

Hamilton Life Assurance Company Limited

Registered office: 2 Rougier Street, York, YO90 1UU

**Annual FSA Insurance Returns for the year ended
31 December 2007**



Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)Name of insurer **Hamilton Life Assurance Co Ltd**

Global Business

Financial year ended **31st December 2007****Contents**

<i>Forms</i>	<i>Page</i>	
IPRU (INS) Appendix 9.1		
2	Statement of solvency – long-term insurance business	1
3	Components of capital resources	3
11	Calculation of general insurance capital requirement - premiums amount and brought forward amount	6
12	Calculation of general insurance capital requirement - claims amount and result	7
13	Analysis of admissible assets	8
14	Long-term insurance business liabilities and margins	14
15	Liabilities (other than long term insurance business)	15
16	Profit and loss account (non-technical account)	16
IPRU (INS) Appendix 9.3		
40	Revenue account	17
41	Analysis of premiums	18
42	Analysis of claims	19
43	Analysis of expenses	20
44	Linked funds balance sheet	21
45	Revenue account for internal linked funds	22
46	Summary of new business	23
47	Analysis of new business	25
48	Non-linked assets	27
50	Summary of mathematical reserves	28
51	Valuation summary of non-linked contracts (other than accumulating with profits contracts)	29
53	Valuation summary of property linked contracts	37
55	Unit price for linked funds	38
57	Analysis of valuation interest rate	39
58	Distribution of surplus	40
60	Long-term insurance capital requirement	41
Supplementary notes		42
IPRU (INS) Appendix 9.4		
	Valuation report	46
IPRU (INS) 9.29, 9.30 and 9.36		
	Statement on derivatives required by IPRU (INS) 9.29	53
	Statement on controllers required by IPRU (INS) 9.30	54

Returns under the Accounts and Statements Rules

Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)

Name of insurer **Hamilton Life Assurance Co Ltd**

Global Business

Financial year ended **31st December 2007**

Certificate by the directors and report of the auditors – IPRU (INS) Appendix 9.6

Certificate by the directors required by IPRU (INS) 9.34(1) 55

Independent auditor's report to the directors pursuant to IPRU (INS) 9.35 56

Statement of solvency - long-term insurance business

Form 2

Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

Financial year ended **31st December 2007**

Solo solvency calculation

	Company registration number	GL/UK/CM	day	month	year	units	
	R2	1656838	GL	31	12	2007	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11		4317	2485
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		13072	40490
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		17389	42975

Guarantee fund

Guarantee Fund requirement	21		2231	3132
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		15158	39843

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31		5917	9395
Resilience capital requirement	32		49	244
Base capital resources requirement	33		2231	2139
Individual minimum capital requirement	34		5966	9639
Capital requirements of regulated related undertakings	35			
Minimum capital requirement (34+35)	36		5966	9639
Excess (deficiency) of available capital resources to cover 50% of MCR	37		14406	38156
Excess (deficiency) of available capital resources to cover 75% of MCR	38		12914	35746

Enhanced capital requirement

With-profits insurance capital component	39			
Enhanced capital requirement	40		5966	9639

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41		5966	9639
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		11423	33336

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51			
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Returns under the Accounts and Statements Rules

Covering page to Form 2

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31st December 2007**

..... **M S HODGES**
Chief Executive

..... **N A NICANDROU**
Director

..... **J R LISTER**
Director

25 March 2008

Components of capital resources
**Form 3
(Sheet 1)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units
	R3	GL	31	12	2007	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4	

Core tier one capital

Permanent share capital	11		11750	11750	11750
Profit and loss account and other reserves	12		10077	10077	34129
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		21827	21827	45879

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

Other tier one capital

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

Total tier one capital before deductions (19+24+25+26+27+28)	31		21827	21827	45879
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		4355	4355	2531
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		4355	4355	2531
Total tier one capital after deductions (31-37)	39		17472	17472	43348

Components of capital resources
**Form 3
(Sheet 2)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2007	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41					
Perpetual non-cumulative preference shares excluded from line 25	42					
Innovative tier one capital excluded from line 27	43					
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44					
Perpetual cumulative preference shares	45					
Perpetual subordinated debt and securities	46					
Upper tier two capital in related undertakings	47					
Upper tier two capital (44 to 47)	49					

Fixed term preference shares	51					
Other tier two instruments	52					
Lower tier two capital in related undertakings	53					
Lower tier two capital (51+52+53)	59					

Total tier two capital before restrictions (49+59)	61					
Excess tier two capital	62					
Further excess lower tier two capital	63					
Total tier two capital after restrictions, before deductions (61-62-63)	69					

Components of capital resources
**Form 3
(Sheet 3)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2007	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year		
	1	2	3		4		

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		17472	17472	43348
Inadmissible assets other than intangibles and own shares	73				373
Assets in excess of market risk and counterparty limits	74		83	83	
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		17389	17389	42975

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		17389	17389	42975
Available capital resources for 50% MCR requirement	82		17389	17389	42975
Available capital resources for 75% MCR requirement	83		17389	17389	42975

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92				
Financial reinsurance – accepted	93				
Outstanding contingent loans	94				
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96				

Calculation of insurance capital requirement - premiums amount and brought forward amount

Form 11

Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

Financial year ended **31st December 2007**

Long term insurance business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	1656838	GL	31	12	2007	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11			(427)		6144	
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13			(427)		6144	
Premiums for classes 11, 12 or 13 (included in line 13)	14						
Premiums for "actuarial health insurance" (included in line 13)	15						
Sub-total A (13 + 1/2 14 - 2/3 15)	16			(427)		6144	
Gross premiums earned	21			(427)		5995	
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23			(427)		5995	
Premiums for classes 11, 12 or 13 (included in line 23)	24						
Premiums for "actuarial health insurance" (included in line 23)	25						
Sub-total H (23 + 1/2 24 - 2/3 25)	26			(427)		5995	
Sub-total I (higher of sub-total A and sub-total H)	30			(427)		6144	
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure	31						
Division of gross adjusted premiums amount: sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32		(77)		1106	
	Excess (if any) over 53.1M EURO x 0.02	33					
Sub-total J (32-33)	34			(77)		1106	
Claims paid in period of 3 financial years	41			30784		31594	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43		3774		4748	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45		5795		5501	
Sub-total C (41+42+43-44-45)	46			28763		30841	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47			258			
Sub-total D (46-47)	48			28505		30841	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49			0.99		1.00	
Premiums amount (Sub-total J x reinsurance ratio)	50			(76)		1106	
Provisions for claims outstanding (before discounting and net of reinsurance)	51			3774		4748	
Provisions for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero	52						
Brought forward amount (see instruction 4)	53			3284		4131	
Greater of lines 50 and 53	54			3284		4131	

