

# Norwich Union Life (RBS) Limited

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

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



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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2007**

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**Statement of solvency - long-term insurance business**
**Form 2**

 Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

 Financial year ended **31st December 2007**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	<b>R2</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>
				As at end of this financial year		As at end of the previous year	
				<b>1</b>		<b>2</b>	

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	53356	51923
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	53356	51923

**Guarantee fund**

Guarantee Fund requirement	<b>21</b>	10777	10256
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	42579	41667

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	32330	30768
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	2231	2139
Individual minimum capital requirement	<b>34</b>	32330	30768
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34+35)	<b>36</b>	32330	30768
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	37191	36539
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	29109	28847

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>		
Enhanced capital requirement	<b>40</b>	32330	30768

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	32330	30768
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	21026	21155

**Contingent liabilities**

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	<b>51</b>		
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**Components of capital resources**
**Form 3  
(Sheet 1)**

 Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	1117445	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			

**Core tier one capital**

Permanent share capital	11		24760	24760	24760
Profit and loss account and other reserves	12		28351	28351	26918
Share premium account	13		245	245	245
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		53356	53356	51923

**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				

<b>Total tier one capital before deductions</b> (19+24+25+26+27+28)	31		53356	53356	51923
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
<b>Total tier one capital after deductions</b> (31-37)	39		53356	53356	51923

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

 Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	<b>R3</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>
	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			
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>			

**Tier two capital**

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

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

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

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

 Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/UK/CM	day	month	year	units	
	<b>R3</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>	Total as at the end of the previous year <b>4</b>			

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		53356	53356		51923
Inadmissible assets other than intangibles and own shares	<b>73</b>					
Assets in excess of market risk and counterparty limits	<b>74</b>					
Deductions for related ancillary services undertakings	<b>75</b>					
Deductions for regulated non-insurance related undertakings	<b>76</b>					
Deductions of ineligible surplus capital	<b>77</b>					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		53356	53356		51923

**Available capital resources for GENPRU/INSRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>		53356	53356		51923
Available capital resources for 50% MCR requirement	<b>82</b>		53356	53356		51923
Available capital resources for 75% MCR requirement	<b>83</b>		53356	53356		51923

**Financial engineering adjustments**

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

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

 Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>1</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	
Land and buildings				<b>11</b>				

**Investments in group undertakings and participating interests**

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

**Other financial investments**

Equity shares	<b>41</b>			
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	38690	38826	
Rights under derivative contracts	<b>44</b>			
Fixed interest securities	Approved	<b>45</b>	11882	11575
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>			
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>			
Loans secured by policies of insurance issued by the company	<b>52</b>			
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	4100	3684
	More than one month withdrawal	<b>55</b>		
Other financial investments	<b>56</b>			



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

 Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>1</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	
Deposits with ceding undertakings						<b>57</b>		
Assets held to match linked liabilities	Index linked					<b>58</b>		
	Property linked					<b>59</b>		

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	Due in 12 months or less	<b>76</b>		
	Due in more than 12 months	<b>77</b>		
Other	Due in 12 months or less	<b>78</b>	286	732
	Due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	193	508
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	122	105
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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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)	<b>89</b>	55273	55430
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**Analysis of admissible assets**

**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>1</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	

**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)	<b>91</b>	55273	55430
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related insurance undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>		
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)	<b>102</b>	55273	55430
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

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

 Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>10</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>					

**Investments in group undertakings and participating interests**

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

**Other financial investments**

Equity shares	<b>41</b>		
Other shares and other variable yield participations	<b>42</b>		
Holdings in collective investment schemes	<b>43</b>		
Rights under derivative contracts	<b>44</b>		
Fixed interest securities	Approved	<b>45</b>	
	Other	<b>46</b>	
Variable interest securities	Approved	<b>47</b>	
	Other	<b>48</b>	
Participation in investment pools	<b>49</b>		
Loans secured by mortgages	<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>		
Loans secured by policies of insurance issued by the company	<b>52</b>		
Other loans	<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	600
	More than one month withdrawal	<b>55</b>	4717
Other financial investments	<b>56</b>		

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

 Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>10</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	
Deposits with ceding undertakings						<b>57</b>		
Assets held to match linked liabilities	Index linked				<b>58</b>			
	Property linked				<b>59</b>			

