

Research Update:

Scottish Equitable PLC Ratings Lowered To 'A-' On Strategic Review by Aegon; Outlook Developing

March 4, 2026

Overview

- In December 2025, Aegon Ltd. announced its intent to initiate a strategic review of Aegon U.K., including its U.K.-based subsidiary Scottish Equitable PLC (SEPLC), to assess future options, including potential divestment.
- We consider SEPLC as nonstrategic to Aegon Ltd. and assess it on its stand-alone characteristics.
- As a result, we lowered our financial strength rating on SEPLC to 'A-' from 'A' and resolved the CreditWatch negative placement.
- The outlook is developing.

Rating Action

On March 4, 2026, S&P Global Ratings lowered its financial strength rating on the U.K.-domiciled subsidiary of the Aegon group, SEPLC, to 'A-' from 'A' and revised the outlook to developing. We resolved the CreditWatch negative placement.

Rationale

On Dec. 10, 2025, Aegon announced of its strategic decision to redomicile its headquarters and regulatory seat to the U.S. and rename itself as Transamerica Inc. In addition, it also announced its intent to evaluate future strategic options for Aegon U.K., including its U.K.-based entity SEPLC, including divestment.

We expect the earnings contribution from Aegon U.K. to increase because Aegon has invested heavily to transform its market position in the U.K. to that of a digital pensions and wealth solutions provider. However, the decision to evaluate strategic options for Aegon U.K. - including SEPLC - diminishes our expectations of future support for the group's subsidiary, reflecting Aegon's more defined strategic focus on core U.S.-based business. Therefore, we view SEPLC as nonstrategic to Aegon and assess its financial strength rating on a stand-alone basis.

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Aegon U.K. offers a diverse array of investment and retirement solutions for individuals, advisers, and employers under the Aegon U.K. brand. The company serves its clients through its workplace and adviser platforms. SEPLC also has a traditional insurance book, which, although in run-off, we expect will continue to contribute to results over the next years.

The workplace platform has a strong market position and is one of the top five providers in the U.K. displaying year-on-year positive net inflows. Meanwhile, the adviser platform's position in the market is lagging the workplace platform and has been experiencing net outflows, affected by adviser segment consolidation. Aegon U.K.'s total assets under administration stood at £246.2 billion as end-2025, £128.3 billion of which comes from the institutional platforms business.

SEPLC's capital is a key strength of the rating. Management have concentrated on growing its capital-light business (i.e., unit-linked workplace products) and have taken active steps (including the sale of its protection business to Royal London in 2023) to reduce its balance sheet exposure to traditional insurance risks. Under our capital model, SEPLC has a solid buffer above the excellent or 99.99% confidence level. SEPLC displayed a robust regulatory solvency ratio of 186% as of end-2024. We expect both the regulatory and the surplus position above our model's highest confidence level to be maintained over the next two years based on forecast performance. We currently forecast Aegon U.K. to post net income of about £25 million-£30 million in 2025 increasing to £30 million-£35 million in 2026 and to about £40 million in 2027. However, we think that some of SEPLC key risks are not fully captured in our model, mainly lapse risk and operational risk, and we therefore adjust this output downward by one notch.

In our view, SEPLC's shareholders' investment portfolio is managed in a conservative way. It is mainly allocated to cash and investment-grade bonds, with a residual portion allocated to equities. This, along with a low level of surrenderable liabilities, results in an excellent liquidity position.

SEPLC has no debt, and we do not expect it to issue any over the next two years.

Outlook

The developing outlook reflects a potential change in our rating on SEPLC over the next 12-24 months stemming from the outcome of Aegon's strategic review of Aegon U.K., including its subsidiary SEPLC.

Downside scenario

Although less likely than our upside scenario, we could lower our ratings on SEPLC over the next 12-24 months if:

- Aegon's strategic review decision leads to the sale of SEPLC to a lower-rated parent company,
- The company fails to grow its platforms in a profitable way, or
- There is a shift in SEPLC's risk appetite in terms of new business or investment portfolio, which could impact our view of financial risk.

Upside scenario

We could raise our ratings on SEPLC over the next 12-24 months if Aegon's strategic review decision leads to the sale of SEPLC to a higher-rated parent company, absent any significant changes in its dividend policy that could change our view of the entity's capital position.

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Rating Component Scores

	To	From
Business Risk Profile	Satisfactory	NA
Competitive position	Satisfactory	NA
IICRA	Low Risk	NA
Financial Risk Profile	Very Strong	NA
Capital and earnings	Very Strong	NA
Risk exposure	Moderately Low	NA
Funding structure	Neutral	NA
Anchor	a-	NA
Modifiers		
Governance	Neutral	NA
Liquidity	Excellent	NA
Comparable rating analysis	0	NA
Current Credit Rating		
Local currency financial strength rating	A-/Developing/--	A/Watch Neg/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	--	--
Foreign currency issuer credit rating	--	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Scottish Equitable PLC Ratings Lowered To 'A' And Placed On CreditWatch With Negative Implications](#), Dec. 10, 2025
- [It Is Too Early To Determine The Credit Impact Of Aegon Ltd.'s Announced Potential Relocation To The U.S.](#), Aug. 22, 2025

Ratings List

Ratings List

Downgraded; Outlook Action

	To	From
Scottish Equitable PLC		

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Ratings List

Financial Strength Rating

Local Currency

A-/Developing/--

A/Watch Neg/--

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