106	77,106
R0220	Net earned premiums		77,106	77,106
	Expenditure			
	Claims incurred			
R0610	Gross (undiscounted) claims incurred		53,538	53,538
R0611	Gross (undiscounted) direct business		53,616	53,616
R0612	Gross (undiscounted) reinsurance accepted		-	-
R0690	Net (undiscounted) claims incurred		53,538	53,538
R0730	Net (discounted) claims incurred	53,538	53,538	
	Analysis of expenses incurred			
R0910	Technical expenses incurred net of reinsurance ceded	22,858		
R0985	Acquisition costs, commissions, claims management costs	10,412	10,412	10,412
	Other expenditure			
R1140	Other expenses	309		
R1310	Total expenditure	77,324		

IR.17.01.01 Non-life technical provisions

		Direct business and accepted proportional reinsurance Medical expense insurance £'000	Total Non- Life obligation £'000
		C0020	C0180
	Technical provisions calculated as a sum of BE and RM		
	Best estimate		
	Premium provisions		
R0060	Gross	386	386
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-
R0150	Net Best Estimate of Premium Provisions	386	386
	Claims provisions		
R0160	Gross	4,700	4,700
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-
R0250	Net Best Estimate of Claims Provisions	4,700	4,700
R0260	Total best estimate - gross	5,086	5,086
R0270	Total best estimate - net	5,086	5,086
R0280	Risk margin	583	583
	Technical provisions - total (best estimate plus risk margin)		
R0320	Technical provisions - total	5,669	5,669
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-	-
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	5,669	5,669

IR.19.01.21 Non-life insurance claims - Total non-life business

Z0010

Accident year / underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)														
		Development year										In Current year £'000 C0170	Sum of years (cumulative) £'000 C0180	
Year		0 £'000 C0010	1 £'000 C0020	2 £'000 C0030	3 £'000 C0040	4 £'000 C0050	5 £'000 C0060	6 £'000 C0070	7 £'000 C0080	8 £'000 C0090	9 £'000 C0100			10 & + £'000 C0110
R0100	Prior													
R0160	N-9	-	2,168	-	52	1	-	-	-	-	-			
R0170	N-8	38,195	2,462	71	7	1	12	0	6	-				
R0180	N-7	38,581	2,757	82	13	4	16	0	2					
R0190	N-6	41,819	1,746	45	54	56	14	1						
R0200	N-5	43,570	1,221	86	44	14	8							
R0210	N-4	27,920	1,853	31	48	1								
R0220	N-3	40,216	1,934	97	38									
R0230	N-2	43,471	2,135	76										
R0240	N-1	48,913	2,216											
R0250	N	51,275												
R0260														

Gross Undiscounted Best Estimate Claims Provisions (absolute amount)												
Year	Development year											Year end (discounted data) £'000 C0360
	0 £'000 C0200	1 £'000 C0210	2 £'000 C0220	3 £'000 C0230	4 £'000 C0240	5 £'000 C0250	6 £'000 C0260	7 £'000 C0270	8 £'000 C0280	9 £'000 C0290	10 & + £'000 C0300	
R0100	Prior	-	-	-	-	-	-	-	-	-	-	-
R0160	N-9	-	-	-	-	-	-	-	-	-	-	-
R0170	N-8	2,594	-	-	-	-	-	-	-	-	-	-
R0180	N-7	2,732	-	-	-	-	-	-	-	-	-	-
R0190	N-6	2,826	-	-	-	-	-	-	-	-	-	-
R0200	N-5	2,805	-	-	-	-	-	-	-	-	-	-
R0210	N-4	3,208	-	-	-	-	-	-	-	-	-	-
R0220	N-3	3,508	-	-	-	-	-	-	-	-	-	-
R0230	N-2	3,876	-	-	-	-	-	-	-	-	-	-
R0240	N-1	4,765	-	-	-	-	-	-	-	-	-	-
R0250	N	4,699	-	-	-	-	-	-	-	-	-	4,699
R0260												4,699

		Gross earned premium at reporting reference date £'000 C0570	Estimate of future gross earned premium £'000 C0580
R0100	Prior	-	-
R0160	N-9	-	-
R0170	N-8	57,058	-
R0180	N-7	55,879	-
R0190	N-6	61,221	-
R0200	N-5	63,419	-
R0210	N-4	63,069	-
R0220	N-3	62,717	-
R0230	N-2	67,068	-
R0240	N-1	71,904	-
R0250	N	77,106	-
R0260			