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	5997	1237
Dependants	Due in 12 months or less	<b>76</b>		
	Due in more than 12 months	<b>77</b>		
Other	Due in 12 months or less	<b>78</b>	121	120
	Due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	279	
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>		
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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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)	<b>89</b>	6997	6074
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**Analysis of admissible assets**

**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life (RBS) 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	
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>10</b>
						As at end of this financial year	As at end of the previous year	
						<b>1</b>	<b>2</b>	

**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)	<b>91</b>	6997	6074
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related insurance undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	950816	903767
Other asset adjustments (may be negative)	<b>101</b>		
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)	<b>102</b>	957813	909841
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Long-term insurance business liabilities and margins**
**Form 14**

Name of insurer **Norwich Union Life (RBS) 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
		<b>1</b>	<b>2</b>
Mathematical reserves, after distribution of surplus		<b>11</b>	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>	
Balance of surplus / (valuation deficit)		<b>13</b>	
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	
Claims outstanding	Gross amount	<b>15</b>	692
	Reinsurers' share	<b>16</b>	692
	Net (15-16)	<b>17</b>	
Provisions	Taxation	<b>21</b>	
	Other risks and charges	<b>22</b>	
Deposits received from reinsurers		<b>23</b>	
Creditors	Direct insurance business	<b>31</b>	4012
	Reinsurance accepted	<b>32</b>	
	Reinsurance ceded	<b>33</b>	
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions		<b>36</b>	1821
Creditors	Taxation	<b>37</b>	
	Other	<b>38</b>	1164
Accruals and deferred income		<b>39</b>	
Provision for "reasonably foreseeable adverse variations"		<b>41</b>	
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	6997
Excess of the value of net admissible assets		<b>51</b>	
Total liabilities and margins		<b>59</b>	6997
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	
Total liabilities (11+12+49)		<b>71</b>	6997
Increase to liabilities – DAC related		<b>72</b>	
Reinsurers' share of technical provisions		<b>73</b>	950816
Other adjustments to liabilities (may be negative)		<b>74</b>	
Capital and reserves and fund for future appropriations		<b>75</b>	
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)		<b>76</b>	957813

**Liabilities (other than long-term)**
**Form 15**

 Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

 Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	<b>R15</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>
						As at the end of this financial year	As at the end of the previous year
						<b>1</b>	<b>2</b>

**Technical provisions (gross amount)**

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

**Provisions and creditors**

Provisions	Taxation	<b>21</b>			
	Other risks and charges	<b>22</b>			
Deposits received from reinsurers		<b>31</b>			
Creditors	Direct insurance business	<b>41</b>			
	Reinsurance accepted	<b>42</b>			
	Reinsurance ceded	<b>43</b>			
Debenture loans	Secured	<b>44</b>			
	Unsecured	<b>45</b>			
Amounts owed to credit institutions		<b>46</b>			
Creditors	Taxation	<b>47</b>		453	1286
	Foreseeable dividend	<b>48</b>			
	Other	<b>49</b>		1464	2221
Accruals and deferred income		<b>51</b>			
Total (19 to 51)		<b>59</b>		1917	3507
Provision for "reasonably foreseeable adverse variations"		<b>61</b>			
Cumulative preference share capital		<b>62</b>			
Subordinated loan capital		<b>63</b>			
Total (59 to 63)		<b>69</b>		1917	3507

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>				
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Amounts deducted from technical provisions for discounting	<b>82</b>				
Other adjustments (may be negative)	<b>83</b>				
Capital and reserves	<b>84</b>			53356	51923
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)	<b>85</b>			55273	55430

**Profit and loss account (non-technical account)**

**Form 16**

Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	1117445	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						
Investment income	Income	14			2071		2212	
	Value re-adjustments on investments	15					1242	
	Gains on the realisation of investments	16			527		562	
Investment charges	Investment management charges, including interest	17			82		108	
	Value re-adjustments on investments	18			1334			
	Loss on the realisation of investments	19						
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			885		971	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29			2067		4879	
Tax on profit or loss on ordinary activities		31			634		1600	
Profit or loss on ordinary activities after tax (29-31)		39			1433		3279	
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			1433		3279	
Dividends (paid or foreseeable)		51						
Profit or loss retained for the financial year (49-51)		59			1433		3279	