Calculation of insurance capital requirement - claims amount and result

Form 12

Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

Financial year ended **31st December 2007**

Long term insurance business

		Company registration number	GL/UK/CM	day	month	year	units	
		R12	1656838	GL	31	12	2007	£000
				This financial year		Previous year		
				1		2		
Reference period (No. of months) See <i>INSPRU</i> 1.1.63R		11		36		36		
Claims paid in reference period		21		30784		31594		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22						
	For insurance business accounted for on an accident year basis	23		3773		4748		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24						
	For insurance business accounted for on an accident year basis	25		5795		5501		
Claims incurred in reference period (21+22+23-24-25)		26		28762		30841		
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 + 1/2 27 - 2/3 28)		29		28762		30841		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in reference period)		31		9587		10280		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		2493		2673		
	Excess (if any) over 37.2M EURO x 0.03	33						
Sub-total G (32 - 33)		39		2493		2673		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		2471		2673		
Higher of premiums amount and brought forward amount (11.54)		42		3284		4131		
General insurance capital requirement (higher of lines 41 and 42)		43		3284		4131		

Analysis of admissible assets
**Form 13
(Sheet 1)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total other than long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings								
				11				

Investments in group undertakings and participating interests

UK insurance dependants	shares	21		
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25		
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	17474
Variable interest securities	Approved	47	
	Other	48	4055
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	8633
	More than one month withdrawal	55	845
Other financial investments	56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total other than long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58					
	Property linked		59					

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	
Dependants	Due in 12 months or less	76	
	Due in more than 12 months	77	
Other	Due in 12 months or less	78	20
	Due in more than 12 months	79	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1858	76
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	62	625
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	14628	41647
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total other than long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	14628	41647
Admissible assets in excess of market and counterparty limits	92	83	
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	14711	41647
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets
**Form 13
(Sheet 1)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11				

Investments in group undertakings and participating interests

UK insurance dependants	shares	21			
	debts and loans	22			
Other insurance dependants	shares	23			
	debts and loans	24			
Non-insurance dependants	shares	25			
	debts and loans	26			
Other group undertakings	shares	27			
	debts and loans	28			
Participating interests	shares	29			
	debts and loans	30			

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	50	1257
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	23969
Variable interest securities	Approved	47	
	Other	48	7710 38081
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	500 844
	More than one month withdrawal	55	15111
Other financial investments	56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58					
	Property linked		59			62993		66136

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72	306	183
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	Due in 12 months or less	76		
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	770	585
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	19413	1437
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	859	966
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	107712	133458
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Total long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2007	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	107712	133458
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		373
Reinsurers' share of technical provisions excluded from line 89	100	4481	269
Other asset adjustments (may be negative)	101	(485)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	111708	134100
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

Financial year ended **31st December 2007**

Fund **Total Long-Term Insurance Business**

Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	94792	119213
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	4317	2485
Long term insurance business fund carried forward (11 to 13)	14	99109	121698
Claims outstanding	Gross amount	15	457
	Reinsurers' share	16	
	Net (15-16)	17	457
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	9786
	Reinsurance ceded	33	3911
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	10	51
Creditors	Taxation	37	979
	Other	38	3882
Accruals and deferred income	39	343	59
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	8603	11760
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	107712	133458
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1906	9786
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	62993	66136
Total liabilities (11+12+49)	71	103395	130973
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	4481	269
Other adjustments to liabilities (may be negative)	74	(4840)	(2531)
Capital and reserves and fund for future appropriations	75	8672	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	111708	128711

Liabilities (other than long-term)
Form 15

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R15	1656838	GL	31	12	2007	£000
						As at the end of this financial year	As at the end of the previous year
						1	2

Technical provisions (gross amount)

Provision for unearned premiums		11			
Claims outstanding		12			
Provision for unexpired risks		13			
Equalisation provisions	Credit business	14			
	Other than credit business	15			
Other technical provisions		16			
Total gross technical provisions (11 to 16)		19			

Provisions and creditors

Provisions	Taxation	21			
	Other risks and charges	22			
Deposits received from reinsurers		31			
Creditors	Direct insurance business	41			
	Reinsurance accepted	42			
	Reinsurance ceded	43			
Debenture loans	Secured	44			
	Unsecured	45			
Amounts owed to credit institutions		46			
Creditors	Taxation	47		1556	1158
	Foreseeable dividend	48			
	Other	49			
Accruals and deferred income		51			
Total (19 to 51)		59		1556	1158
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69		1556	1158

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71				
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Amounts deducted from technical provisions for discounting	82				
Other adjustments (may be negative)	83				
Capital and reserves	84			13155	45879
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85			14711	47037

Profit and loss account (non-technical account)

