Broadstone

Strategic Capital Management

Practical support

As we approach the tenth year end under a Solvency II based regime, either under the evolving EU Solvency II system or the "new" Solvency UK, it is worth insurers confirming, or not, that their current capital management framework designed and tweaked over the years is optimised to deliver its strategy and shareholders' expectations.

Insurers, over the years, have adapted their models, calculations, assumptions and methodologies on an "as-needed" basis. However, this has frequently taken the form of an "add-on" to the existing framework rather taking a step back and asking themselves:

- Is our capital management framework still relevant after all these years?
- Does the revision to Solvency II/Solvency UK require us to take a renewed approach to capital management?
- Does our capital management approach still dovetail with our other risk management tools such as risk appetite or our ERM framework?

Our work in capital management is designed to be practical and useful for all stakeholders with an emphasis on the strategic aims of the Board as representatives of shareholder expectations. We combine actuarial analysis with experience of Chief Actuary, With-Profits Actuary and Board advisory roles, coupled with risk management and business transformation know-how, helping firms identify realistic actions that can be understood, governed and delivered without creating unnecessary complexity.

Why this matters strategically

Capital is not simply a regulatory requirement or financial metric. It is a strategic resource that influences an insurer's ability to create value for its policyholders, support growth, manage risk and respond to changing market conditions. For Boards and shareholders, the effectiveness of capital management has a direct impact on profitability, returns on capital, financial resilience and the range of strategic options available to the business.

For many insurers, key capital management challenges include:

- Identifying opportunities to improve capital efficiency across product lines, legal entities and legacy portfolios.
- Designing investment strategies that optimise risk-adjusted returns without creating undue capital strain.
- Maintaining a capital framework that supports business strategy, risk appetite and long-term shareholder objectives.
- Communicating capital decisions clearly and credibly to Boards, regulators, rating agencies, investors and other stakeholders.

A focused strategic capital review can help Boards understand how capital is being utilised, identify opportunities to enhance returns and improve efficiency, and assess the value, feasibility and implications of different strategic options. By linking capital management directly to corporate strategy and shareholder outcomes, insurers can strengthen decision-making and position themselves to deliver sustainable long-term value.

This document is intended for use by professional clients, including insurers, reinsurers, and other institutional stakeholders, and is not directed at retail customers.

How Broadstone can help

We can support firms in many practical ways, from a review of the current capital management framework through to detailed analysis, regulatory engagement and implementation support.

Capital governance and decision-making

- Review of the capital management framework, governance structure and decision-making processes to ensure these support the firm's strategic objectives.
- Assessment of capital policy, risk appetite, ORSA and management actions to ensure they are aligned, proportionate and capable of driving effective business decisions.
- Workshops and management discussions focused on capital priorities, strategic constraints, risk-reward trade-offs and opportunities to enhance value.
- Strengthening the link between capital management, business planning, investment strategy, growth ambitions and stakeholder outcomes.

Strategic capital review

- Evaluation of how capital is currently allocated across the business, identifying areas of inefficiency, emerging capital strain and drivers of capital consumption.
- Assessment of capital efficiency and opportunities to optimise solvency, returns and strategic flexibility.
- Quantification of potential initiatives, including reinsurance, investment strategy changes, product redesign, management actions, capital restructuring and surplus deployment.
- Development of a prioritised roadmap that balances expected benefits, implementation complexity, governance requirements and stakeholder considerations.

Reinsurance and capital optimisation

- Independent review of existing reinsurance arrangements and their contribution to strategic and capital objectives.
- Assessment of alternative risk transfer and capital management structures, considering solvency impacts, economic value, operational implications and long-term strategic benefits.
- Support with market engagement, pricing assessment and Board decision-making to ensure reinsurance programmes deliver value and strategic flexibility.

With-profits and legacy capital management

- Review of inherited estates, surplus capital and future discretionary benefits to ensure they are managed effectively, transparently and in line with strategic objectives and equity between different generations of policyholders.
- Practical advice informed by Chief Actuary and With-Profits Actuary perspectives, helping Boards balance financial strength, strategic flexibility and stakeholder outcomes.

Strategic change and transaction support

- Capital and solvency analysis to support mergers, acquisitions, transfers, consolidation, run-off transactions and wider business transformation initiatives.
- Scenario modelling and comparative assessments to help Boards evaluate the value, risks and strategic implications of alternative courses of action.
- Support with regulatory engagement, due diligence, independent challenge and stakeholder communications throughout the transaction or strategic review process.

Outcome

A comprehensive review of the capital management framework can help Boards understand whether capital is being deployed in the most effective way to support the firm's strategy. The result is a clearer view of strategic options, greater confidence in decision-making, enhanced capital efficiency and a practical plan for delivering sustainable value to shareholder and policyholders or members over the long term.

Selected expertise

Our team combines senior insurance experience with hands-on knowledge of capital management.

Rob Kerry – Prior to joining Broadstone, Rob was Chief Actuary and Executive Director at Utmost Life and Pensions and was the Director of Capital Development at Aviva UK Life & Pensions. He has extensive experience of designing and implementing capital management actions and risk appetite frameworks, leading major transactions and acquisitions, business planning, regulatory engagement, ORSA development and strategic Board advice. He played a leading role in developing Utmost's BPA proposition and in the integration of acquired life businesses.

Simon Grout – Simon brings extensive senior life insurance experience across capital, risk, valuation and financial management, complementing our existing actuarial and regulatory capabilities. Together with our wider team, he helps clients assess practical solutions that align commercial objectives with regulatory expectations.

Cara Spinks – Cara leads Broadstone's Life and Health team and has substantial experience supporting insurers on capital, governance and regulatory matters. She acts in senior reserved role capacities, including Chief Actuary and With-Profits Actuary roles, and advises Boards on proportionate, practical decisions that balance solvency, fairness, affordability and long-term resilience. Her experience spans ORSA and risk appetite, with-profits management, strategic options, transfers and regulatory engagement.

Broader team capabilities – Our wider Life and Health team combines expertise in actuarial function roles, with-profits management, risk management, ORSA, regulatory reporting, transactions, authorisations, financial modelling and Board advisory work. We can support with both technical analysis and practical implementation.

Why Broadstone

Experience

For over 30 years, we have helped insurers address complex strategic, capital and risk management challenges, combining deep technical expertise with extensive experience supporting large and sophisticated insurance groups. Our work spans capital management, regulatory change, risk and ORSA, product development, transactions, with-profits, Board advisory and actuarial assurance, with a particular focus on programmes that require coordination across multiple workstreams and stakeholder groups. We have supported major transformation, capital optimisation, restructuring and M&A initiatives, working closely with Boards, executive teams, regulators and advisers to turn complex analysis into clear strategic decisions and practical implementation plans. Through our experience in senior reserved roles, including Chief Actuary and With-Profits Actuary appointments, we bring a strong understanding of the governance, commercial and capital considerations facing insurers, enabling us to provide advice that is strategic, actionable and focused on delivering long-term value.

Our standards

We hold key accreditations illustrating our commitment to quality, security, our people, customers and the environment. We take information security seriously and are ISO27001:2022 and Cyber Essentials+ accredited and audited.

Our commitment to ESG

Broadstone takes sustainability seriously and our latest annual report can be found here Broadstone-2025-26-Sustainability-Report.pdf.

This outlines our core beliefs and the targets we have set the business for the next 12 months and beyond.

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Important information

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