**Long-term insurance business: Analysis of claims**

**Form 42**

Name of insurer **Norwich Union Life (RBS) 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	12561		12561	15011
Disability periodic payments	12				
Surrender or partial surrender	13	102762		102762	56802
Annuity payments	14				
Lump sums on maturity	15				
<b>Total</b>	<b>16</b>	<b>115323</b>		<b>115323</b>	<b>71813</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

Death or disability lump sums	31	12561		12561	15011
Disability periodic payments	32				
Surrender or partial surrender	33	102762		102762	56802
Annuity payments	34				
Lump sums on maturity	35				
<b>Total</b>	<b>36</b>	<b>115323</b>		<b>115323</b>	<b>71813</b>

**Net of reinsurance**

Death or disability lump sums	41				
Disability periodic payments	42				
Surrender or partial surrender	43				
Annuity payments	44				
Lump sums on maturity	45				
<b>Total</b>	<b>46</b>				

**Long-term insurance business: Analysis of expenses**

**Form 43**

Name of insurer **Norwich Union Life (RBS) 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				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	683		683	5008
Management - other	15				
<b>Total</b>	<b>16</b>	<b>683</b>		<b>683</b>	<b>5008</b>

**Reinsurance - external**

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34	683		683	5008
Management - other	35				
<b>Total</b>	<b>36</b>	<b>683</b>		<b>683</b>	<b>5008</b>

**Net of reinsurance**

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44				
Management - other	45				
<b>Total</b>	<b>46</b>				

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

**Form 48**

Name of insurer **Norwich Union Life (RBS) 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				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18				
<b>Total</b>	<b>19</b>				

**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	6997	6997	380	5.43
<b>Total</b>	<b>29</b>	<b>6997</b>	<b>6997</b>	<b>380</b>	<b>5.43</b>

**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 **Norwich Union Life (RBS) Ltd**  
 Total business / subfund **Total Long-Term Insurance Business**  
 Financial year ended **31st December 2007**  
 Units **£000**

	UK Life <b>1</b>	UK Pension <b>2</b>	Overseas <b>3</b>	Total Financial Year <b>4</b>	Total Previous Year <b>5</b>
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**Gross**

Form 51 - with-profits	<b>11</b>				
Form 51 - non-profit	<b>12</b>				
Form 52	<b>13</b>	924459		924459	876542
Form 53 - linked	<b>14</b>				
Form 53 - non-linked	<b>15</b>				
Form 54 - linked	<b>16</b>				
Form 54 - non-linked	<b>17</b>				
<b>Total</b>	<b>18</b>	924459		924459	876542

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>				
Form 51 - non-profit	<b>22</b>				
Form 52	<b>23</b>				
Form 53 - linked	<b>24</b>				
Form 53 - non-linked	<b>25</b>				
Form 54 - linked	<b>26</b>				
Form 54 - non-linked	<b>27</b>				
<b>Total</b>	<b>28</b>				

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>				
Form 51 - non-profit	<b>32</b>				
Form 52	<b>33</b>	924459		924459	876542
Form 53 - linked	<b>34</b>				
Form 53 - non-linked	<b>35</b>				
Form 54 - linked	<b>36</b>				
Form 54 - non-linked	<b>37</b>				
<b>Total</b>	<b>38</b>	924459		924459	876542

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>				
Form 51 - non-profit	<b>42</b>				
Form 52	<b>43</b>				
Form 53 - linked	<b>44</b>				
Form 53 - non-linked	<b>45</b>				
Form 54 - linked	<b>46</b>				
Form 54 - non-linked	<b>47</b>				
<b>Total</b>	<b>48</b>				

**Long-term insurance business: Valuation summary of accumulating with-profits contracts**

**Form 52  
(Sheet 1)**

Name of insurer **Norwich Union Life (RBS) 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
500	Life UWP single premium	30394	837600		829307	820461		820461
575	Miscellaneous UWP						103998	103998

**Long-term insurance business: Valuation summary of accumulating with-profits contracts**

**Form 52  
(Sheet 2)**

Name of insurer **Norwich Union Life (RBS) 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
500	Life UWP single premium		837600		829307	820461		820461
575	Miscellaneous UWP						103998	103998

Long-term insurance business: With-profits payouts on surrender

Form 59B

Name of insurer **Norwich Union Life (RBS) Ltd**

Original insurer **Norwich Union Life (RBS) Ltd**

Date of surrender value **01 Mar 2008**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	11220	1060		UWP	Y	11991
With-profits bond	3	12975	2243		UWP	Y	13480
With-profits bond	5	15584	4012		UWP	Y	15739
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