Form 16

Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

Financial year ended **31st December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	1656838	GL	31	12	2007	£000
				This financial year		Previous year		
				1		2		
Transfer (to) / from the general insurance business technical account	From Form 20	11						
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13					5000	
Investment income	Income	14			1383		1764	
	Value re-adjustments on investments	15			23			
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18			14			
	Loss on the realisation of investments	19			14			
Allocated investment return transferred to the general insurance business technical account		20						
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29			1378		6764	
Tax on profit or loss on ordinary activities		31			415		529	
Profit or loss on ordinary activities after tax (29-31)		39			963		6235	
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41						
Tax on extraordinary profit or loss		42						
Other taxes not shown under the preceding items		43						
Profit or loss for the financial year (39+41-(42+43))		49			963		6235	
Dividends (paid or foreseeable)		51			28500			
Profit or loss retained for the financial year (49-51)		59			(27537)		6235	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Hamilton Life Assurance Co Ltd**
 Name and number of fund/Summary **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	17579	56237
Investment income receivable before deduction of tax	12	2942	3575
Increase (decrease) in the value of non-linked assets brought into account	13	(329)	
Increase (decrease) in the value of linked assets	14	(4627)	9607
Other income	15	1007	442
Total income	19	16572	69861

Expenditure

Claims incurred	21	7491	36088
Expenses payable	22	29298	41511
Interest payable before deduction of tax	23		
Taxation	24	2372	(139)
Other expenditure	25		
Transfer to (from) non technical account	26		5000
Total expenditure	29	39161	82460

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(22589)	(12599)
Fund brought forward	49	121698	134297
Fund carried forward (39+49)	59	99109	121698

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Regular premiums	11	2684	2887		5571	3957
Single premiums	12	18689		625	19314	52302

Reinsurance - external

Regular premiums	13	(130)			(130)	
Single premiums	14	2556			2556	22

Reinsurance - intra-group

Regular premiums	15	906			906	
Single premiums	16	3840		134	3974	

Net of reinsurance

Regular premiums	17	1908	2887		4795	3957
Single premiums	18	12293		491	12784	52280

Total

Gross	19	21373	2887	625	24885	56259
Reinsurance	20	7172		134	7306	22
Net	21	14201	2887	491	17579	56237

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Death or disability lump sums	11	5377		5377	5087
Disability periodic payments	12	351		351	3122
Surrender or partial surrender	13	143	1734	1877	27904
Annuity payments	14				
Lump sums on maturity	15	9	86	95	
Total	16	5880	1820	7700	36113

Reinsurance - external

Death or disability lump sums	21				25
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
Total	26				25

Reinsurance - intra-group

Death or disability lump sums	31	162		162	
Disability periodic payments	32	47		47	
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
Total	36	209		209	

Net of reinsurance

Death or disability lump sums	41	5215		5215	5062
Disability periodic payments	42	304		304	3122
Surrender or partial surrender	43	143	1734	1877	27904
Annuity payments	44				
Lump sums on maturity	45	9	86	95	
Total	46	5671	1820	7491	36088

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Commission - acquisition	11	31207		494	31701	38493
Commission - other	12					
Management - acquisition	13					2117
Management - maintenance	14	792	159		951	901
Management - other	15					
Total	16	31999	159	494	32652	41511

Reinsurance - external

Commission - acquisition	21	52			52	
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	52			52	

Reinsurance - intra-group

Commission - acquisition	31	3163		80	3243	
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34	59			59	
Management - other	35					
Total	36	3222		80	3302	

Net of reinsurance

Commission - acquisition	41	27992		414	28406	38493
Commission - other	42					
Management - acquisition	43					2117
Management - maintenance	44	733	159		892	901
Management - other	45					
Total	46	28725	159	414	29298	41511

Long-term insurance business: Linked funds balance sheet

Form 44

Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**

Units **£000**

	Financial year 1	Previous year 2
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Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	238	302
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	63917	67082
Total assets (excluding cross investment) (11+12+13)	14	64155	67384
Provision for tax on unrealised capital gains	15	(20)	
Secured and unsecured loans	16		
Other liabilities	17	727	634
Total net assets (14-15-16-17)	18	63448	66750

Directly held linked assets

Value of directly held linked assets	21		
--------------------------------------	-----------	--	--

Total

Value of directly held linked assets and units held (18+21)	31	63448	66750
Surplus units	32	455	614
Deficit units	33		
Net unit liability (31-32+33)	34	62993	66136

Long-term insurance business: revenue account for internal linked funds

Form 45

Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**

Units **£000**

	Financial year 1	Previous year 2
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Income

Value of total creation of units	11	1000	1700
Investment income attributable to the funds before deduction of tax	12	10	7
Increase (decrease) in the value of investments in the financial year	13	(4066)	9607
Other income	14	480	442
Total income	19	(2576)	11756

Expenditure

Value of total cancellation of units	21	80	150
Charges for management	22	646	592
Charges in respect of tax on investment income	23		(1)
Taxation on realised capital gains	24		42
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26		
Total expenditure	29	726	783

Increase (decrease) in funds in financial year (19-29)	39	(3302)	10973
Internal linked fund brought forward	49	66750	55777
Internal linked funds carried forward (39+49)	59	63448	66750

Long-term insurance business: Summary of new business

Form 46

Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**

Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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Number of new policyholders / scheme members for direct insurance business

Regular premium business	11	2251			2251	3175
Single premium business	12	121142		1443	122585	157231
Total	13	123393		1443	124836	160406

Amount of new regular premiums

Direct insurance business	21	512			512	662
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	512			512	662

Amount of new single premiums

Direct insurance business	25	32704	2732	873	36309	52302
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	32704	2732	873	36309	52302

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**Units **£000**

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
435	Miscellaneous non-profit			1443	873

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**Units **£000**

UK Life / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
325	Level term assurance			98618	19358
350	Stand-alone critical illness (guaranteed premiums)	1260	353	859	236
435	Miscellaneous non-profit	991	159	21665	13110

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
745	DWP National Insurance rebates property linked				2732

Long-term insurance business: Assets not held to match linked liabilities

Form 48

Name of insurer **Hamilton Life Assurance Co Ltd**
 Financial year ended **31st December 2007**
 Category of assets **Total long-term insurance business assets**
 Units **£000**

	Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
	1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14	7776	7776	538	6.92
UK listed equity shares	15		50	1	1.45
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18	36943	36893	2242	6.08
Total	19	44719	44719	2781	6.22