IR.23.01.01 Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency UK own funds

R0290 Total basic own funds

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees - other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total £'000	Tier 1 unrestricted £'000	Tier 1 restricted £'000	Tier 2 £'000	Tier 3 £'000
C0010	C0020	C0030	C0040	C0050
65,346	65,346			

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65,346	65,346			
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65,346	65,346			
65,346	65,346			
65,346	65,346			
65,346	65,346			

27,875
6,969
234%
938%

C0060
65,346
65,346

IR.25.04.01 Solvency Capital Requirement - for undertakings on Standard Formula

		£'000
		C0010
Market risk		
R0070	Interest rate risk	2,464
R0080	Equity risk	11,952
R0090	Property risk	2,986
R0100	Spread risk	1,937
R0110	Concentration risk	3,430
R0120	Currency risk	6,116
R0125	Other market risk	-
R0130	Diversification within market risk	(9,808)
R0140	Total Market risk	19,077
Counterparty default risk		
R0150	Type 1 exposures	574
R0160	Type 2 exposures	373
R0165	Other counterparty risk	-
R0170	Diversification within counterparty default risk	(58)
R0180	Total Counterparty default risk	889
Life underwriting risk		
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	Total Life underwriting risk	
Health underwriting risk		
R0280	Health SLT risk	
R0290	Health non SLT risk	12,524
R0300	Health catastrophe risk	933
R0305	Other health underwriting risk	-
R0310	Diversification within health underwriting risk	(668)
R0320	Total Health underwriting risk	12,789
Non-life underwriting risk		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	
R0340	Non-life catastrophe risk	
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	
R0370	Non-life underwriting risk	
R0400	Intangible asset risk	
Operational and other risks		
R0422	Operational risk	2,313
R0424	Other risks	-
R0430	Total Operational and other risks	2,313
R0432	Total before all diversification	45,602
R0434	Total before diversification between risk modules	35,068
R0436	Diversification between risk modules	(6,978)
R0438	Total after diversification	28,090
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	(215)
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	27,875
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	Solvency capital requirement including capital add-on	27,875

IR.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		C0010	Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance) written premiums in the last 12 months £'000
			C0020	C0030
R0010	MCR _{NL} Result	3,864	5,087	77,126
R0020	Medical expense insurance and proportional reinsurance			
R0030	Income protection insurance and proportional reinsurance			
R0040	Workers' compensation insurance and proportional reinsurance			
R0050	Motor vehicle liability insurance and proportional reinsurance			
R0060	Other motor insurance and proportional reinsurance			
R0070	Marine, aviation and transport insurance and proportional reinsurance			
R0080	Fire and other damage to property insurance and proportional reinsurance			
R0090	General liability insurance and proportional reinsurance			
R0100	Credit and suretyship insurance and proportional reinsurance			
R0110	Legal expenses insurance and proportional reinsurance			
R0120	Assistance and proportional reinsurance			
R0130	Miscellaneous financial loss insurance and proportional reinsurance			
R0140	Non-proportional health reinsurance			
R0150	Non-proportional casualty reinsurance			
R0160	Non-proportional marine, aviation and transport reinsurance			
R0170	Non-proportional property reinsurance			
Linear formula component for life insurance and reinsurance obligations		C0040	Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance/SPV) total capital at risk £'000
			C0050	C0060
R0200	MCR _L Result	-		
R0210	Obligations with profit participation - guaranteed benefits			
R0220	Obligations with profit participation - future discretionary benefits			
R0230	Index-linked and unit-linked insurance obligations			
R0240	Other life (re)insurance and health (re)insurance obligations			
R0250	Total capital at risk for all life (re)insurance obligations			
Overall MCR calculation		C0070		
R0300	Linear MCR	3,864		
R0310	SCR	27,875		
R0320	MCR cap	12,544		
R0330	MCR floor	6,969		
R0340	Combined MCR	6,969		
R0350	Absolute floor of the MCR	2,400		
R0400	Minimum Capital Requirement	6,969		



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