**Long-term insurance capital requirement**

**Form 60**

Name of insurer **Norwich Union Life (RBS) 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%		0.50		
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%	17138		26	48
Classes III, VII and VIII	15	0.3%				
<b>Total</b>	<b>16</b>		17138		26	48

**Insurance health risk and life protection reinsurance capital component**

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					
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**Insurance expense risk capital component**

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	950132	0.85	8076	7680
Classes III, VII and VIII (investment risk)	33	1%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
<b>Total</b>	<b>39</b>				8076	7680

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	950132	0.85	24228	23040
Classes III, VII and VIII (investment risk)	43	3%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%				
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
<b>Total</b>	<b>49</b>		950132		24228	23040

<b>Long term insurance capital requirement</b>	<b>51</b>				32330	30768
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**Supplementary notes**Name of insurer **Norwich Union Life (RBS) Limited**

Global business

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

	<b>£'000</b>
i) Net admissible assets	
Form 13 Line 89 (Long term business)	6,997
Form 13 Line 89 (Other than long term business)	55,273
Form 14 Lines 11, 12 and 49	(6,997)
Form 15 Line 69	(1,917)
	<hr/>
	53,356
ii) Components of Capital resources that are treated as a liability	-
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13	-
iv) Any other items	-
Total i) to iv) above	53,356
Form 3, line 79	53,356

**0313 Reconciliation of profit and loss account and other reserves**

	<b>£'000</b>
i) Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	26,918
ii) Profit/(loss) retained for the financial year (Form 16 Line 59)	1,433
iii) Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	-
iv) Any other items	-
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<hr/> 28,351

**1100 Form omitted**

The entries on Form 11 are nil. Accordingly this form is not required.

**1200 Form omitted**

The entries on Form 12 are nil. Accordingly this form is not required.

**1301/1308 Aggregate value of unlisted investments**

There were no holdings in unregulated collective investment schemes, unlisted securities in listed companies, which are not readily realisable, or reversionary interests or remainders in property.

**1304/1310 Statement of amounts set off**

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

**1305/1319 Counterparty limits during the year**

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 Long Term Business Fund cannot hold more than 2% of funds under management (or £100m if less) with 'Tier 1' counterparties, 1.5% of funds under management (or £75m if less) with 'Tier 2' counterparties and 0.5% of funds under management (or £25m if less) with '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.

**Supplementary notes**

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2007**

**Code**

The other than long term business fund is subject to the absolute counterparty restrictions below.

The absolute limit for a particular counterparty holding at the end of the financial year was £400m for Tier 1, £300m for Tier 2 and £100m for Tier 3.

**Equities**

For listed investments, the maximum of a company's equity held by a particular fund is limited to 5% in the UK, and 2.5% overseas. The maximum of a company's equity held by all funds is limited to 10%.

Unlisted holdings in excess of 10% are only held with the approval of senior investment management.

**Fixed**

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum of a fixed interest issue held by a particular fund is limited to 10%. The maximum holding of the Company is limited to 25% of the issue.

Unlisted holdings in excess of 10% are only held with the approval of senior investment management.

**Derivatives**

Exposure to OTC derivatives is only undertaken with the approval of senior management.

Exposure to one type of contract is limited to 5% and overall exposure is limited to 10% of the relevant fund.

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

There is no counterparty exposure in excess of the limit prescribed by paragraph 11(2) of Appendix 9.2.

**1401/1501 Provision for reasonably foreseeable adverse variations**

No provision for reasonably foreseeable adverse variations is required as no assets are held which would give rise to a future liability which would not be covered by appropriate assets.

**1402/1502 Contingent liabilities, etc.**

There are no charges over any assets of the Company.

There is no provision for taxation on capital gains and no unprovided potential liability.

There are no other contingent liabilities not included on the form.

There are no guarantees, indemnities, or other contractual commitments affected other than in the ordinary course of insurance business and in respect of related companies.

**1601 Basis of conversion of foreign currency**

Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

**1603 Other income and charges**

The entire balance represents fund based commission due from related counterparties.

**1700 Form omitted**

The entries on Form 17 are nil. Accordingly this form is not required.