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21				
Approved fixed interest securities	22				
Other fixed interest securities	23				
Variable interest securities	24				
UK listed equity shares	25				
Non-UK listed equity shares	26				
Unlisted equity shares	27				
Other assets	28				
Total	29				

Overall return on with-profits assets

Post investment costs but pre-tax	31				
Return allocated to non taxable 'asset shares'	32				
Return allocated to taxable 'asset shares'	33				

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial Year 4	Total Previous Year 5
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Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	37675	32	1845	39552
Form 52	13				
Form 53 - linked	14	1398	61221	62619	66136
Form 53 - non-linked	15	291	83	374	389
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	39364	61336	1845	102545

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	5935	32	5967	269
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	5935	32	5967	269

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	1656		130	1786
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	1656		130	1786

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	30084		1715	31799
Form 52	43				
Form 53 - linked	44	1398	61221	62619	66136
Form 53 - non-linked	45	291	83	374	389
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	31773	61304	1715	94792

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 1)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	773672	842116	166	n/a	n/a	n/a	3238
330	Decreasing term assurance	1632	99840	375	n/a	n/a	n/a	990
340	Accelerated critical illness (guaranteed premiums)	737	50320	251	n/a	n/a	n/a	1794
350	Stand-alone critical illness (guaranteed premiums)	15016	375976	655	n/a	n/a	n/a	1633
355	Stand-alone critical illness (reviewable premiums)	964	5164	40	n/a	n/a	n/a	142
360	Income protection non-profit (guaranteed premiums)	2718	6812	136	n/a	n/a	n/a	68
435	Miscellaneous non-profit	76916	490947	363	n/a	n/a	n/a	29810

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 2)**

Name of insurer **Hamilton Life Assurance Co Ltd**

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2007**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		77564	166	n/a	n/a	n/a	1308
330	Decreasing term assurance		99840	375	n/a	n/a	n/a	990
340	Accelerated critical illness (guaranteed premiums)		50320	251	n/a	n/a	n/a	1794
350	Stand-alone critical illness (guaranteed premiums)		375976	655	n/a	n/a	n/a	1633
355	Stand-alone critical illness (reviewable premiums)		5164	40	n/a	n/a	n/a	142
435	Miscellaneous non-profit		529	2	n/a	n/a	n/a	68

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 3)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	39	420		n/a	n/a	n/a	32

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 4)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		420		n/a	n/a	n/a	32

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 5)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		764552		n/a	n/a	n/a	1105
435	Miscellaneous non-profit		26687		n/a	n/a	n/a	551

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 6)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
435	Miscellaneous non-profit	4761	22597		n/a	n/a	n/a	1845

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 7)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

Overseas / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
435	Miscellaneous non-profit		3599		n/a	n/a	n/a	130

Long-term insurance business: Valuation summary of property linked contracts

**Form 53
(Sheet 1)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	20	118		117	117	6	123
710	Life property linked whole life regular premium	9	383	2	12	12	1	14
715	Life property linked endowment regular premium -savings	14	8		8	8		8
720	Life property linked endowment regular premium – target cash	108	2253	50	1261	1261	202	1462
790	Miscellaneous protection rider						5	5
800	Additional reserves property linked						77	77

Long-term insurance business: Valuation summary of property linked contracts

**Form 53
(Sheet 2)**

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	43	449	3	449	449	23	473
745	DWP National Insurance rebates property linked	5287	60772		60772	60772	60	60832

Long-term insurance business: Unit price for internal linked funds**Form 55**Name of insurer **Hamilton Life Assurance Co Ltd**

Total business

Financial year ended **31st December 2007**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit mgmt charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Hamilton Save & Prosper Life Fund	05 - life - UK equity	1552		1.00	168.2550	158.9398	(5.54)
Hamilton Save & Prosper Pension Fund	15 - individual pension - UK equity	61896		1.00	226.0988	221.8065	(1.90)

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 1)**

Name of insurer **Hamilton Life Assurance Co Ltd**

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2007**

Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life NP Form 51 Additional Reserves	29191	3.75	3.75	5.68
UK Life NP Form 51 Assurances	825	3.75	3.75	6.46
UK Life NP Form 51 Critical Illness		3.75	3.75	6.46
UK Life NP Form 51 Income Protection	68	3.75	3.75	6.46
UK Life NP Form 53 Additional Reserves	82	3.75	3.75	6.46
UK Life NP Form 53 Assurances	209	3.75	3.75	6.46
UK Pension NP Form 51 Assurances		3.75	3.75	6.46
UK Pension NP Form 53 Deferred Annuity	83	3.75	3.75	6.46
Overseas NP Form 51 Additional Reserves	1715	3.75	3.75	6.46
TOTAL	32173	n/a	n/a	n/a

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Hamilton Life Assurance Co Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2007**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	99109	121698
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		5000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	99109	126698
Mathematical reserves	21	94792	119213
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	4317	7485

Composition of surplus

Balance brought forward	31	2485	2334
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1832	5151
Total	39	4317	7485

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		5000
Total distributed surplus (46+47)	48		5000
Surplus carried forward	49	4317	2485
Total (48+49)	59	4317	7485

Percentage of distributed surplus allocated to policyholders

Current year	61	0.00	0.00
Current year - 1	62	0.00	0.00
Current year - 2	63	0.00	0.00
Current year - 3	64	0.00	0.00

Long-term insurance capital requirement
Form 60

 Name of insurer **Hamilton Life Assurance Co Ltd**

Global business

 Financial year ended **31st December 2007**

 Units **£000**

	LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
	1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%	780234	14766	0.50	390
Classes I (other), II and IX	13	0.15%	193126	184217		145
Classes I (other), II and IX	14	0.3%	442188	203117		663
Classes III, VII and VIII	15	0.3%	1161	1161	1.00	3
Total	16		1416709	403261		1201

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					3284
						4131

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	20724	15018	0.85	176
Classes III, VII and VIII (investment risk)	33	1%	374	374	1.00	4
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				42
Class IV (other)	36	1%	18829	16781	0.89	168
Class V	37	1%				
Class VI	38	1%				
Total	39					390