**Supplementary notes**

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2007**

**Code**

**4000 Form omitted**

The entries on Form 40 are nil. Accordingly this form is not required.

**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.

**4009 Related party transactions**

Related party transactions exceeding 5% of the long-term insurance liabilities were as follows:

1)	Connected party	Commercial Union Life Assurance Company Limited (CULAC)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Claims £51.9m
2)	Connected party	CGNU Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Claims £63.4m

**4100 Form omitted**

The entries on Form 41 are nil. Accordingly this form is not required.

**4600 Form omitted**

The entries on Form 46 are nil. Accordingly this form is not required.

**4700 Form omitted**

The entries on Form 47 are nil. Accordingly this form is not required.

**4806 Assets used to calculate investment return**

The assets included in total long term insurance business assets Form 13, line 89 have been used to calculate the investment returns shown on line 29, column 5.

**5203** Since 1% of gross mathematical reserves = £9.5m, then any miscellaneous product codes that exceed £9.5m are mentioned below.

**Product 575 Miscellaneous UWP**

**UK Life Gross**

Special Distribution £104m.

**UK Life Reinsurance ceded**

Special Distribution £104m.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Life (RBS) 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) No interim valuations have been carried out.

**2. Product Range**

There have not been any significant changes to products during the financial year. This fund is closed to new business.

**3. Discretionary charges and benefits**

- (1) No MVRs were applied during 2007.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) Linked policies are not written.
- (5) Linked policies are not written.
- (6) There have been no changes to notional charges to accumulating with profit business. Linked policies are not written.
- (7) Linked policies are not written.
- (8) Linked policies are not written.
- (9) Linked policies are not written.
- (10) Linked policies are not written.

**4. Valuation basis (other than for special reserves)**

**(1) Valuation methodology**

£10m is more than 1% of gross mathematical reserves = £9.5m. Therefore £9.5m has been used as the materiality limit for this section.

Unitised with-profit business is valued initially by determining the lower of:

- (a) the current non-guaranteed surrender value; and
- (b) the amount of this benefit after removal of final bonus/MVR.

This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for. An allowance is made for future non-guaranteed surrenders.

The valuation makes allowance for future dates at which a policyholder can surrender part or all of their policy and receive a guaranteed minimum value (including a money-back guarantee at a future policy anniversary). Further details are given in section 5(2).

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future inflation at 4.0% per annum.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**Name of Company **Norwich Union Life (RBS) Limited**

Global business

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

A table of valuation interest rates used is given below.

Product Group	Interest rate 31/12/2007	Interest rate 31/12/2006
<b>Life Assurances</b> All Unitised with-profit business	3.55%	3.55%

**(3) Adjustment to yield for credit risk****Equity/property assets:**

In both cases the assets have been ordered by yield and divided into different categories. The yield in each category is capped. This means that very low-yielding assets retain this low rate but high-yielding assets are capped. This reduces the average yield on equity/property assets.

The size of the reduction depends on the assets held by CGNU Life Assurance Limited (CGNU) and Commercial Union Life Assurance Company Limited (CULAC), for details see respective Appendix 9.4 reports.

**Fixed interest securities**

The allowance for credit risk will vary depending on the credit rating of the bond. The table below shows the allowances used.

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.67%

For the purposes of the valuation a single deduction was calculated and applied to all bonds. This was an average of the allowances for securities with different credit ratings, weighted by the bonds' market values at 30 September 2007 plus an additional margin.

The deduction used was 0.39%. It applies to all fixed interest securities except Approved fixed interest (gilts and other bonds issued by approved UK and international public sector bodies).

For Mortgages, a deduction of 0.50% was used, while for Deposits, the equivalent deduction was 0.10%.

**(4) Mortality assumptions**

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2007	Mortality basis 31 December 2006
Unitised With Profits	120% AM92/AF92	120%AM92/AF92

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

- (5) No morbidity assumptions were needed.

**(6) Expense assumptions**

Expense assumptions are taken as 130% (130% in 2006) of the amounts detailed in the Management Services Agreement (MSA). This loading is used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

The table below shows the MSA expenses for 2006 and 2007. The figures shown will be charged to policies in 2006/2007 respectively and form the base position for the valuation expense assumptions.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**Name of Company **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31 December 2007**

<b>NUL(RBS)</b>		
<b>Renewal Admin (£ per policy)</b>	<b>2007</b>	<b>2006</b>
UWP Bond (500)	<b>18.85</b>	<b>18.32</b>

**Assumed future expense inflation:**

4.0% per annum (NAE – 1%, as set by the MSA agreement)

**Investment expenses:**

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments are shown in the Appendix 9.4 reports of CGNU and CULAC.