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	20724	15018	0.85	528
Classes III, VII and VIII (investment risk)	43	3%	374	374	1.00	11
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	62619	62619		
Class IV (other)	46	3%	18829	16781	0.89	503
Class V	47	0%				
Class VI	48	3%				
Total	49		102546	94792		1042

Long term insurance capital requirement	51					5917
						9395

Supplementary notesName of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007****Code****0301 Reconciliation of net admissible assets to total capital resources after deductions**

	£'000
i) Net admissible assets	
Form 13 Line 89 (Long term business)	107,712
Form 13 Line 89 (Other than long term business)	14,628
Form 14 Lines 11, 12 and 49	(103,395)
Form 15 Line 69	(1,556)
Form 3, Line 79	<u>17,389</u>

0310 Calculation of valuation differences as required by instruction 9 to Form 3

	£'000
a) Negative valuation differences in respect of liabilities where valuation in GENPRU and INSPRU is higher than the valuation that the firm uses for external financial reporting purposes	4,355
Net Negative valuation difference included in line 35	<u>4,355</u>

0313 Reconciliation of profit and loss account and other reserves

	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	34,129
Profit/(loss) retained for the financial year (Form 16 Line 59)	(27,537)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	3,485
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<u>10,077</u>

1301 Aggregate value of assets**1308**

The aggregate values of types of assets specified in instruction 5 to Form 13 are:-

- (i) Unlisted investments on lines 41 and 46 are £nil (Long term business) and £nil (Other than long term business).
- (ii) Listed investments on lines 41, 46 and 48, which are not readily realisable £nil.
- (iii) Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act are £nil (all Long term business).
- (iv) Reversionary interests or remainders in property other than land or buildings £nil.

1302 Aggregate value of hybrid securities – long term insurance business**1309**

The company held hybrid securities of £nil

1304 Statement of amounts set off**1310**

Amounts have been set off to the extent permitted by generally accepted accounting principles.

Supplementary notesName of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007****Code****1305 Counterparty limits during the year****1319**

The investment guidelines operated by the Company specify exposure to counterparties by asset type as follows:

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £100m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £75m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £50m) with individual 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

The absolute limit for a particular counterparty holding at the end of the financial year was £100m for Tier 1, £75m for Tier 2 and £50m for Tier 3.

Equities

The maximum of a company's equity held by all funds is limited to 19.99%. Unquoted holdings are limited to 2% of the fund.

Fixed

Exposure to non-government bonds is limited to holdings which are deemed to be of a suitable quality determined by senior investment management. The maximum holding across all funds of a single issue is limited to 25% of the issue. Private placements are limited to 2% of the non-government bond portfolio.

1306 Counterparty exposure at the year end**1312**

In two cases the firm's exposure to any one counterparty at the end of the financial year did exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

	Asset Type	Category 1	Category 10	Total
Grupo Santander	Variable interest security	1.2m	2.5m	3.7m
Pillar Funding Plc	Variable interest security	1.5m	1.8m	3.3m

The Pillar Funding Plc is has been restricted down to 5% on Form 13.

Grupo Santander is an approved counterparty and does not breach counterparty limits.

1318 Other asset adjustments

	Category 10
	£'000
Gross up of policyholder tax debtor	(488)
Other	3
Other asset adjustments included in Form 13 line 101	<u>(485)</u>

Supplementary notesName of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007****Code****1401 Provision for reasonably foreseeable adverse variations****1501**

No provision is required in respect of a provision for reasonably foreseeable adverse variations. All derivative contracts are strictly covered and all other obligations to deliver assets or make a payment were felt to be prudently provided for in the accounts.

1402 Contingent liabilities, etc**1502**

There are no charges over any assets of the Company.

There are no potential capital gains tax liabilities.

There are no contingent liabilities.

There are no guarantees, indemnities, or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of the existing or future liabilities of related companies.

There are no other fundamental uncertainties.

1405 Other adjustment to Liabilities

	£'000
Gross up of policyholder tax debtor	(488)
Valuation differences in IFRS to FSA mathematical reserves	(4,351)
Other	(1)
Other adjustments to liabilities included in Form 14 line 74	<u>(4,840)</u>

1601 Basis of conversion of foreign currency**4005**

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2007. Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

1700 Form omitted

No Form 17 has been prepared on the basis that there are no derivative contracts for any categories of assets.

4002 Other income and expenditure

Line 15 has been used to recognise charges received from the unit linked funds.

4008 Provision of management services

Under a management agreement Norwich Union Life Services Limited supplies and makes a charge for the provision of management services to the Company.

For the first 10 months of the year a management services contract existed between the company and HFC Bank Limited and between the company and Vertex Limited.

Investment management services have been provided to the Company by Morley Fund Management Limited.

Supplementary notesName of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007****Code****4009 Related party transactions**

Related party transactions exceeding 5% of the sum its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded, were as follows:

1)	Connected Party	Norwich Union Life & Pensions Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums 4,880
		Claims 209
		Commission 3,243
		Expenses 59
	Amounts unpaid at the end of the period	£1,368 owed to Norwich Union Life & Pensions Limited
	Amounts written off in the period	£nil

4401 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at Bid market value.

4502 Other income and expenditure

Other Income comprises the following balances:

	2007
	£'000
Management Fee Rebates	<u>480</u>

4702 Apportionment between product codes

The apportionment of Creditor business between different product codes has been based on the amount of mathematical reserves.

4703 Number of new Plans

The number of new plans in respect of Creditor products has been estimated based on information at 31 October 2007

4901 Rating agency used

The credit rating analysis on Form 49 has been prepared using the second highest published rating of those provided by Standard and Poor's, Fitch and Moody's. Morley Fund Management Limited have provided ratings for securities for which there is no published rating.

5103 Business classified under the miscellaneous product code where the 1% threshold is exceeded is as follows

Business Type	Product Code	Description of Product	Reserve (£000)
UKL	435	Personal loan insurance (including Marbles Loan)	27,701
UKL	435	Sterling and Endeavour	2,041

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2007**

1. Introduction

- (1) The **valuation date** is 31 December 2007.
- (2) The previous valuation was completed with an effective date of 31 December 2006.
- (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since the previous valuation date.

2. Product Range

On 1st November 2007, the company was purchased by Norwich Union Life Holdings Limited. From 1st November, all product lines with the exception of Creditor insurance business were withdrawn from sale.

3. Discretionary charges and benefits

- (1) There are no accumulating with-profits products where an option to apply a market value reduction (or equivalent) exists
- (2) There have been no changes to premiums on reviewable non-linked protection policies during the financial year.
- (3) There are no non-profit deposit administration benefits.
- (4) A monthly administration charge on linked policies is levied by cancelling units at the bid price. At the valuation date the level of the administration charge was £2.43 per month for a premium paying contract and £1.93 per month for a paid-up policy. These monthly administration charges have increased by 3.4% and 2.7% during the financial year.
- (5) There have been no changes to benefit charges on linked policies during the financial year.
- (6) There have been no changes to unit management charges and there are no accumulating with-profit policies.
- (7) **Allocation and creation of units**

For the Hamilton Save & Prosper Life Fund and the Hamilton Save & Prosper Pension Fund, the unit trust investments of each fund are valued on either a creation or a cancellation basis. The valuation basis depends on the Company's view as to whether units in the internal linked funds are likely to be created or cancelled in the future. At the valuation date, unit trust investments of the Hamilton Save & Prosper Life Fund were valued on a cancellation price basis, whereas the unit trust investments of the Hamilton Save & Prosper Pension Fund were valued on a creation price basis.

Units are allocated to contracts at the published offer price and cancelled from policies at the published bid price. The funds are valued daily, and units are allocated or cancelled at the price calculated immediately following the receipt of the contribution or instruction to cancel.

The derivation of the published prices from the net asset valuation of the fund depends on whether the funds are valued on an 'offer' basis or a 'bid' basis.

At the valuation date the Hamilton Save & Prosper Life Fund was valued on a 'bid' basis. On this basis, the bid price is determined by rounding down the net asset value unit price to the lowest 0.1p such that the difference between this bid price and the net asset value unit price does not exceed the lower of 1.0p and 1.0% of the net asset value unit price. The offer price is the bid price divided by 0.95 and rounded up to the next 0.1p

At the valuation date Hamilton Save & Prosper Pension Fund was valued on an 'offer' basis. On this basis, the published offer price is determined from an unrounded offer price, which is defined as the net asset value unit price divided by 0.95. The published offer price is the unrounded offer price increased to the highest 0.1p such that the increase does not exceed the lower of 1.0p and 1.0% of the unrounded offer price. The bid price is the offer price multiplied by 0.95 and rounded down to the next 0.1p

At no time during the financial year did different pricing bases apply to different policies.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2007**

The collective investment scheme assets held in the internal linked funds are priced on a forward pricing basis such that all transactions in the investment scheme occur at the next published daily price. The published price is then used to derive the internal linked fund price that applies to policy transactions in the fund on the following day.

- (8) When a capital gain is realised on the sale of an asset in the Hamilton Save and Prosper Life Fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the end of the year.

This applies in respect of tax on notional realisations under the Taxes act as well as tax on realised capital gains.

Tax is charged to the fund at 20%. Credit on losses is given at the same 20% tax rate.

- (9) For the Hamilton Save & Prosper Life Fund, tax on realised capital gains is charged to the fund at the rate of 20% of the realised chargeable gain. Credit is given on realised capital losses at the same 20% tax rate. Transfers out of or into the fund are made at the end of each year.
- (10) Where permitted scheme interests are held by an internal linked fund, the units are bought and sold for the fund at the creation price or the cancellation price of the units depending on whether the units are being priced on an offer or bid price basis respectively. Any rebate of annual management charge on such units is credited to the internal linked funds.

4. Valuation basis (other than for special reserves)

- (1) Reserves have been calculated on an individual policy basis.

In light of the company's tax position, all business has been valued gross of tax on an I-E basis.

Non-linked Business

Reserves for Creditor insurance business written prior to the acquisition by NU Holdings have been calculated based on audited reserves at 31st October, prudently adjusted for cashflows arising in the last two months of the year. For business written since 1st November, a similar method has been applied, allowing for written premiums less refunds and paid claims.

An additional commission reserve is held in respect of future payments under profit share arrangements.

A reserve is held for credit risk in respect of distribution arrangements, as described in section 8 below.

For the other classes of non-linked business, a prospective gross premium method of valuation has been adopted, with a minimum reserve set as the surrender value calculated on the company's current surrender value basis. An additional reserve has been established to meet the costs of providing renewability options (where applicable).

Linked Business

For unit-linked contracts investing in the Hamilton Save & Prosper internal linked funds the reserve held is the value of units allocated to contracts at the valuation date, together with a sterling reserve for future expenses and a reserve for capital gains tax on chargeable gains. The sterling reserve is calculated by projecting forward the future income and outgo on a policy by policy basis and discounting back in a manner which ensures that the reserves are sufficient without recourse to additional capital.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31 December 2007****(2) Valuation interest rates:**

The valuation interest rate used for all products as at the valuation date was 3.75% per annum. This is unchanged from the previous valuation.

(3) Adjustment to yield for credit risk

The risk adjusted yield in Form 57 has been determined after making the following allowances for risk, in accordance with INSPRU 3.1.41R

For Certificates of Deposit, Floating Rate Notes and cash deposits, this adjustment took account of:

- a) the security of the counterparty institution
- b) the outstanding duration of the asset.

There are no equity shares or property assets used to match the liabilities shown in Form 57.