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

(7) Linked policies are not written.

**(8) Bonus assumptions****Unitised with-profit business:**

The Company reinsures 100% of its business to realistic basis life firms so no allowance has been made for future discretionary annual bonus. Since no business has a guaranteed annual bonus rate, assumptions for future annual bonus are zero. No allowance has been made for discretionary final bonus.

**(9) Persistency assumptions**

The persistency rates used are as follows. These represent the assumptions for exits where an MVR would be applied. They apply to amounts remaining after policyholders with guaranteed benefits have taken their money (either in regular withdrawals or through a full surrender guarantee).

<b>Product</b>		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
UWP Bond	surrender	0.00%	0.00%	0.00%	0.00%
UWP Bond	automatic withdrawals	100% of current			

For policies with a money back option available, we have assumed an exit rate of 100% at the next guarantee date.

**(10) Other basis items:****Taxation**

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

(11) No account was taken in the valuation of the long term liabilities of any derivative assets held on the valuation date.

(12) The specified changes in valuation methodology arising from changes in INSPRU valuation rules have had no effect on mathematical reserves.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31 December 2007**

**5. Options and Guarantees**

(1) There are no Guaranteed Annuity Rate Options.

(2) **Guaranteed surrender and unit-linked maturity values:**

All policies have a guaranteed surrender value.

There are two types of guaranteed surrender value:

- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy (a money-back guarantee)
- The option to take a certain level of regular withdrawals without an MVR being applied.

(a) **Methodology:**

In both of the cases above the overall reserve for a policy has been calculated as:

$\text{Max}([\text{Accumulated Benefit} + \text{adjustment}], [\text{Prospective reserve for future benefit}])$ .

- The [Accumulated Benefit + adjustment] item is calculated in accordance with INSPRU 1.2.71R(1).
- The [Prospective reserve for future benefit] is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation will include assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(9), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it. The reserve calculated below is equal to the difference between:

- (i) The full reserve for Unitised with-profit policies with the prospective component calculated assuming that the remaining policyholders receive their guarantee on future guarantee dates;
- (ii) The full reserve for Unitised with-profits policies with the prospective component calculated assuming that remaining policyholders receive the lesser of their guarantee and the surrender value they would otherwise have received on future guarantee dates.

In practice, the cost of the guarantees is currently zero. This is because the impact of the current levels of MVR/surrender penalties is smaller than the impact of discounting.

The tables show the unit value in force as the guaranteed amount. This is a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**Name of Company **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31 December 2007**

(b)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions			(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee		
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 28/1/02 to 25/1/04 inclusive (implicit charged)	662,174,833	60% with duration 5 years; 39% with duration 6 years; 1% with duration 7 years	0	664,955,596	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 26/1/04 to 5/2/05 inclusive (explicit charge)	183,958,696	90% with duration 2 years; 10% with duration 3 years	0	190,023,293	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

The Company stopped selling new policies at 05 February 2005; new policies are now written in CGNU.

There is no unit linked business.

(3) Not applicable.

(4) Not applicable.

**6. Expense Reserves**

- (1) The aggregate allowance for expenses during 2007 arising from direct-written contracts was nil as all reserves are reinsured out.
- (2) Not applicable as with-profit Bond policies are wholly reassured.
- (3) Not applicable as with-profit Bond policies are wholly reassured.
- (4) Not applicable as with-profit Bond policies are wholly reassured.
- (5) Not applicable as with-profit Bond policies are wholly reassured.
- (6) Not applicable as with-profit Bond policies are wholly reassured.

**7. Mismatching Reserves**

- (1) The liabilities of the Company are denominated in sterling and entirely reinsured out. Currency matching is complete; for evidence please see the Appendix 9.4 reports of CGNU and CULAC.
- (2) Not applicable.
- (3) Not applicable.
- (4) The Company does not have a resilience capital requirement.
- (5) Not applicable.
- (6) Not applicable.
- (7) Refer to the CGNU and CULAC FSA Returns. Liquidity risk arises in these companies.