The yield on all assets is further reduced by 2.5% to allow for risk, as required by INSPRU 3.1.28R

(4) Mortality assumptions

The mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Mortality basis tables

Product Group	31 December 2007	31 December 2006
Mortgage Assurance & Critical Illness	TM92	TM92
Personal Loan	80% ELT15M	80% ELT15M
Marbles Loan	80% ELT15M	80% ELT15M
Sterling and Endeavour	80% ELT15M	80% ELT15M
Linked - non smoker	76.5% A67/70 Select	76.5% A67/70 Select
Linked - smoker	102% A67/70 Select	102% A67/70 Select

(5) Morbidity assumptions:

Product Group	31 December 2007	31 December 2006
Critical Illness Cover	Modified 74.5% CIBT93 incl. Alzheimers	Modified 74.5% CIBT93 incl. Alzheimers
Mortgage Assurance & Critical Illness	Modified 74.5% CIBT93	Modified 74.5% CIBT93
Personal Loan - inception	50% American TSA85 14 day inception rates	50% American TSA85 14 day inception rates
Personal Loan - recovery	Modified CMIR12 recovery rates	Modified CMIR12 recovery rates
Marbles Loan - inception	50% American TSA85 14 day inception rates	50% American TSA85 14 day inception rates
Marbles Loan - recovery	Modified CMIR12 recovery rates	Modified CMIR12 recovery rates
Sterling & Endeavour - inception	81.25% CMIR12 inception rates	81.25% CMIR12 inception rates
Sterling & Endeavour - recovery	Modified CMIR12 recovery rates	Modified CMIR12 recovery rates

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
 Global business
 Financial year ended **31 December 2007**

The underlying morbidity tables used in valuing the critical illness contracts were published by the Staple Inn Actuarial Society in its paper titled "A Critical Review: Report of the Critical Illness Healthcare Study Group" presented in March 2000. The base tables were converted to unisex rates and then adjusted to take into account the Company's recent morbidity experience. Specimen rates are shown below.

Age	Modified 74.5% CIBT incl. Alzheimers	Modified 74.5% CIBT
25	0.0005	0.0004
35	0.0012	0.0011
45	0.0035	0.0033
55	0.0093	0.0090

Claim recovery rates assumed in the valuation of accident and sickness benefits on Personal Loan, Marbles Loan and Sterling & Endeavour have been derived from the CMIR12 recovery rates adjusted for the actual experience of policies written with a margin added for contingency. The maximum claim payment term for any of the products is 60 months hence there are no recovery rates applicable at this time. Specimen rates for 24 months (2 years) duration of claim are shown below, these indicate the proportion of claims reaching this duration that are expected to recover during the following month.

Age	Duration 2 Years
25	0.088
35	0.069
45	0.051
55	0.033

(6) The expense bases are shown in the table below.

Product Group	31 December 2007	31 December 2006
Expenses		
-Linked renewal - Pensions (DWP)	£31.68 p.a.	£31.68 p.a.
-Linked renewal -other	£36.96 p.a.	£36.96 p.a.
-Non-linked renewal	£7.13 p.a.	£7.13 p.a.
-Personal Loan	5% premium rule 12	5% premium rule 12
-Marbles Loan	5% premium rule 12	5% premium rule 12
-Sterling & Endeavour	5% premium rule 12	5% premium rule 12

(7) The unit growth rates before management charges and the inflation rates are shown in the table below:

Product Group	31 December 2007	31 December 2006
Inflation rates		
-Expense inflation rate	4.75% p.a.	4.75% p.a.
-Linked administration charge increase rate	3.25% p.a.	3.25% p.a.
Unit growth (before AMC)		
Capital gains	4% p.a.	4% p.a.
Investment Income	2% p.a.	2% p.a.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2007**

- (8) There are no with-profit or unitised with-profit contracts.
- (9) No lapses, surrenders, paid up rates or transfers are assumed in determining the reserves.
- (10) There are no other material basis assumptions which are not stated elsewhere
- (11) There were no derivative contracts (or contracts or assets having the effect of derivative contracts) held at the valuation date
- (12) There has been no impact on the mathematical reserves due to the voluntary change in the INSPRU valuation rules effective from 31 December 2006.

5. Options and Guarantees

- (1) There are no contracts with guaranteed annuity rate options
- (2) There are no contracts with guaranteed surrender or unit linked maturity values
- (3) a) A reserve is held to cover the option to renew without medical evidence under Critical Illness Cover contracts. This was calculated by applying excess mortality factors produced by the Institute of Actuaries AIDS Working Party on the assumption that upon maturity 50% of contracts renew for a period of five years. At the end of a further five years 50% are assumed to renew for a second five years. At the end of this period 50% are assumed to renew for a third five years. Future renewal premiums were left out of account. The factors used were one third of Basis R6A of Bulletin Number 5 of the AIDS Working Party (reduced by 80% for female lives) discounted with 3.75% interest.

b) All contracts containing a renewal option total less than £1billion sum assured

6. Expense reserves

- (1) The aggregate amount expected to arise during the 12 months after the valuation date from explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £1.0m million. This amount arises as follows:

Personal Loan and Marbles Loan Insurance – the explicit expense reserve;

Sterling and Endeavour Loan Insurance – the explicit expense reserve;

Other Loan Insurance – the expense margins in future premiums;

Property linked contracts – the expenses valued explicitly;
- (2) The implicit allowances taken into account for Other Loan Insurance is 5% of future premiums.
- (3) The difference between the amount of maintenance and investment expenses above and those shown at line 14 of Form 43 is due to different projected expenses following the purchase of Hamilton Life by Norwich Union Life Holdings Limited.
- (4) The only product open to new business is creditor, this business is 100% reinsured to Norwich Union Life and Pensions Limited. The reinsurance treaty is written such that all profits/losses arise in Norwich Union Life and Pension Limited, so a new business expense overrun reserve is not required.
- (5) No additional expense reserve is required in respect of maintenance expense overrun due to the nature of the reinsurance treaties and profit commission arrangements in place which mean no risk is retained within Hamilton Life.

The above takes into account any anticipated costs of terminating management agreements and costs of redundancy if the company were to close to new business 12 months after the valuation date.
- (6) No expenses have been treated as non-attributable.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
 Global business
 Financial year ended **31 December 2007**

7. Mismatching Reserves

- (1) The mathematical reserves (other than liabilities for property linked benefits) analysed by reference to the currencies in which the liabilities are expressed to be payable, together with the value of the assets, analysed by reference to currency, which match the liabilities are shown below.

Liabilities	Assets
	Sterling
Sterling £33,299,000	£33,299,000
Euro £1,501,000	£1,501,000
Total £34,800,000	£34,800,000

- (2) Not applicable
- (3) The mathematical reserve held for currency mismatching is calculated as 20% of the underlying reserve. The amount of this reserve is £344,000.
- (4) The market risk scenarios applied to the long term insurance assets invested in the UK for the purpose of calculating the resilience capital requirement in INSPRU 3.1.10R are those set out in INSPRU 3.1.16R. The most onerous scenario was that which assumed a fall in the market value of equities and a rise in yields on all fixed interest securities by a percentage point amount equal to 20% to the long-term gilt yield at the valuation date.
- (5) No assets are invested outside the UK for the purposes of calculating the resilience capital requirement in INSPRU 3.1.10R
- a) The amount of resilience capital requirement is £49,000 determined in accordance with INSPRU 3.1.10R
- b) The change in the aggregate amount of the long-term Insurance liabilities in the market risk scenario described under 7(4) is an increase of £22,000.
- c) The aggregate amount by which the assets allocated to match such liabilities in the market risk scenario described under 7(4) have changed in value from the amount of those assets shown in Form 13 is a decrease of £27,000
- (6) The fund holds significant volumes of liquid assets (e.g. cash certificates of deposit) mitigating the risk that the fund may have to sell assets at an unfavourable time. No further reserve has been deemed necessary as a result of the test on assets and liabilities in INSPRU 1.1.34R(2)

8. Other special reserves**Credit Risk Reserve**

The unearned premium reserve in respect of Creditor insurance business is reduced in line with INSPRU 1.2.54b by the amount of commission that would be clawed back from the distributor in the event of policyholder surrender. A reserve for credit risk is established to allow for the risk of distributor default. The reserve is calculated by applying default probabilities based on the S&P credit rating of the distributor to commission amount expected to be paid back to the policyholder on surrender.

9. Reinsurance

- (1) No reinsurance has been ceded on a facultative basis to a reinsurer not authorised to carry on insurance business in the United Kingdom at any time during the report period.
- (2) Reassurance details are provided in the table below. The third and fourth columns marked A and C indicate, respectively, whether the reinsurer is authorised to carry out insurance business in the United Kingdom, and whether the reinsurer is connected to the company.

Returns under the Accounts and Statements Rules

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31 December 2007**

Name of Reinsurer	Nature of Cover	A	C	Class of Business	Reinsurance Premiums £000's	31/12/07 Reserve £000's	Open/ Closed to NB	% Retained for new business
HSBC Reinsurance Ltd	Quota Share	Yes	No	Term Assurance, Mortgage Protection and CI	244	5,967	Closed	
Norwich Union Life and Pensions Limited	Quota Share	Yes	Yes	Creditor	4,880	1,787	Open	0%

No reinsurance treaty has been ceded that is a 'financing arrangement'.

There are no material contingencies, such as credit risk or legal risk, to which any of these treaties are subject.

There are no deposit back arrangements in any of these treaties

10. Reversionary (or annual bonus)

There are no with-profits policies; shareholders are entitled to all profits.

Returns under the accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007**

Derivatives

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to 'gear up' a fund.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as "regulated" by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties. Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – delegated authorities exist for each member of staff using derivatives. Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract. The speculative use of derivative contracts is prohibited.

In practice the Company made no use of derivative contracts at any point during the financial year and as such no further information has been provided with respect to IPRU (INS) 9.29 sections (b) to (i) which are therefore not relevant.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007**

100% of the issued Share Capital of the Company is held by Norwich Union Life Holdings Limited.

100% of the issued Share Capital of Norwich Union Life Holdings Limited is held by Aviva Group Holdings Limited.

100% of the issued Share Capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

For the period up to 1st November 2007:

100% of the issued Share Capital of the Company was held by HFC Bank Limited

100% of the issued Share Capital of HFC Bank Limited was held by Household International Europe Limited

100% of the issued Share Capital of Household International Europe Limited was held by Household Global Funding Inc

100% of the issued Share Capital of Household Global Funding Inc was held by HSBC Finance Corporation

100% of the issued Share Capital of HSBC Finance Corporation was held by HSBC Investments (North America) Inc

100% of the issued Share Capital of HSBC Investments (North America) Inc was held by HSBC North America Holdings Inc

100% of the issued Share Capital of HSBC North America Holdings Inc was held by HSBC Overseas Holding (UK) Limited

100% of the issued Share Capital of HSBC Overseas Holding (UK) Limited was held by the Ultimate Parent Undertaking, HSBC Holdings plc (UK)

All shares are voting shares.

Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6

Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2007**

We certify that:

- 1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
(b) the directors are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.

- 2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
(b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business; and
(c) the directors have, in preparing the return, taken and paid due regard to advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

..... **M S HODGES**
Chief Executive

..... **N A NICANDROU**
Director

..... **J R LISTER**
Director

25 March 2008

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Hamilton Life Assurance Company Limited**
Global Business
Financial year ended **31st December 2007**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 ("the Act").

- Forms 2, 3, 13 to 16, 41 to 45, 48, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the report required by rule 9.31(a) ("the valuation report").

We are not required to examine and do not express an opinion on the following:

- a) Forms 46, 47, 50, 51 and 53 (including the supplementary notes);
- b) the statement required by rule 9.30; and
- c) the certificate signed in accordance with rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with rule 9.35. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. Under rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31(a) are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom (revised)" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 27 March 2008. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be audited under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for

Insurers

Name of insurer **Hamilton Life Assurance Company Limited**

Global Business

Financial year ended **31st December 2007**

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31(a) appropriately reflect the requirements of INSPRU 1.2.

Ernst & Young LLP
Registered Auditor
London
27 March 2008