**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Life (RBS) Limited**  
 Global business  
 Financial year ended **31 December 2007**

**8. Other Special Reserves****Special Distribution**

CGNU and CULAC have announced their intention to make an enhancement to policyholder benefits from the free reserves of the funds (known as the Special Distribution). The Special Distribution is to be in the form of a special bonus awarded to eligible policies in three tranches over 2008, 2009 and 2010.

A reserve has been set up equal to the estimated value at 31 December 2007 of the three future instalments of special bonus (around 10% of asset shares in total).

The amount of the reserve is £104.0m.

**9. Reinsurance**

- (1) No premiums were payable during the reporting period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- (2) The section below responds for those treaties that satisfy 9.2(a), (b) or (c).
  - (d) CGNU and CULAC
  - (e) The treaty provides cover for Unitised with-profit Bond on a quota share original terms basis. The proportions of the risk are 45% (CULAC) and 55% (CGNU). The total proportion of the risk ceded is 100%. The expenses (both initial and renewal) and commission are refunded by the reassurers in full
  - (f) The premium payable by the Company during 2007 was £0.
  - (g) There are no deposit-back arrangements.
  - (h) The treaty is closed to new business.
  - (i) There are no significant undischarged obligations to the reinsurers as at 31 December 2007.
  - (j) The mathematical reserves ceded under the treaty total £950,132,000.
  - (k) The Company does not retain any liability for new policies being reinsured.
  - (l) The reinsurers are authorised to carry on insurance business in the United Kingdom.
  - (m) The Company is connected with the reinsurer.
  - (n) The treaty is not subject to any material contingencies.
  - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
  - (p) The treaty is not a financing arrangement.

**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2006)	Regular bonus (2007)	Guaranteed bonus (2007)
<b>Unitised Life</b>				
Life excluding Distribution Bonds (Implicit charge)	529.6	3.25%	3.25%	0.00%
Life excluding Distribution Bonds (Explicit charge)	179.9	4.25%	4.25%	0.00%
Distribution Bonds (Implicit charge)	132.5	2.75%	2.75%	0.00%
Distribution Bonds (Explicit charge)	4.1	4.00%	4.00%	0.00%

- (2) The figures for bonus awarded on Unitised With-Profits business show the percentage increase in unit price during the year.
- (3) None of the business receives bonus on a super-compound basis.
- (4) We have not used averaging in the table above.

Returns under the Accounts and Statements Rules

**Statement on derivatives required by IPRU (INS) 9.29**

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2007**

It is not company policy to invest in derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2007. There are no other matters to disclose in relation to rule 9.29 of the Interim Prudential Sourcebook for Insurers.

Returns under the Accounts and Statements Rules

**Statement on controllers required by IPRU (INS) 9.30**

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2007**

100% of the issued share capital of the Company is held by Commercial Union Life Assurance Company Limited.

100% of the issued share capital of Commercial Union Life Assurance Company Limited 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.

There have been no changes to the above position during the year.

All shares are voting shares.

**Statement of information on the with-profits actuary required by IPRU (INS) 9.36**

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2007**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers A R Walton was requested to furnish and has provided the following information:

- (a) (1) An interest in 738 ordinary shares at 31 December 2007 in Aviva plc (2006: 345).
- (2) 8,536 ordinary shares were held in the Aviva Long Term Incentive Plan at 31 December 2007 (2006: 8,536) and 6,788 ordinary shares were held in the Aviva Annual Bonus Plan at 31 December 2007 (2006: 1,707).
- (b) The actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1,082 were paid in the year to 31 December 2007 (2006: £1,007).
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for the year to 31 December 2007 was £248,720 (2006: 272,465). Under the contract he was:

*With-profits actuary of:-*

Commercial Union Life Assurance Company Limited

CGNU Life Assurance Limited

Norwich Union Life (RBS) Limited

Norwich Union Life & Pensions Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes.

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

Name of insurer **Norwich Union Life (RBS) 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;
- (c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (d) the directors have, in preparing the return, taken and paid due regard to:
  - (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
  - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

..... **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 **Norwich Union Life (RBS) 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 43, 48 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, 50, 52 and 59B (including the supplementary notes);
- b) the statements required by rules 9.30 and 9.36; 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 **Norwich Union Life (RBS) 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